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CANADA

DEBATES OF THE SENATE

OFFICIAL REPORT

(HANSARD)

THE HONOURABLE JEAN MARCHAND, P.C.
SPEAKER

1980-81-82-83

FIRST SESSION, THIRTY-SECOND PARLIAMENT

29-30-31-32 ELIZABETH II

VOLUME I

(April 14, 1980 to November 20, 1980)

Parliament was opened on April 14, 1980
and was prorogued on November 30, 1983

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The Speaker

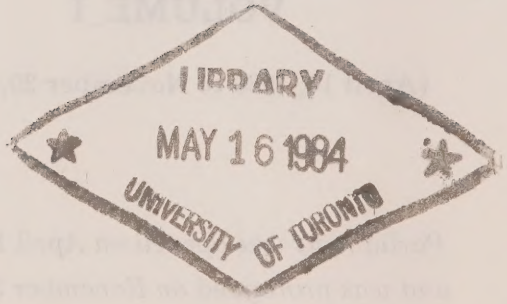
THE HONOURABLE JEAN MARCHAND, P.C.

The Leader of the Government

THE HONOURABLE HORACE ANDREW OLSON, P.C.

The Leader of the Opposition

THE HONOURABLE JACQUES FLYNN, P.C.



THE SENATE

Monday, April 14, 1980

OPENING OF FIRST SESSION

THIRTY-SECOND PARLIAMENT

Parliament having been summoned by Proclamation to meet this day for the dispatch of business—

The Senate met at 9.00 a.m.

SPEAKER OF THE SENATE

READING OF COMMISSION APPOINTING THE HONOURABLE JEAN MARCHAND, P.C.

The Honourable Jean Marchand, P.C., having taken the Clerk's chair, rose and informed the Senate that a Commission had been issued under the Great Seal of Canada, appointing him Speaker of the Senate.

The said Commission was then read by the Clerk.

The Hon. the Speaker then took the Chair at the foot of the Throne, to which he was conducted by the Honourable Senator Perrault, P.C., and the Honourable Senator Flynn, P.C., the Gentleman Usher of the Black Rod preceding.

Prayers.

COMMUNICATION FROM GOVERNOR GENERAL'S ADMINISTRATIVE SECRETARY

The Hon. the Speaker informed the Senate that a communication had been received from the Administrative Secretary to the Governor General, as follows:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

April 14, 1980

Sir,

I am commanded to inform you that the Right Honourable Bora Laskin, Chief Justice of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to open the First Session of the Thirty-second Parliament of Canada on this day, Monday, the fourteenth of April 1980, at 9.30 a.m.

I have the honour to be,
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

The Senate adjourned during pleasure.

APPOINTMENT OF DEPUTY GOVERNOR GENERAL

The Right Honourable Bora Laskin, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne—

The Hon. the Speaker commanded the Gentleman Usher of the Black Rod to proceed to the House of Commons and acquaint that House that:

> It is the desire of the Honourable the Deputy Governor General that they attend him immediately in the Senate Chamber.

The House of Commons being come,

The Hon. the Speaker said:

> Honourable Members of the Senate:
>
> Members of the House of Commons:
>
> I have the honour to inform you that His Excellency the Governor General has been pleased to cause Letters Patent to be issued under his sign Manual and Signet constituting the Right Honourable Bora Laskin, Chief Justice of Canada, his Deputy, to do in His Excellency's name all acts on his part necessary to be done during His Excellency's pleasure.

The said Commission was then read by the Clerk.

The Hon. the Speaker said:

> Honourable Members of the Senate:
>
> Members of the House of Commons:
>
> I have it in command to let you know that His Excellency the Governor General does not see fit to declare the causes of his summoning the present Parliament of Canada until a Speaker of the House of Commons shall have been chosen, according to law; but this morning at

the hour of 10.45 o'clock His Excellency will declare the causes of his calling Parliament.

The House of Commons withdrew.

The Right Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

COMMUNICATION FROM GOVERNOR GENERAL'S SECRETARY

The Hon. the Speaker informed the Senate that a communication had been received from the Secretary to the Governor General, as follows:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

April 14, 1980

Sir,

I have the honour to inform you that His Excellency the Governor General will arrive at the Main Entrance of the Parliament Buildings at 10.45 a.m. on this day, Monday, the 14th of April 1980, and when it has been signified that all is in readiness, will proceed to the Chamber of the Senate to open formally the First Session of the Thirty-second Parliament of Canada.

I have the honour to be,
Sir,
Your obedient servant,
Esmond Butler
Secretary to the Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

The Senate adjourned until 10.30 a.m.

SECOND SITTING

The Senate met at 10.30 a.m., the Speaker in the Chair.

The Hon. the Speaker: As there is no business before the Senate, is it your pleasure, honourable senators, that the Senate do now adjourn during pleasure to await the arrival of His Excellency the Governor General?

The Senate adjourned during pleasure.

[The Hon. the Speaker.]

At 10.45 a.m. His Excellency the Governor General having come and being seated upon the Throne—

The Hon. the Speaker said:

Gentleman Usher of the Black Rod,

You will proceed to the House of Commons and acquaint that House that it is the pleasure of His Excellency the Governor General that they attend him immediately in the Senate Chamber.

The House of Commons being come,

Their Speaker, the Hon. Jeanne Sauvé, said:

May it please Your Excellency,

The House of Commons has elected me their Speaker, though I am but little able to fulfil the important duties thus assigned to me.

If, in the performance of those duties, I should at any time fall into error, I pray that the fault may be imputed to me, and not to the Commons, whose servant I am, and who, through me, the better to enable them to discharge their duty to their Queen and Country, humbly claim all their undoubted rights and privileges, especially that they may have freedom of speech in their debates, access to Your Excellency's person at all seasonable times, and that their proceedings may receive from Your Excellency the most favourable construction.

The Hon. the Speaker of the Senate answered:

Madam Speaker, I am commanded by His Excellency the Governor General to declare to you that he freely confides in the duty and attachment of the House of Commons to Her Majesty's Person and Government, and not doubting that their proceedings will be conducted with wisdom, temper and prudence, he grants, and upon all occasions will recognize and allow, their constitutional privileges. I am commanded also to assure you that the Commons shall have ready access to His Excellency upon all seasonable occasions and that their proceedings, as well as your words and actions, will constantly receive from him the most favourable construction.

SPEECH FROM THE THRONE

His Excellency the Governor General was then pleased to open the First Session of the Thirty-second Parliament with the following Speech:

Honourable Members of the Senate:

Members of the House of Commons:

I have the honour to welcome you to the First Session of the 32nd Parliament of Canada.

During the course of the last few weeks, both my wife and I have come through a period of convalescence and I take this opportunity to express our deep gratitude for the good wishes we received from fellow-Canadians from all parts of the country.

Canada recently received the visit of The Prince of Wales, who undertook engagements in Vancouver and Victoria two weeks ago. In May, The Duke of Edinburgh will attend the Fifth Commonwealth Study Conference which opens in Kingston on May 18th. In July, Princess Margaret will take part in celebrations marking the 75th Anniversary of the entry into Confederation of the Provinces of Saskatchewan and Alberta.

Canada has very close and enduring ties with the Netherlands and I am greatly looking forward to representing our country at the accession to the Throne of Her Royal Highness Princess Beatrix of the Netherlands in Amsterdam on April 30th.

I have had the pleasure of visiting all the provincial capitals and the Northwest Territories during my first year in office. My wife and I are now looking forward to certain engagements in the Yukon and in smaller communities across our vast and beautiful land. Discovering Canada and meeting Canadians increases daily our awareness of the great natural and human resources of the country in which we are privileged to live.

We observe today not only the beginning of a new Parliament but the start of a new era. As Canada enters the 1980s, we confront serious challenges, but we look forward to even greater opportunities. Like our forbears, this generation of Canadians will be equal to the test. We will meet and overcome the challenges ahead, for the history of this land has proven, again and again, that everything is possible if our will to go on building together is strong.

Canadians expect much of this Parliament. The country asks for action and action now. The first task is to clear the accumulation of essential legislation left from previous Parliaments. This backlog must be dispatched expeditiously so that the affairs of the state may be put in good order. To that end, my Government is relying on the good will of members and senators of all parties.

This Parliament must also act quickly to put in place a program for the future. In the recent general election, my Ministers received a mandate for a program which will provide security, equity, and opportunity for the Canada of the 1980s. In the course of that campaign, my Ministers made a number of pledges which will form the core of this Parliament's work. You will be asked to consider a program of action designed:

—to respond to individual needs by promoting greater security for the elderly, expanded opportunities for the young, and equality for women;

—to achieve security of energy supply at a fair price for all Canadians;

—to promote a national development policy that will provide jobs, stimulate growth, build upon regional strengths, and increase Canadian ownership and control of our economy;

—to strengthen national institutions, while at the same time making them more responsive to provincial and regional goals;

—to ensure that Canada plays a vigorous part in the world beyond our borders.

All these commitments will be kept; these pledges redeemed; the mandate fulfilled.

The character of our people should inspire confidence in the ability of Canada to meet the challenges of the 1980s. We have the capacity and the imagination to make this a decade of opportunity rather than a decade of doubt. But there is one question which clouds the horizon and obstructs the view. It is the question of the unity of our country.

Will Canada still exist as a country at the end of this decade, or will it have been broken up by the tensions of our past and recent history? Will we continue to build our future together as Canadians, or will we give in to the siren song of regional isolationism?

In every part of Canada there are forces which are driving us apart rather than bringing us together. Canada's tradition is one of sharing, but in every region this principle is under assault. In the Atlantic, disadvantaged for so long, the promise of new resource riches has already led to squabbles about their future distribution. In Central Canada there are some who fear that the economic strength of this region is somehow slipping away, and this in turn has led to envy and bitterness. In the West, many believe that their problems are ignored, their voices are unheard, and their contribution is unrecognized.

To all these forces of discontent my Government has one clear response. Canada will endure, grow and prosper. The men and women of this country have always realized that their participation in a society that spans the northern half of North America is infinitely more exciting and enriching than confining themselves in any one province or one region. The renewed federalism, to which my Government makes a fundamental and all-embracing commitment, will not only strengthen individual and collective rights and freedoms, it will also ensure that Canada remains:

—a strong country, with first claim on the loyalty of all its citizens;

—a country that regards diversity as an asset, not a liability;

—a country whose people share their wealth first with those who need it most;

—a country that encourages initiative, welcomes daring, and promotes enterprise;

—a country that opens its eyes, its mind, and its heart to the larger community of nations, refusing to regard its own national borders as the outward limits of the universe.

Doubt must be cast aside, uncertainty must end, the forces of disintegration—whether they be economic or political in origin—must be opposed in every part of the land. That is why my Government hopes that the referendum, to be held in Quebec sometime during the coming weeks, will be a time when Quebecers affirm their will and their right to be fully Canadian, a time when all Canadians will reaffirm their desire to live together in the country to which we all belong, and which belongs to all of us.

Because my Government wants to strengthen the spirit of Canadian unity and nurture the seeds of renewal, it promises to interpret a vote of "no" to sovereignty-association as a vote for the rebuilding of the Canadian federation. My Government also promises to give effect to a "no" vote by mobilizing all the forces at its command in order to ensure the renewal of the Federation in a spirit of respect and justice for all.

I. *Putting People First*

Canadians are a sensible people. They understand that these are difficult economic times throughout the world. They know too that Canada cannot insulate itself completely from the effects of global inflation coupled with recession. In responding to these turbulent conditions, my Government will be guided by the two main principles at the core of the program my Ministers placed before the people.

The first is that Canadians will accept sacrifice to meet the economic challenges of the 1980s, but they will not accept injustice. Canadians have always faced up to difficult decisions—and if necessary they will do so in the future—but only if the burden is shared equitably.

The second principle is equally critical. Canadians recognize the need to live within their national means and they understand that in doing so the state cannot meet every demand or satisfy every group. Therefore, in employing the limited resources available, my Ministers will help first those who need help most.

In particular, my Government recognizes the need to protect those Canadians most affected by unacceptably high interest rates. My Government will act to assist those unable to bear the burden of re-negotiating their home mortgages in the present abnormal situation so that the spectre of foreclosure will be avoided. My Ministers are convinced that this objective can be achieved without the government embarking upon a major subsidy program. Farmers and small businessmen are also hit especially hard by rising costs, and my Government is sensitive to their plight. To assist the individual entrepreneur, the ceiling for loans under the Small Business Loans Act and the Farm Improvement Loans Act will be raised to $100,000. Other measures of assistance will also be introduced.

Inflation strikes hardest at the old and those least able to take care of themselves. You will be asked to give urgent consideration to legislation raising the Guaranteed Income Supplement to the Old Age Security pension by $35 a month per household by July 1st of this year. This measure will primarily benefit single pensioners, the vast majority of whom are women. By fulfilling this commitment, Parliament will be providing needed assistance to over 1.3 million elderly Canadians.

Beyond providing immediate relief for elderly people with low incomes, my Government intends to convene a National Pension Conference in the fall of 1980. Work must begin immediately to design better methods of providing flexible, portable, and secure pensions both in the private and public sectors. To start this process, my Government will soon release a major study on the Canadian pension system.

One of the essential objectives of this Government is to put more people to work. Young people, women, natives, and the handicapped face special problems in finding jobs. To meet the needs of these groups, my Government will expand its employment program while using its resources more efficiently. There will be an increased effort to develop critical trade skills so as to better prepare today's labour force for tomorrow's jobs.

Expanding native opportunities and training women for new occupations will receive strong emphasis.

Members of Parliament will have a major role in advising on the selection of job creation projects, and my Government will enter into a new partnership with voluntary agencies and local organizations in a program of community service.

Additional attention will be paid to the employment problems of the handicapped whose special difficulties cross all regional, sexual, and cultural boundaries. Amendments to protect the rights of the handicapped will be made to the Human Rights Act.

The role of women in Canadian society is undergoing marked improvement, and government initiatives must reflect and support that change. As a major employer in Canada, my Government will play a leadership role by implementing affirmative action measures in the public service. My Government believes that there is no room in Canada for sexual discrimination of any kind.

The serious problem of violence against women will also be addressed along with other amendments to the Criminal Code, and efforts will be made in concert with the provincial and territorial governments to improve health and social services for women who are victims of violence. It is time, too, to move cannabis offences to the Food and Drugs Act and remove the possibility of imprisonment for simple possession.

II. *Security of Energy, at a Fair Price*

My Government's energy policy is critical to the success of all its economic policies. Energy policy is as important for Canada in the 1980s as railway policy was in the 1880s. Like railway policy in that earlier era, energy development has the potential to create growth and prosperity across Canada.

My Government believes that the price of oil in Canada must be based upon Canadian conditions and circumstances, and not upon the vagaries of a turbulent and unpredictable world market. We need a made-in-Canada price. A new blended price will therefore be established, which will progressively incorporate the costs of the Oil Import Compensation Program, while at the same time maintaining a single national price for consumers. The blended price will reflect the right of producing provinces and corporations to a fair return for their resources and their investment.

Discussions have already begun with the governments of the producing provinces and will be vigorously pursued toward an agreement consistent with my Government's energy policy commitment, as endorsed by the people of Canada. My Ministers do not intend to impose an 18¢ increase in the excise tax on transportation fuels, and the made-in-Canada price will result in a lower price to consumers than the one proposed in the budget of the previous administration.

A Petroleum Price Auditing Agency will be established to investigate and report to the government and people of Canada on oil company costs, profits, capital expenditures, and levels of Canadian ownership.

In spite of Canada's large energy resources, which put this country in the extremely favourable position of being a major energy exporter, we remain partially dependent upon imported oil. My Government is determined to reduce that dependence by promoting conservation and by stimulating the production of new domestic energy supplies.

To improve conservation of oil and gasoline in transportation, you will be asked to approve legislation setting mandatory fuel efficiency standards for automobiles. Measures will also be introduced to encourage higher standards of home insulation, and the existing home insulation program will be improved.

In co-operation with provincial governments, other steps will be taken to encourage more rapid substitution from oil to other energy sources in order to substantially reduce the significance of oil in meeting our energy needs. Policies will be introduced to encourage consumers to switch from oil to natural gas or electricity for home heating. My Government equally favors the earliest possible construction of a natural gas pipeline to Quebec City and the Maritime Provinces, and awaits with interest the report of the National Energy Board on this project.

Petro-Canada will be maintained and expanded as an instrument of public policy. My Government has already increased the budget of the Corporation by $80 million this year, and our national oil company will also receive a renewed mandate to engage vigorously in oil purchase negotiations and agreements with foreign suppliers.

You will be asked to approve a new Canada Oil and Gas Act, which will provide new preferential rights for Petro-Canada and other Canadian companies on federal lands, and establish new and more demanding requirements for exploration and development of these promising frontier areas.

An alternative energy corporation will be created with a mandate to stimulate the development of new and renewable energy sources to replace oil.

My Ministers believe that, if given the opportunity, Canadian companies and investors would involve themselves more heavily in the energy field. My Government, therefore, adopts the specific goal of at least 50% Canadian ownership of the petroleum industry by 1990, and will soon take the first steps to achieve this objective.

III. *Developing our Economic Potential*

Canada's resource base will be used as the basic building block of a vigorous industrial policy. A paramount objective of my Ministers is to develop economic policies that will provide jobs, spur growth, improve regional balance, and promote Canadian ownership and control of the economy.

It is the intention of my Ministers to continue the policies of expenditure restraint and improved government administration which were suggested by the Lambert Report and initiated by the previous Liberal administration. My Government will reduce the federal deficit in a planned and orderly manner, but not to the exclusion of other objectives such as reducing unemployment and promoting industrial growth. Improving the efficiency of the federal government is as important an objective of these reforms as reducing the deficit. My Ministers believe that Canadians want more effective government, not necessarily less government.

Food and agriculture are going to be increasingly important to the Canadian economy in the 1980s. To further strengthen the industry, my Government plans to create a Canadian Agricultural Export Corporation to expand markets for Canadian producers. A Meat Import Act will be introduced to protect both consumers and producers.

Transportation is a vital part of industrial strategy. My Government will ensure that the Canadian transportation system has the capacity to meet the economic challenges of the 1980s. My Government regards the production, transportation, handling, and marketing of Prairie grain as a national priority. Rail facilities will be upgraded, and port facilities improved. You will also be asked to consider, on an urgent basis, legislation concerning the transportation of dangerous goods.

In the fisheries sector, Canada's harvest is expected to increase substantially in the years ahead. To ensure the maximum return to fishermen and fish-processing companies, my Government will undertake major initiatives to further enhance the quality of fish products and to ensure orderly marketing.

Licensing regulations will be changed to permit fishermen to benefit fully from the resources of the 200-mile zone, and legislation will be introduced to guarantee adequate investment in the fishing sector through partial cost recovery and reinvestment of enhanced earnings. To further assist fishermen, the ceiling for individual loans under the Fisheries Improvement Loans Act will be raised to $150,000.

Canada's capabilities in science and technology lie at the heart of our competitiveness as a trading nation. My Government will encourage more young people to pursue a career in research through a new technology employment program, and will encourage and insist that industry do more research and development work in Canada. My Government reaffirms its commitment to increase Canada's overall expenditures on research and development to 1.5% of the value of the Gross National Product.

To improve the ability of Canadian industry to compete abroad in order to create jobs at home, my Government will establish a national trading company. My Government also intends to make assistance programs more accessible to small business, to simplify application procedures, and to better co-ordinate programs.

To improve our system of collective bargaining, a Labour Information Bureau will be created to provide an impartial clearing house for the statistics and data required for negotiations. A fresh start will be made in the labour management relations of the Post Office by turning that department into a crown corporation.

My Ministers believe that the stake of Canadians in their own economic destiny must be strengthened. Government procurement will be used vigorously, in a manner consistent with our international commitments, to encourage the creation and expansion of independent Canadian-owned enterprises.

The Foreign Investment Review Act will be amended to provide for performance reviews of how large foreign firms are meeting the test of bringing substantial benefits to Canada. As well, amendments will be introduced to ensure that major acquisition proposals by foreign companies will be publicized prior to a government decision on their acceptability. The Government will assist Canadian companies wishing to repatriate assets or to bid for ownership or control of companies subject to takeover offers by non-Canadians.

IV. *Strengthening National Institutions*

To increase the confidence of Canadians that their national institutions can respond effectively to their needs, my Government will propose a program to make Parliament both more efficient and more responsive.

You will be asked to appoint a committee of Parliament to examine the electoral system in order to ensure that the highest degree of representativeness and responsibility is achieved and that the confidence of Canadians in parliamentary institutions is strengthened.

As part of its commitment to renewed federalism, my Government will revive the process of constitutional reform. My Ministers are committed to the full development of Canada's two major linguistic communities and to the enhancement of our mosaic of cultures. My Government will seek to constitutionally entrench a bill of civil and human rights, including language rights.

Members of Parliament, whatever their party, agree on the need to guarantee to Canadians greater access to information of concern to them. Freedom of information legislation will be introduced to provide wide access to government documents. The right accorded to Ministers to withhold government documents from courts of law under Section 41(2) of the Federal Court Act will be removed.

[The Governor General.]

Legislation will also be presented to extend the rights of access by individuals to their personal information held by the government and to provide greater protection for privacy by further restricting the use that may be made of that information.

Also, in response to the recommendations of the Marin Commission, the RCMP Act will be amended to formalize internal discipline and grievance procedures, and to provide for an external authority to review public complaints about the behaviour of any member of the RCMP.

It is my Government's hope that these measures will serve in the years ahead as a fundamental bond of trust between government and people.

V. *An Active Foreign Policy*

My Government takes office against the most sombre international background of recent years. Events in Iran and Afghanistan have done great damage to international laws and institutions and have undermined confidence and stability.

In response, my Government intends to conduct an active foreign policy. Canada will rely upon its strong ties of friendship throughout the world. Part of our international response must be a determination to increase the ability of the NATO Alliance to provide security for its members and to advance the cause of peace, and my Government is committed to doing its full part. In keeping with that commitment, my Government has decided to proceed with the purchase of a new fighter aircraft.

But while recognizing the need for Canada to strengthen alliance security, the dangers of nuclear holocaust cannot simply be forgotten. If anything, these dangers are heightened by current tensions and by the continuation of the arms race. Canada's imperative is clear. This Government must continue its strategy to suffocate the deadly growth in the nuclear arsenals of the world. We must, and we will, actively co-operate in international efforts to negotiate agreements on verifiable means of arms control and disarmament, and seek to rally others to a cause that is no less than human survival on this planet. To assist in this process, a new position of Ambassador for Disarmament will be created within the Department of External Affairs.

Before concluding, I address a special message to members of the House of Commons from the three westernmost provinces.

It has been said in recent weeks that the three westernmost provinces have no elected voice in the governing of this country. That is not true. Parliament is the supreme law-making assembly of Canada, and every Canadian is represented in the House of Commons by his or her duly elected member.

Like all of your colleagues in the House of Commons, you who represent the people of Saskatchewan, Alberta and British Columbia, have a responsibility to represent your constituents

to the nation. You also have an extra responsibility in the present circumstances to represent the nation to your constituents. It is a task no one else can fulfill. My Government is prepared to co-operate fully in helping you to achieve this.

Members of the House of Commons:

You will be asked to appropriate the funds required to carry on the services and expenditures authorized by Parliament.

Honourable Members of the Senate:

Members of the House of Commons:

May Divine Providence guide you in your deliberations.

The House of Commons withdrew.

His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

RAILWAYS BILL

FIRST READING

Hon. Royce Frith (Deputy Leader of the Government) presented Bill S-1, relating to railways.

Bill read first time.

SPEECH FROM THE THRONE

CONSIDERATION NEXT SITTING

The Hon. the Speaker: Honourable senators, I have the honour to inform you that His Excellency the Governor General has caused to be placed in my hands a copy of his Speech delivered this day from the Throne to the two Houses of Parliament. It is as follows—

Hon. Senators: Dispense.

The Hon. the Speaker: Honourable senators, when shall this Speech be taken into consideration?

Hon. Royce Frith (Deputy Leader of the Government) moved:

That the Speech delivered this day from the Throne to the two Houses of Parliament be taken into consideration at the next sitting of the Senate.

Motion agreed to.

COMMITTEE ON ORDERS AND CUSTOMS

APPOINTMENT

Hon. Royce Frith (Deputy Leader of the Government) moved:

That all the senators present during this session be appointed a committee to consider the Orders and Customs of the Senate and Privileges of Parliament, and that the said committee have leave to meet in the Senate Chamber when and as often as they please.

Motion agreed to.

COMMITTEE OF SELECTION

APPOINTMENT

Hon. Royce Frith (Deputy Leader of the Government) moved:

That, pursuant to rule 66, the following senators, to wit: the Honourable Senators Bélisle, Denis, Flynn, Frith, Inman, Langlois, Macdonald, Muir, Perrault, Petten and Roblin, be appointed a Committee of Selection to nominate senators to serve on the several select committees during the present session; and to report with all convenient speed the names of the senators so nominated.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, April 15, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE LATE HON. A. HAMILTON McDONALD

TRIBUTES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, it is with deep sadness that I rise today to pay tribute to our friend and colleague the late Hammy McDonald. A large number of his friends and acquaintances attended the late Senator McDonald's funeral in Saskatchewan a few days ago. Those attending the funeral represented a great cross-section of Canada and Canadians. There were representatives from all political parties. Senator McDonald had won the undoubted respect of people of all political affiliations.

We in this chamber are certainly well aware of his service to his province and to his country. Politically, of course, he served in the Saskatchewan provincial legislature during the turbulent 1950s, where he was a distinguished representative and party leader. He was then appointed to this chamber, where he served in various posts including that of Government Whip. He played an important and leading role in interparliamentary matters, particularly the NATO parliamentary association.

As well, all of us are aware of his distinguished wartime service. The late Senator McDonald knew the horrors of war at first hand. That is why he never lost sight of the need to work for world peace, but at the same time he worked tirelessly for the protection of Canadian sovereignty and to ensure that Canada had adequate defence forces.

Indeed, his untimely end, as honourable senators are aware, came at a function held in connection with a meeting of the North Atlantic Treaty Organization here in Ottawa. He had just concluded a magnificent speech on the subject of NATO and the importance of the Western nations working together. He always felt that in unity there was strength. He died at the conclusion of that fine speech.

We shall miss Senator McDonald in this place. He was a superb senator and a great Canadian, and our nation is poorer for his passing. Our condolences go to all the members of his family.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I join with the government leader in mourning the death of Senator Hammy McDonald.

Senator McDonald was a fearless and outspoken Liberal of the classical variety. Unlike many of his cohorts in the government party, he felt that it was not enough for government to be more efficient. He remained convinced that what, in fact, was needed was less government.

A forthright man of strong convictions, unaccustomed to varnishing the truth, Hammy was the bane of all that is sham and pretense. He could be merciless in his criticism of the half-baked pseudo-intellectual ideas that often surface in Parliament, and the vigour of his argument was in no way tempered by the fact that the nonsense may have emanated from his own side of the house.

That is what everyone appreciated and admired in Hammy: he spoke his mind; but he did so without making enemies. Blunt as he may have been in telling people what he thought of their ideas, he was always kind in his assessment of the people themselves.

As mentioned by the Leader of the Government, Hammy had an impressive military career and never lost interest in matters dealing with Canada's defence capability. He took an active interest in NATO and was eloquent in his analysis of our responsibility in the joint effort to protect the free world. Hammy McDonald will be missed because few come along of his type: able, humble, courteous and amiable.

To his friends and to the loved ones he leaves behind we offer our most heartfelt condolences.

Hon. Sidney L. Buckwold: Honourable senators, as a Saskatchewan colleague of our late, lamented Senator Hammy McDonald, I rise also to express my deep regret at his untimely passing, and to express the views of the people of Saskatchewan, who honoured and respected Senator McDonald so very, very deeply.

I saw Senator McDonald just a few days before he passed away. I had left Saskatchewan by plane to attend a military meeting in St. Hubert. The plane landed in Ottawa before going on to Mirabel, and Senator McDonald got on the plane in Ottawa and sat next to me. He was on his way to attend a NATO meeting in Portugal, and he was to get his overseas flight in Mirabel. We spent the short flight discussing certain aspects of the military situation in Canada, a subject in which he was extremely interested. It seems, I suppose, almost a predestination that Hammy was not able to carry out some of the objectives that he so much believed in, namely, the strength and security of our country and the co-operation that we need to provide to our allies in NATO.

I am sure our leader will not object if I indicate some of the things that Senator McDonald discussed in our own caucus. He asked that the Senate consider appointing a committee on national defence, which could deal with the serious military problems that face this country.

Many of us, along with Senator McDonald, felt that we had neglected the military in this country, and that it was time a parliamentary committee of permanent status be constituted to look at the military situation and perhaps influence the policies of the government in this regard. That was one of the greatest wishes of Senator McDonald. I am sorry he is not alive to see it come about.

I speak for all of the people of Saskatchewan when I say that we will miss him very much, as will his colleagues in the Senate.

Hon. D. G. Steuart: Honourable senators, I join with the Leader of the Government and the Leader of the Opposition and Senator Buckwold in paying a few words of tribute to the late Senator McDonald. I first started working with Hammy McDonald in 1948 when he ran for the leadership of our party in Saskatchewan. I sat with him in the government, in opposition, and I sat with him for a short time here in the Senate.

● (1410)

We all miss Hammy and mourn his passing, but I do not think he would want us to be unhappy. Hammy had a good life. He was, indeed, "a happy warrior"—a description applied to another great politician. As the Leader of the Opposition said, Hammy McDonald was tough. He asked for no quarter and he gave none. He spent some of the great moments of his life fighting battles in the tough political arena in Saskatchewan. He did not win many times, but I think he enjoyed losing as much as winning.

He was a happy and dedicated man. He was keen to serve his country in war and in peace. I join with others in an expression of condolence to his family and friends.

Hon. Herbert O. Sparrow: Honourable senators, I want to pay tribute to the memory of Senator Hammy McDonald, who introduced me to the members of this chamber 12 years ago. I have a special place in my heart for Hammy, and I have great admiration for the contribution he made to his country in wartime, and to the citizens of Saskatchewan, whom he served for a number of years in the Legislative Assembly. He also made an outstanding contribution to Canada as a member of this chamber, and to the international scene through his close association with NATO. He served this chamber well. He took a special interest in the Standing Senate Committee on Agriculture and, of course, was very knowledgeable about the province of Saskatchewan, particularly its agriculture.

On my own behalf and on behalf of the people I represent in the province of Saskatchewan, I wish to express my sincere condolences to Hammy McDonald's family and to tell them that we loved him, and we are very appreciative of the time they allowed him to be with us.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I wish to join with the Leader of the Government, the Leader of the Opposition, and my colleagues from Saskatchewan in expressing deep sympathy to the family of Senator Hammy McDonald.

Hammy was well known to all of us. He was a great parliamentarian, a great debater, and a great friend. I have seen him at many meetings when the debating of a subject was tough, and the forces seemed quite evenly divided. Hammy would come in, take his position, make a rousing speech, and invariably he would change the opinion of that meeting and bring them over to his side.

Hammy McDonald was a product of Saskatchewan. He was a veteran who had sacrificed much for the welfare of his country.

I had the privilege of attending his funeral where one could see the panorama of Hammy's life—Fleming, where he was born and close to there where he went to school; his neighbours and friends at the funeral who were part of his recreational athletic life; his neighbours, farmers, business people, friends, his family, his four stalwart sons, who were pallbearers, his daughters, his aged mother, who is a very fine person with very regal bearing.

● (1415)

On the sad occasion when Hammy McDonald was laid to rest in his community, his neighbours came out to pay final tribute to him, and, as well, many Canadians from all across the nation attended the funeral to pay their respects.

I wish at this time to associate myself with others in extending to the family our sincere condolences on the passing of Senator Hammy McDonald.

Hon. Henry D. Hicks: Honourable senators, perhaps a word should be said from Atlantic Canada as an addition to the tributes that have been paid by Senator McDonald's fellow senators from the province of Saskatchewan.

My term as Leader of the Liberal Party in Nova Scotia overlapped the period of the leadership of the late Senator McDonald of the Liberal Party in Saskatchewan, so I knew him before I came to this chamber. I always had the greatest respect for the late Senator McDonald, and I endorse all the things that have been said about him by previous speakers, but I rise to emphasize one important aspect of his career. Of all the private members of Parliament of both houses Senator McDonald had, I think, a keener awareness of problems of national defence, and of the military services and their contribution to Canada, than anyone else. In this respect, he will be sorely missed, not only by his family, friends and colleagues in Saskatchewan, but by the nation.

I hope, honourable senators, that there will emerge in Parliament, and particularly in this house of Parliament, someone who will carry that torch and continue that interest in national defence matters about which Senator McDonald continually reminded us. This is of vital importance in the kind of difficult world in which we live today. I hope that some of us—and I include myself—will regard it our duty to carry on the good work that Senator McDonald so unhesitatingly and unfalteringly pursued on every possible occasion.

I join in extending condolences to the members of his family, and regret that Canada has lost an important member of Parliament and an outstanding citizen.

THE HONOURABLE ROBERT RENÉ DE COTRET, P.C.

TRIBUTES ON RESIGNATION FROM SENATE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I rise to address myself to the resignation of Senator Robert René de Cotret from this chamber. Although he was with us for only a brief period of time, it has to be said in candour that he gave unstintingly of his talent and considerable abilities and added to the debates, proceedings and achievements of this house. We on this side genuinely regret that he will not be here and will not be serving on the opposition side in this Parliament.

While the electoral events of recent weeks have altered the seating positions of a number of us in this chamber, I wish to say that we on this side look forward to working with the loyal opposition for the good of the nation. These are not easy times for Canada, and while invested with the responsibility of government, the present Leader of the Opposition and the Deputy Leader of the Opposition acted in the best parliamentary tradition. They observed meticulously the traditions and practices which have built this great parliamentary system. I thank them for their courtesy to me when I was Leader of the Opposition in this place, and I pledge to them courtesy and co-operation in kind during the important time ahead.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, the absence of Robert René de Cotret in this house is felt more I think on this side of the House than anywhere else.

As the Leader of the Government pointed out, during the time he sat here in his capacity as Minister of Industry, Trade and Commerce and Minister of State for Economic Development, I think he showed exceptional qualities which were appreciated by all. I remember certain remarks made by senators on the other side of the house which indicate indeed the admiration and respect our colleague de Cotret was able to win.

It is unfortunate that the loss of the Senate did not become the gain of the House of Commons, first because he had been blamed, of course, when he had been defeated in the 1979 election, for coming here to the Senate and not having any credibility as a minister. That is the kind of cruelty you are exposed to in political life. That is unfortunate, I would say less for him because how many people, how many corporations, how many institutions will want to avail themselves of his services.

However, the loss suffered by Parliament will hopefully be repaired by other more favourable circumstances. To me, the defeat of de Cotret during the February 18 election was the greatest hardship of all; that the government should have been defeated, I had anticipated. I was expecting it. It is the tradition of this country that the Liberals always be in power and that the Conservative Party be given only a little time to try and make you think. I do not think you had enough time this time.

[Senator Hicks.]

I regret the defeat of Robert René de Cotret for my party, but I regret it particularly for the Parliament of Canada, and for my country.

• (1420)

[*English*]

LORI ANN LALLOUET

TRIBUTES TO FORMER PAGE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I should like to pay tribute to a person well known to many of us, a former servant of this house, the late Lori Ann Lallouet.

May I say that we are well served in this chamber by the pages. They are fine young people.

Hon. Senators: Hear, hear.

Senator Perrault: As honourable senators know, many of our pages serve here as a prelude to careers in public life and public service. All of them are interested in improving their training skills and acquiring education. Many work assiduously to further that education.

No page has ever served us better than Lori Ann Lallouet, who died tragically in an automobile accident on December 29, 1979. Known to all of us, she was the senior female page in this house. She was efficient and cheerful, and well liked. She was unfailingly conscientious in everything she did.

One wonders why a fine life like Lori's, with so much to offer her country, was taken at such a young age. Lori was a graduate of the University of Ottawa, having obtained an honours degree in public administration and a degree in labour-management relations. She was working on her master's degree in public administration, looking forward to a fine career in public service.

We regret deeply her passing and we offer heartfelt condolences to her family—Lori was the only child. Our prayers go with them at this very difficult time.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): I wish to echo the sentiments expressed by the Leader of the Government in the Senate.

It is really tragic to see such a young girl die when her life is just beginning. Of course, this is not a unique occurrence, but such events are always very cruel.

I wish to offer to the family of our devoted page the sincere condolences of all members of the opposition.

[*English*]

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

> Capital Budget of Air Canada for the year ending December 31, 1980, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C.,

1970, together with copy of Order in Council P.C. 1980-300, dated January 25, 1980, approving same.

Capital and Operating Budgets of the Canadian National Railways for the year ending December 31, 1979, pursuant to section 37(2) of the *Canadian National Railways Act*, Chapter C-10 and section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1979-3206, dated November 22, 1979, approving same.

Capital Budget of the Great Lakes Pilotage Authority, Ltd., for the year ending December 31, 1980, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1980-497, dated February 8, 1980, approving same.

Capital Budget of The Jacques Cartier and Champlain Bridges Incorporated for the fiscal year ending March 31, 1981, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1980-384, dated February 1, 1980, approving same.

Capital Budget of the Laurentian Pilotage Authority for the year ending December 31, 1980, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1980-498, dated February 8, 1980, approving same.

Capital Budget of The St. Lawrence Seaway Authority for the fiscal year ending March 31, 1981, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1980-385, dated February 1, 1980, approving same.

Capital Budget of the Northern Transportation Company Limited for the year ending December 31, 1980, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1980-245, dated January 18, 1980, approving same.

Report of the Governor of the Bank of Canada, including statement of accounts certified by the Auditors, for the year ended December 31, 1979, pursuant to section 26(3) of the *Bank of Canada Act*, Chapter B-2, R.S.C., 1970.

Report of the Cape Breton Development Corporation, including its financial statements and auditor's report, for the fiscal year ended March 31, 1979, pursuant to section 33 of the *Cape Breton Development Corporation Act*, Chapter C-13, R.S.C., 1970.

Report of the President of the Treasury Board under the *Corporations and Labour Unions Returns Act* (Part I, Corporations) for the fiscal periods ended in 1977, pursuant to section 18(1) of the said Act, Chapter C-31, R.S.C., 1970.

Amended Capital Budget of the Farm Credit Corporation for the fiscal year ending March 31, 1980, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1979-2788, dated October 18, 1979, approving same.

Report of operations under the *Farm Improvement Loans Act* for the year ended December 31, 1978, pursuant to section 13 of the said Act, Chapter F-3, R.S.C., 1970.

Capital Budget of the Freshwater Fish Marketing Corporation for the financial year ending April 30, 1980, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1979-3283, dated November 29, 1979, approving same.

Report on operations under the *Regional Development Incentives Act* for the months of October, November, December, 1979, and January, 1980, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Final Report on the operations of the former *Shipping Conferences Exemption Act* for the period January 1, 1979 to March 31, 1979, pursuant to section 12 of the said Act, Chapter 39 (1st Supplement), R.S.C., 1970, and First Report on the operations of the *Shipping Conferences Exemption Act, 1979* for the period April 1, 1979 to December 31, 1979, pursuant to section 20 of the said Act, Chapter 15, Statutes of Canada, 1978-79.

Report of the Department of the Solicitor General for the fiscal year ended March 31, 1978, pursuant to section 5 of the *Department of the Solicitor General Act*, Chapter S-12, R.S.C., 1970.

Report of exemptions authorized by the Minister of Transport under section 134 of the *Canada Shipping Act* in cases where no master or officer was available with required certificate and experience, for the year ended December 31, 1979, pursuant to section 134(2) of the said Act, Chapter S-9, R.S.C., 1970.

Report of operations under the *Export and Import Permits Act* for the year ended December 31, 1977, pursuant to section 26 of the said Act, Chapter E-17, R.S.C., 1970.

Report of operations under the *International River Improvements Act* for the year ended December 31, 1979, pursuant to section 10 of the said Act, Chapter I-22, R.S.C., 1970.

Report of the Ministry of State for Science and Technology for the fiscal year ended March 31, 1979, pursuant to section 22 of the *Ministries and Ministers of State Act*, Part IV of Chapter 42, Statutes of Canada, 1970-71-72.

Report of the Public Service Staff Relations Board for the fiscal year ended March 31, 1979, pursuant to section 115 of the *Public Service Staff Relations Act*, Chapter P-35, R.S.C., 1970.

SPEECH FROM THE THRONE

TERMINATION OF DEBATE ON ADDRESS IN REPLY ON EIGHTH SITTING DAY

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the proceedings on the order of the day for resuming the debate on the motion for an Address in reply to His Excellency the Governor General's Speech from the Throne addressed to both Houses of Parliament be concluded on the eighth sitting day on which the order is debated.

Motion agreed to.

RETIREMENT AGE POLICIES

APPOINTMENT OF SPECIAL SENATE COMMITTEE

Hon. David A. Croll: Honourable senators, the Special Senate Committee on Retirement Age Policies was ready to table its report *Retirement Without Tears* on December 18 last, and plans had been made accordingly. It so happened that on December 14 Parliament was dissolved and the committee ceased to exist.

The committee then applied to the Intersessional Authority for permission to release the report which was already in the hands of the distributors. That Authority, consisting of Senator Flynn, Senator Perrault and Senator Grosart, gave the necessary permission, and we proceeded accordingly, with, I might add, some rather good results. I shall speak further on that later, but not today.

Now, honourable senators, we have to table that report, but how does a committee that is not in existence table a report? This is a new situation, so we went to the Clerk and to the legal authorities, and we asked their advice. Their advice was that I should introduce a resolution to reconstitute the committee, with the evident intention that there would be no meetings, and then later ask for permission to table the report.

● (1430)

I have spoken to those on both the government and opposition sides about this matter, and I will now make a motion with respect to it. I move, seconded by the Honourable Senator Fournier (Madawaska-Restigouche), with leave of the Senate and notwithstanding rule 44(1)(d):

That a special committee of the Senate be appointed to examine and report upon

(a) the existing retirement age policies affecting workers in both the public and private sectors;

(b) the social and economic implications of mandatory retirement based on age alone;

(c) the feasibility of enabling workers, especially elderly citizens, to continue to make a worthwhile contribution to our society through flexible voluntary retirement plans to the extent of their ability and motivation;

(d) the protection for those over sixty-five against age discrimination in all employment areas; and

(e) the need for the maximum co-operation of all levels of government, labour unions, business and the public in respect of existing and future retirement age policies and retirement plans;

That the committee have power to engage the services of such technical, clerical and other personnel as may be necessary for the purpose of the inquiry;

That the papers and evidence received and taken on the subject in the three preceding sessions be referred to the committee;

That the papers and submissions received on the subject and the work accomplished during the dissolution of the Thirtieth Parliament, as authorized by the Intersessional Authority (appointed pursuant to a resolution of the Senate on the 29th day of March, 1972) be referred to the committee;

That the committee have power to send for persons, papers and records, to examine witnesses, to report from time to time, to print such papers and evidence from day to day as may be ordered by the committee, to sit during adjournments of the Senate and to adjourn from place to place in Canada; and

That, notwithstanding rule 66, the committee be composed of the Honourable Senators Adams, Anderson, Bell, Benidickson, Bird, Bosa, Buckwold, Cottreau, Croll, Deschatelets, Eudes, Fournier (*Madawaska-Restigouche*), Fournier (*Restigouche-Gloucester*), Haidasz, Inman, Lucier, Norrie, Phillips, Quart, Rowe, Steuart and Williams.

Motion agreed to.

REPORT OF SPECIAL COMMITTEE TABLED

Leave having been given to revert to Reports of Committees:

Hon. David A. Croll: Honourable senators, I have the honour to table the report of the Special Committee of the Senate on Retirement Age Policies, and I move, seconded by the Honourable Senator Fournier (Madawaska-Restigouche), that the report be placed on the Orders of the Day for consideration on Tuesday next, April 22, 1980.

Motion agreed to.

PROPERTY QUALIFICATION OF SENATORS

RENEWAL

Hon. Raymond J. Perrault (Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That every senator who is a member of this Parliament and whose name appeared on the list of senators who had renewed their Declaration of Property Qualification in respect of the 31st Parliament, tabled in the Senate on November 7, 1979, is deemed to have made and filed with the Clerk of the Senate a renewed Declaration of Prop-

erty Qualification in respect of the present Parliament; and

That rule 114 be suspended in relation thereto.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

THE CABINET

MINISTERIAL RESPONSIBILITY IN THE SENATE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, of course I have a first, but not last question—

Senator Frith: Of course.

Senator Flynn: —for the government leader. As he himself did at the opening of the First Session of the 31st Parliament, one of the shortest in history—and for which history will repent, I think—I first want to congratulate him on his return to his office as government leader. I know he was bored in opposition. That is quite normal when one is used to power. He has returned to his former role and I congratulate him. I also sympathize with him, and I want to assure him of my full co-operation as well as that of all senators on this side of the chamber, with the usual meaning of that expression because there are still a few on this side who in reality are on your side. We have not had much time to restore the balance.

I also want to congratulate the other two senators who have been made members of the administration, namely, Senator Olson, as Minister of State for Economic Development, and Senator Argue, who has looked for work for many years both in the other place and here and who now has his hands full. I want to congratulate them and assure them of our co-operation.

I cannot help but note the change in Senator Olson and Senator Argue, a physical change, but which is not enough—

Senator Asselin: Only half.

Senator Flynn: But which is not enough to fool anyone.

[*English*]

In any event, honourable senators, my first question is to the Leader of the Government. Would he indicate to the Senate, and especially to the opposition, which has the responsibility of questioning the ministers in this place, just what their spheres of response will be?

As an aside, it is interesting to find that the present Prime Minister, who on a previous occasion had some criticism about having ministers in the Senate, found it necessary to use the same device himself, albeit perhaps not in as interesting a fashion as that of the former Prime Minister.

What are the responsibilities, then, with respect to questions for himself and each of his two colleagues? For instance, may we question Senator Olson in the general areas which he thought Senator de Cotret had to reply to? Are we limited with regard to Senator Argue to the Canadian Wheat Board or can we question him about all matters having to do with agriculture, since he is such an expert?

● (1440)

In all matters that go far beyond the strict responsibility of the Canadian Wheat Board, the Leader of the Government has the responsibility. I am quite sure he will be able to reply instantly to any question that does not fall within the responsibility of either Senator Olson or Senator Argue.

Hon. Raymond J. Perrault (Leader of the Government): As has been the case in the past, there will be an unfailing desire on the part of the government to share any information that may be available on matters facing Canadians.

Senator Roblin: If it suits you.

Senator Perrault: My two distinguished colleagues in cabinet have a profound knowledge covering a range of subjects. However, I would be prepared to make a statement to the Senate later this week with respect to those matters for which they will have direct responsibility during the Question Period. In that regard, I would be most pleased to discuss the matter with the Leader of the Opposition. We wish to be as co-operative as possible.

Senator Flynn: I do not doubt that.

ENERGY

PRICE OF DOMESTIC OIL—FEDERAL-PROVINCIAL NEGOTIATIONS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I should like to try out for size, as it were, a question for the Minister of State for Economic Development. I recall that during the last session he often questioned Senator de Cotret about this matter and received replies.

The Speech from the Throne referred to negotiations to set the price of oil. I am wondering whether the minister is in a position to tell us how those negotiations are proceeding, and exactly when an agreement will be reached and a decision made so that the Canadian public will know exactly what alternatives the Liberal Party had in mind when they defeated the budget of the previous administration on December 13?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to begin my reply on the first question directed to me on the floor of this chamber as Minister of State for Economic Development by saying to the Leader of the Opposition that I sincerely appreciate the remarks he made to all the new ministers in the course of his previous question.

The Leader of the Opposition asked whether we can at this stage—I believe it is five weeks since we took over the reins of government—give a precise reply—

Senator Flynn: It seems much longer to me.

Senator Olson: —to a question concerning the pricing arrangement that can be worked out with the producing

provinces, particularly Alberta. I believe that the negotiations are going reasonably well. I am not the minister directly responsible for those negotiations. That is the responsibility of the Minister of Energy, Mines and Resources.

The Leader of the Opposition will know what is the basis and what are the parameters within which we intend to negotiate that energy policy, and especially those prices, in terms of what was said before, during and since the election campaign.

We believe there is a good deal of room for negotiation with respect to what Premier Lougheed has suggested as net benefits to the producing provinces. While we do not have any precision as to what those benefits will be, I am optimistic that there is room for sincere negotiation with respect to the rights of the provinces and the interests of Canadians generally.

Senator Flynn: I have a supplementary question. An agreement was practically reached by the former administration. How different is the proposal or the objective of the present administration?

Senator Olson: Honourable senators, we kept hearing that same comment, that an agreement was imminent and was about to be reached. I think it is fair to say that on more than one occasion we heard that an agreement had been reached; that it was just a matter of signing it. We heard comments—I would have to say speculative comments, because it never happened—to the effect that "everything is ready except the machinery." I have been around long enough to know that if we do not have the machinery in place, nothing else matters.

I am not sure that we should revive all that speculation. Certainly, when we are negotiating on the same matter, I would not be surprised if there are some similarities. However, the point is that the earlier negotiations never quite reached the stage of an agreement; and if that point is not reached, one side or the other could take the position that everything crumbles until the agreement is signed. An agreement was never signed.

Senator Flynn: We shall see. We will give you a few more weeks.

INCOME TAX

UNINCORPORATED BUSINESSES—DEDUCTION OF SALARIES PAID TO SPOUSES

Hon. Martha P. Bielish: Honourable senators, I have a question for the Leader of the Government. Will the minister confirm the commitment made by the Minister of Agriculture that the present government will implement the measure announced in Mr. Crosbie's budget to allow, as business expenses, salaries paid to spouses on farms? Will the minister also say whether it is the intention of the government to apply this policy to salaries of spouses in other unincorporated businesses as provided for in Mr. Crosbie's budget last December? I ask this question because there was no mention of the matter in the Speech from the Throne.

[Senator Olson.]

Senator Perrault: Honourable senators, may I say that the Speech from the Throne is necessarily a general statement of any government's proposals for the duration of a session of Parliament. Yesterday's Speech from the Throne, like its countless predecessors, was incomplete in all its detail. I shall take the question as notice. I can say generally, however, that it is not our present intention to implement the Crosbie budget.

Senator Flynn: In all respects? Did you say in all respects?

Senator Perrault: No.

Senator Flynn: That is not what you meant? Is there a "no" in that answer?

Senator Perrault: Honourable senators, what I am really saying is that the mandate given the Liberal government at the time of the election was not a mandate to implement in all its detail the Crosbie budget. In saying that, I take the question as notice and I hope to have a reply shortly.

Senator Bielish: Thank you.

OLD AGE SECURITY

INCREASE IN GUARANTEED INCOME SUPPLEMENT

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate concerning the government's promise to increase by $35 the guaranteed income supplement to the old age security pension.

In view of the need for such legislation as soon as possible, can the Leader of the Government indicate what priority will be given that legislation, and when we are likely to see a bill introduced?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, we regard the commitment to pay an additional $35 per household to those persons on GIS as a high priority item in the Speech from the Throne. I know that with the full co-operation of the loyal opposition, that measure can be passed with great speed.

Senator Flynn: When?

Senator Marshall: I have a supplementary. Is the government considering overcoming the inequity in the spouse's allowance for those who qualify between the ages of 60 and 65? There are many single women in Canada aged between 60 and 65 who are discriminated against because they are unmarried. Is any consideration being given to those people in order to overcome that inequity, or will that be included in the legislation?

Senator Perrault: Our current commitment is to increase the GIS. A range of ideas are being discussed to help those who are less fortunate in our society.

The Speech from the Throne clearly spells out that the government believes its primary concern, in the immediate term, is to assist those who are the worst suffering victims of inflation in the present economic circumstances. The honourable senator's idea is under study, together with many others.

NATIONAL UNITY

QUEBEC REFERENDUM

Hon. Martial Asselin: My question is for the Leader of the Government. It was mentioned in the Speech from the Throne that the government will interpret a vote of "no" to sovereignty association as a vote for the rebuilding of the Canadian federation. I would like to know from the Leader of the Government what will be the attitude of the government if a "yes" vote is given by the population of Quebec in favour of sovereignty association to the referendum question?

• (1450)

Senator Robichaud: You are asking for a speech.

Senator Asselin: This question is in order. Could the leader answer my question?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, most assuredly the proposed referendum in Quebec, and the situation generally relating to regional aspirations and unity in this country, will be the subject of much debate and discussion during the range of remarks to be made by honourable senators over the next eight debating days. Certainly, it can be expected that some ideas with respect to the government's position will be expressed at that time by the Leader of the Government in the Senate and by a number of other senators.

[*Translation*]

Senator Asselin: A supplementary. Will this government refuse to negotiate any constitutional amendment with the government now in power in Quebec if the majority of Quebecers answer yes to sovereignty-association?

[*English*]

Senator Perrault: Questions of this kind are very hypothetical and theoretical. They are based upon events which have not as yet been set in train. It seems to me that we enter the dubious area of pure speculation when we attempt to assess the possible reaction of the federal government should certain events occur in any of the provinces.

Honourable senators, I do not wish to engage in a discussion, based upon events which have not taken place, and which may not take place.

[*Translation*]

Senator Asselin: A supplementary question. Since the government has already stated the attitude it would adopt in the event of a negative answer in the referendum, I imagine that the Leader of the Government is now entitled to tell us what the government would do if a majority gave a positive answer to the referendum question.

[*English*]

Senator Perrault: Honourable senators, I am sure the honourable senator, with his extensive record in Parliament and in the ministry, realizes that this is a very delicate and sensitive area. It would not advance the cause of national unity one iota for me to engage in a discussion of this topic at this time on the theoretical assumption, as I said before, of certain events occurring. I am not prepared to go beyond this reply at the present time.

ENERGY

EXCISE TAX ON TRANSPORTATION FUELS

Hon. G. I. Smith: Honourable senators, I should like to direct a question to the Minister of State for Economic Development in relation to a particular statement in the Speech from the Throne which appears on page 4 of the *Debates of the Senate* for April 14, 1980. The particular sentence reads as follows, beginning at the bottom of page 4 and continuing on page 5:

> My Ministers do not intend to impose an 18-cent ihcrease in the excise tax on transportation fuels—

My question is, is that merely a statement of intention, or is it a commitment?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I think it is pretty clear that a commitment, or a statement of intention, is probably the same thing when it appears in a Speech from the Throne. I am sure my honourable friend realizes that many of us who belong to the party which occupies this side of the house had a great deal to say about that during the election campaign, too. With regard to trying to commit a government forever, or commit any government coming in behind this one forever, I am sure that we avoid doing that. In any event, the honourable senator has read very carefully what was contained in every statement that we have made, and that is that we do not intend to re-introduce that part of the budget that calls for an 18-cent a gallon increase in the excise tax.

Senator Smith (Colchester): A supplementary question. I take it that although he did not do it in a few words, what the honourable minister is saying is that this sentence in the Speech from the Throne is in fact a commitment, and, since it is, I should like to ask him if the ministers do not intend to impose an 18-cent increase in the excise tax, do they intend to impose any increase in the excise tax on transportation fuels?

Senator Olson: Well, honourable senators, there will be a time, perhaps not far off, later in this session, when the Minister of Finance, who has considered taxation policy generally, will probably look at excise tax along with all other forms of taxation. He will be coming forward with a fiscal policy, I suppose, with respect to that.

Before my honourable colleague asks whether it will be 16 cents or some other figure than 18 cents, let me say right away that we do not play those kinds of games.

Senator Roblin: No?

Senator Asselin: You will change your mind, Bud.

Senator Smith (Colchester): When indeed did the government commit itself to any number except that which is just now the subject of our discussion?

Senator Olson: On December 13, the night the budget was defeated, I suppose the members of the other place who voted

against the budget, containing that figure, declared that they were against it. For my honourable friend's information, the main debate, in some respects, was focused on that particular part of the budget. That is not to say that there were not other things in the budget that might have been useful for Canada, but we rejected that increase in the excise tax on transport fuels.

Senator Smith (Colchester): I see my honourable friend is as adept at avoiding questions as he was adept in framing questions that no one could answer previously.

Hon. Jacques Flynn (Leader of the Opposition): Supplementary to this, the phrase to which my honourable colleague refers said:

> My Ministers do not intend to impose an 18-cent increase in the excise tax on transportation fuels, and the made-in-Canada price—

That famous phrase.

> —will result in a lower price to consumers than the one proposed in the budget of the previous administration.

How much lower? I mean, not in cents, but how much lower in proportion, is the objective of the government? "Lower" may mean 1 cent less, or 2 cents less; but surely you are not going to tell us that you defeated the government for only 2 cents a gallon over a period of three years.

Senator Olson: Honourable senators, I think it is a matter of interpretation of how much is a lot. I suppose it is also a matter of interpretation of what is significant and what may not be significant. I just think that the Honourable Leader of the Opposition has to accept the fact that the over-all blended price, which he never seemed to understand, will be spelled out much more clearly—

Senator Flynn: The emphasis should be put on answers.

Senator Olson: —after we have negotiated a national energy policy, especially for crude oil and natural gas, with the producing provinces, who have a great interest in that matter. I would hope that my honourable friend would give us a few days to do that, since we have been at work for only a few days. They were at work for five months, and even with regard to a situation as important as the budget they were unable to reach an agreement on energy policy, which is absolutely crucial with regard to what can appear in the budget. I am sure that ought to give some indication to my honourable friend that this is a very important economic component, and we want to talk to the producing provinces about it.

● (1500)

As I said a few moments ago, there is some room for negotiation, but I can tell my honourable friend that I am not going to negotiate that subject on the floor of the Senate. That will be done between the two governments.

Senator Flynn: During the last session you tried to have that discussion on the floor of the Senate. In any event, since you defeated the government on that very item of 18 cents, you must have known what you had in mind. Of course, you did not say during the course of the campaign what you had in mind, but you must have known what you had in mind at the time you defeated the government on that very item.

Senator Olson: Yes.

Senator Flynn: Would you tell us?

Senator Olson: Honourable senators, we know, as does the Leader of the Opposition, that we were not privy to the negotiations that were going on between Premier Lougheed and other producing provinces. When we tried to pull that information out into the public, nothing would come except that an agreement was imminent and that the mechanics had not yet been worked out. We knew what we would have been negotiating had we been the government. We believed and stated that an 18-cent tax, on top of the fact that everyone acknowledged that energy prices were going to go up, added insult to injury and, therefore, we could not support it.

Senator Flynn: But you are very willing to settle for 16 cents.

INDUSTRY

ASSISTANCE TO CHRYSLER CORPORATION

Hon. Lowell Murray: I should like to direct a question to the Minister of State for Economic Development. Will he say when he expects negotiations to be concluded regarding proposed financial assistance from the Government of Canada to the Chrysler Corporation? Will he also say whether the government is giving consideration to loan guarantees, as was the case in the United States, or whether outright grants from the Government of Canada to Chrysler Corporation are being considered?

Hon. H. A. Olson (Minister of State for Economic Development): I shall take the question as notice and inquire of the Minister of Industry, Trade and Commerce, the minister directly involved in the negotiations with Chrysler.

Senator Flynn: You did not say "responsible"; you said "involved".

Senator Murray: At the same time, and by way of supplementary, will the Minister of State for Economic Development obtain assurance that the government is determined to obtain from Chrysler Canada a commitment for the same ratio of new investment to government aid as was obtained in the United States?

Senator Olson: Yes, I will accept that as part of the notice.

HOUSING

MORTGAGE INTEREST RATES—ASSISTANCE TO HOMEOWNERS

Hon. Jack Marshall: Honourable senators, the question I have for the Minister of State for Economic Development has to do with the hardship being caused to homeowners because of increasing interest rates. The government has introduced relief for those under AHOP. Would he indicate what relief is forthcoming for the hundreds of thousands who are now losing

their homes? Would the minister also indicate with what priority this is being treated and what help will be forthcoming?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am not today, tomorrow, or any other day going to be in the position of announcing government policy on behalf of some other ministers. The two matters Senator Marshall has raised, of course, are the direct responsibility of the Minister of Finance and the minister responsible for CMHC, and I am sure that they are as anxious as he is to spell out the details of the reference in the Throne Speech.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, may I add something to the reply given by my colleague? I would remind you that the Throne Speech contained these words:

> My government will act to assist those unable to bear the burden of re-negotiating their home mortgages in the present abnormal situation so that the spectre of foreclosure will be avoided. My Ministers are convinced that this objective can be achieved without the government embarking upon a major subsidy program.

Details will be made known shortly with respect to that program.

OLD AGE SECURITY

INCREASE IN GUARANTEED INCOME SUPPLEMENT

Hon. Raymond J. Perrault (Leader of the Government): May I say, while I am standing, honourable senators, that the Throne Speech also stated:

> You will be asked to give urgent consideration to legislation raising the Guaranteed Income Supplement to the Old Age Security pension by $35 a month per household by July 1st of this year.

The objective is July 1, and if the honourable senator states that the great party of which he is a representative wishes to move up that schedule dramatically, I am sure the government would be pleased to discuss it.

[*Translation*]

NATIONAL UNITY

QUEBEC REFERENDUM

Hon. Martial Asselin: A while ago the Leader of the Government told me that he could not answer my question as follows: If a majority of Quebecers voted for sovereignty-association, what would be the position of his government?

I realize that he may not have had the opportunity to discuss the matter with his government, but could he do so in the near future and make a statement in the house on this subject?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): I would remind honourable senators that the Leader of the Government in the Senate is not obliged to answer hypothetical questions. That is not an obligation which rests upon the Leader of the Government in the Senate or any other government or any other assembly. This is the only reason why I do not wish to answer the question. It is purely hypothetical.

[*Translation*]

Senator Asselin: Honourable senators, I rise on a point of order.

The main question I put a while ago was raised, of course, in the Speech from the Throne delivered yesterday.

Now, the government has clearly answered that a "no" vote by Quebecers would prompt the federal government to make constitutional amendments.

If my second question is hypothetical, the question raised by the government in the Speech from the Throne is also hypothetical. I suggest, honourable senators, that my question is not hypothetical and that the Leader of the Government refuses to inquire and provide the house with the information requested by one of its members. I am not asking him to answer a hypothetical question. I also want to point out to him that such a reference is made in the Speech from the Throne where it is stated: ". . . my government also promises to give effect to a "no" vote . . ." Now, I ask him if there was a "yes" vote, what would his government do? This is not hypothetical. He merely has to ask the government what its position would be and then inform the Senate.

[*English*]

Senator Perrault: Honourable senators, in terms of the responsibility of the Leader of the Government in this place, the leader is not required to answer hypothetical questions.

A Speech from the Throne presents the government's position with respect to a number of issues. As a matter of government policy, the government did not spell out in the Speech from the Throne what would occur should the majority of the people of Quebec vote "yes" in that referendum. There is no requirement in the Speech from the Throne to spell out that alternative as there is no requirement on the part of the Leader of the Government to answer a hypothetical question.

Hon. Azellus Denis: Honourable senators, in order that the question and answer be clear, I should like to know, first, if the government is for or against the independence of Quebec. Secondly, is it in favour of amending the Constitution in order to please the provinces, including Quebec, and itself at the same time?

Senator Perrault: Of course, honourable senators, the Speech from the Throne very clearly spells out the view of the government that it hopes there will be a majority "no" vote in the referendum. That goes without saying. So far as the second part of the question is concerned, a government which has invested so much time and effort in studying the whole matter of constitutional reform is obviously interested in advancing the process in due course.

[*Translation*]

Senator Asselin: Honourable senators, I rise on a point of order. Mr. Speaker, I should like to know what your guidelines

are. You can give them to us in due course. I do not expect you to give them to us directly as you have just recently taken over your duties.

But if the Leader of the Government, who is here to answer, on behalf of the government, the questions put to him in the Senate, always refuses to answer embarrassing questions claiming they are hypothetical, then I feel we are heading for the type of situation where information will be very hard to get.

The Leader of the Government could always refuse to answer questions because it seems that it is up to him to decide whether or not a question is hypothetical. For my part, I do not think it is up to him to decide.

Senator Robichaud: Of course not, but it was hypothetical.

Senator Asselin: If you want to put questions, your turn will come; but for now, do kindly allow me to finish.

Senator Robichaud: I was.

Senator Asselin: You can ask your questions later.

I should like to know whether or not it behooves the Leader of the Government to decide whether a question is hypothetical or not; if it does, then he can always shield himself with that excuse and refuse what information is requested, and claim the question is hypothetical.

I merely ask the government leader to inquire about it and ask his government what its attitude would be if a majority of Quebecers say "yes" to sovereignty-association. That is not a hypothetical question.

Senator Robichaud: Yes, it is.

Senator Asselin: Then the statement is equally hypothetical of the government when it claims that if the answer is "no" we will see an end to the constitutional deadlock.

● (1510)

[*English*]

Senator Perrault: As much as I respect the admirable debating skills of the former minister, and as distinguished as the former minister may be, what we are really looking at is this question: What is the government's policy with respect to this very delicate matter? I suggest that there is a difference between asking what the policy is, and what it would be should certain events occur.

Honourable senators may well ask me what would be the government's reaction if the entire Canadian banking system collapsed. I think I have a right to say that that question is a purely hypothetical question, and that the government's policy is not yet formulated with respect to unforeseen events of that kind.

The former minister has been in public life long enough to know that it is not incumbent upon any government to spell out every variation of policy position it may take should certain events occur.

Senator Asselin: Now I know that you refuse to answer my question.

[Senator Asselin.]

Senator Perrault: Senator, it is a very hypothetical question—

Senator Asselin: Not at all.

Senator Perrault: —and the government is not prepared to make a statement on such an eventuality at the present time. It is totally consistent with parliamentary tradition to take that position.

Senator Smith (Colchester): It is a hypothetical Speech from the Throne.

ENERGY

PRICE OF DOMESTIC OIL—FEDERAL-PROVINCIAL NEGOTIATIONS

Hon. Lowell Murray: Honourable senators, I have a question for the Minister of State for Economic Development. Will the minister tell us whether the federal government has placed a specific proposal before the producing provinces regarding oil price negotiations? Contrary to what he said earlier, it is a matter of public record, attested to not only by the previous federal government, but by Premier Lougheed, that a package was agreed to between the federal government and the producing provinces, and Alberta in particular. As I said, the details of that package are public.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I guess that is right. I am not going to argue about that. The point I made before was that there were never signatures attached to that agreement. It seems that I have some difficulty understanding why, if everything was agreed to, it was not signed in time for the budget.

Senator Murray: Because the government was defeated.

Senator Olson: Perhaps they could have signed it earlier in the day. In any event, the substantive part of the question the honourable senator asks is: What are the proposals that—

Senator Murray: I asked whether there is a proposal—a specific proposal—from the federal government on the table.

Senator Olson: It is well known that the Minister of Energy has already had preliminary discussions with all producing provinces. He was out to Alberta, Saskatchewan and British Columbia a few days ago. I suppose he had to familiarize himself with not only the process the previous government was involved in, up to and including budget night, but also with what might have changed even since then.

Senator Flynn: Like what?

Senator Olson: I think he announced that they would begin formal negotiations very soon. Certainly he will have proposals. However, I do not think that they are in their final form at this time.

ATLANTIC REGION

NATURAL RESOURCES—FEDERAL-PROVINCIAL NEGOTIATIONS

Hon. G. I. Smith: Honourable senators, I should like to direct another question to the Minister of State for Economic

Development, and here I direct his attention to another paragraph in what we now, I suppose, are entitled to regard as the hypothetical Speech from the Throne. The words I am about to quote appear on page 3 of yesterday's *Hansard*, and they are as follows:

> In the Atlantic, disadvantaged for so long, the promise of new resource riches has already led to squabbles about their future distribution.

I should like an assurance from the Minister of State for Economic Development that the federal government does not regard this problem, which is of such vital importance to the Atlantic region, as one of a mere squabble which they can brush aside.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, if the honourable senator is suggesting that the government does not take this seriously and are brushing it aside, I suppose I could logically ask why they put it in the Speech from the Throne. Everything in the Speech from the Throne is important.

Senator Smith (Colchester): I just draw the attention of the minister again to the fact that in this Speech, which he now refers to as being so important, they thought it appropriate to use the word "squabble"—which signifies some minor quarrel or petty disagreement—to describe their concept of the importance of this problem of distribution of the riches of new natural resources and how it affects the Atlantic region.

Senator Olson: Honourable senators, if the honourable senator has not yet realized that there has been some disagreement over such things as labour policy in developing those very interesting and, hopefully, rich resources, then I believe he has not read the same newspapers or listened to the same news programs that I have read or listened to.

If he is now trying to put some kind of interpretation on the importance of the development in the maritime provinces and the events that have taken place, not only in oil exploration but in other areas such as the fishing industry, I should say that we do not downgrade the value of that. It is an important thing, and Senator Smith will not have much luck if he is trying to read some kind of insult in certain words, because that is not what is intended at all.

Senator Smith (Colchester): I am glad to have the honourable gentleman's assurance that when they use words of this kind the authors of the Speech did not mean what they said.

Senator Olson: They do not mean what you are interpreting them to mean.

Senator Smith (Colchester): I am glad to have this corrected interpretation by which the minister now means to say that the government regards the distribution of these new resource riches mentioned in the Speech from the Throne as being of grave importance. If I have that assurance, I will be happy as far as today is concerned.

Senator Olson: I am not sure I can see that there is really that much of a question. If he reads the Speech from the Throne—

Senator Smith (Colchester): I have read the Speech from the Throne.

Senator Olson: —and places the literal meaning on the words, he will see that it is clear.

Senator Smith (Colchester): I guess the honourable senator does not know what a squabble is.

Senator Perrault: You have written many Throne Speeches yourself.

ROYAL CANADIAN MINT

PRICE OF 1980 SILVER DOLLARS

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government. Recently the Royal Canadian Mint put the 1980 silver dollar on sale at a price of $22.00. The price of an ounce of silver as of March 31, 1980 was $17.05. It was $8.61 at March 31, 1979, when the Mint sold the silver dollar for $5.50. On March 31, 1978, the price of a silver dollar was $4.50, while the price of an ounce of silver was $6.15.

The price of silver is less than double that of last year, yet the Royal Canadian Mint has quadrupled the price of the 1980 silver dollar. Will the leader ask the Royal Canadian Mint to explain this astronomical increase?

• (1520)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I shall take the question as notice. It should be said, however, that those who collect coins—and I am not a collector—recognize and accept the fact that a different valuation is put on metal in the form of coins purchased for collecting purposes. The value of such coins does not relate solely to the intrinsic metallic content of the coin. There are other values that arise from the quality of the engraving and the rarity of the issue. There are many factors which determine the value and price of collectors' coins. However, the question will be taken as notice.

[*Translation*]

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE ADJOURNED

The Senate proceeded to consideration of His Excellency the Governor General's Speech at the opening of the session.

Hon. Yvette B. Rousseau, seconded by the Honourable Harry Hays, moved:

> That the following Address be presented to His Excellency the Governor General of Canada:
>
> To His Excellency the Right Honourable Edward Richard Schreyer, Chancellor and principal Companion of Our Order of Canada, Chancellor and Commander of Our Order of Military Merit upon whom We have conferred Our Canadian Forces' Decoration, Governor General and Commander-in-Chief of Canada.
>
> May it please Your Excellency:

We, Her Majesty's most loyal and dutiful subjects, the Senate of Canada, in Parliament assembled, beg leave to offer our humble thanks to Your Excellency for the gracious Speech which Your Excellency has addressed to both Houses of Parliament.

She said: Honourable senators, I am filled with pride and gratitude for having been chosen to move the motion for adoption of the Address in reply to the Speech from the Throne.

Before speaking in support of the motion, I ask for your understanding and your indulgence. This is the first time I have had the opportunity to speak in this house. Like all those who spoke for the first time before me, I want to tell you, without the slightest trace of embarrassment, the deep emotion which fills me at this moment. I feel somewhat awed by the mission that I have been assigned. Nevertheless, I consider it as a great honour and privilege this opportunity to move this motion, to give you my impressions on the Speech from the Throne in general and to tell you about my reflections upon its main issues and upon those that I consider as significant.

Because of your extensive parliamentary experience, honourable senators, you will understand that the few weeks of the last session were certainly far from sufficient to transform me into an accomplished senator. My inexperience was not only limited to the activities of the Senate but also to politics. Indeed, my public life has been greatly changed, because my areas of endeavour were mostly oriented towards social and family activities rather than active politics.

I am sure that many of you could pay tribute more eloquently to those who are no longer with us and offer our thanks and congratulations. I should have liked to continue this tradition, but I fear that my lack of experience would make it for me an impossible challenge to meet. Therefore, I ask honourable senators not to hold it against me if, for this reason, I leave this task to more qualified senators.

However, I want to take this opportunity to pay tribute to our former Speaker, Honourable Senator Grosart. I want to thank him for welcoming me to this assembly. On that occasion, as you doubtless remember, several new senators were sworn in, and he admirably managed to integrate them in the activities of the Senate. I was very much impressed by his parliamentary expertise and the tactful way in which he presided over our proceedings during the last session. As you know, a new government was in office and, what is worse, a minority government which had appointed three of our colleagues to the cabinet. There is no question that that was a difficult and sensitive session to preside over. I want to congratulate him on his ability at presiding over our proceedings and the healthy atmosphere he maintained in the Senate.

It is also a great pleasure for me to offer my congratulations and best wishes to our new Speaker, the Honourable Jean Marchand, and to assure him of our full co-operation. I am sure he will preside over our proceedings with as much wisdom, since some senators sit again with us as ministers. During the previous session it was demonstrated that such a situation can be very profitable both for the Senate and for the country as a whole. I congratulate the new senator-ministers. I am sure that their contribution in their dual capacity will be great.

I have always greatly admired our new Speaker, and his presence is likely to reduce my apprehensions. You probably know that by chance we were able to militate together in the union movement. Indeed, the means we took and the paths we followed were not the same, but I think we shared the same ideals and pursued the same objectives. I am very pleased to see him here again today.

In this first speech, I should like to stress the fact that when I took the oath of office, and throughout the previous session, I was not only impressed by the decorum but even more by the parliamentary values of the Senate which enable a simple citizen like me to enter here one day and to be accepted so cordially. This appointment, like many others, reflects the essential values in Canada. I do not think I know enough about government to be able to establish a parallel between the Senate of Canada and similar institutions in other countries, but as far as I know, its functioning is one of the most democratic there is.

You will agree with me that an appointment to the Senate is an important event in one's life. It is not the first time I have been placed, owing to the force of circumstances, in particular situations, and I do not usually avoid them. I sincerely think that to accept a challenge always requires the same elements and effort in order to succeed. The elements of success depend both on the individual himself and on the group around him.

When I entered the Senate, I had and still have the firm intention to work for the betterment of Canada. I think that with your support, I shall be able to promote the rights, both political and social, of every individual, but particularly those of our minorities and our regions.

● (1530)

Honourable senators, in my opinion the Speech from the Throne faithfully mirrors those concerns as well as the economic and political perspectives of our country. It sets forth guidelines and directions which should enable us to manage this nation in the years ahead.

Indeed it reveals the intentions of a government, secure in its parliamentary majority and supported by a broad segment of the electorate, which has the ability and the resources needed to offer worthwhile solutions to the problems of the eighties. I would urge you to bear these facts in mind during the Throne Speech debate. In addition, I think it is essential to consider the economic and above all political developments which have taken place in this country over the last 12 months and even more so those which will take place this year, particularly in the three coming months.

Honourable senators, more than I you are no doubt aware of the political and economic developments that have taken place during the past year but you may not necessarily ascribe to them the same political and historical importance. In my opinion the results of the last election are very indicative of the state of our country. The very fact that entire regions of

Canada are represented only by either one of the main parties is in itself a matter for reflection. Nevertheless I remain quite optimistic and I am not tempted to believe that this country will become difficult to govern and that our political institutions will cease to function efficiently. I dare think that this opinion is shared by many others.

Most people would like to have a more balanced representation, at least I hope so. Like a lot of Canadians, I am convinced that the majority principle on which our democracy is based is more important than achieving a perfectly balanced representation of any kind. But in order to respect the principle of democratic majority, we must remember that all Canadians will be able to enjoy the same rights, especially those from outlying regions or from minority groups who might not feel sufficiently or directly represented. Moreover, we must recall that they enjoy guaranteed participation in the political and economic process of this country. During this and following sessions we will concern ourselves with these rights and we will strive to ensure this full participation. The Speech from the Throne indeed reflects the government's concern in this regard.

Canadians, both men and women, will in due time have the opportunity and the duty to compare the accomplishments of the government with its intentions and commitments. Our task, honourable senators, if that is not exaggerating our role, is to consider this immediately and that is indeed one of the main objectives of the Throne Speech debate.

In order to do that, it is important to understand the reasons which have brought about a change in government and a parliamentary majority. There have been enough minority governments in Canada to say that a majority government is the expression of the common will. The majority of Canadians, as they express themselves through our present parliamentary system, have clearly indicated their preference. They have expressed their disagreement with the actions of the previous administration and accepted the new direction and the adjustment proposed by the new government.

One of the tasks the people have given the new government is to redirect the country in other avenues than those taken by its predecessor, specifically a more adequate redistribution of fiscal burden and of the benefits of growth. The Speech from the Throne has shown this new orientation by proposing a program of action which constitutes the second facet of the mandate. This, in my view, is clear and in accordance with the commitments made. Contrary to what has been said, there is a program presenting guidelines and describing commitments. They were announced in January by the Liberal Party. If you will allow me, I will recall some of them because I feel it is important to know them well and to reflect on the commitments made to the people in order to judge the relevance of the Speech from the Throne.

The objectives proposed to the Canadian people at that time and for which the government was elected were to insure the stability of the country, the fairness and the security of the 1980s. In addition, five major commitments were made.

Yesterday, when the Speech from the Throne was read, I was happy to see in it in one form or another some intentions reflecting commitments made in previous months. I am also pleased that the Speech from the Throne states the intentions of the government in the area of legislation and that it intends to fulfill its specific commitments. In addition, following the Speech from the Throne, the people, if they were asked, would pass a favourable judgment on the conduct of the government and would endorse the measures it intends to take.

Obviously, it is disturbing that interest rates should be spiraling and have reached record levels, just like it is troubling to see that in spite of repeated and sustained efforts in the field of job creation, unemployment rates, particularly among the young and women, in certain areas, should remain very high. It is also disturbing to think about the negative effects of inflation on certain income groups and citizens. Much ingenuity will be required not only to maintain the growth of the economy and bring interest rates down to a lower level, but also to reduce the rates of unemployment and inflation and alleviate their effects. At other times, it might have seemed easier to find solutions to those problems. Today, because of certain restrictions, the number and the kind of possible remedies may seem much more limited, but I am most confident that the government will manage to find all the ingenuity and creativity called for by those situations.

Honourable senators, you will agree with me that the government's intentions to provide vigorous economic growth, energy security and an adequate volume of jobs are extremely important. The government's intentions in that respect are most legitimate. It is all to its credit to consider it just as much a priority to ensure those measures will provide a fair redistribution of the economic and social benefits.

• (1540)

For Canadians, the issue of fairness and fair redistribution is far from being a theoretical one. In the past two decades, for example, we had problems of access to education, medical and hospital care, just to name a few, which were in fact difficult questions of redistribution. Federal and provincial leaders looked into them and brought in corrective measures and solutions. Today, we have a set of programs which allow us to say that the big problems in those areas have been largely solved.

Since then, new priorities have emerged, and the Speech from the Throne mentions them very adequately. They are much too complex to deal with them, even briefly, today. Nevertheless, I would like to point out two of them—the promotion of women and their participation in our society, and the necessity to review some of our social security programs so they will achieve their purpose.

There is no doubt that women have made very significant progress in the last decade through their efforts and those of governments to promote their rights and assure them a fairer participation in all areas. It is very fortunate that the government decided to continue in the same direction. Indeed, those who are familiar with the status of women and have understood its evolution, as the government has, realized that great

care must be taken to preserve the progress already made and to achieve even more. During the next few years, matters related to the status of women and its enhancement will have to be given the same priority as they received during the last decade even though our attention might focus on other problems that we shall have to deal with more urgently. However, as stated in the Speech from the Throne, I believe that we must complete the work already begun as suggested, because certain basic rights are involved. Moreover, we must realize that the process of enhancement is not reversible.

As evidence of this, I would give the example of the widespread and spontaneous movement of the so-called "Yvettes", of the thousands of Quebec women who reacted to an insolent and rather revealing blunder concerning their role in our society and their constitutional option. This means that we would be well advised today not to underestimate the vital strength of women. I believe that we shall also have to remember this when considering the various bills that will be introduced in Parliament.

As concerns the review of social security programs, I am convinced that the intention of the government, as stated in the Speech from the Throne, to enhance the annual guaranteed income program is consistent with its policy and its will to make all necessary improvements to all our social and economic programs to ensure a fair redistribution of wealth. This should be supported. Even though Canada has enjoyed a fantastic economic growth in the last twenty years and even though our country has been able to implement a rich and adequate social security system, it remains that a large number of people still need some assistance in Canada. This is especially the case of senior citizens and pensioners. There are more than two million pensioners in Canada, and of this number, 1.3 million, or more than 60 per cent, are now eligible to receive the guaranteed income supplement in addition to their old age security pension. The fact that we have such a program in Canada illustrates the value and the richness of our social security system. However, the large number of eligible people abundantly proves the need for this program.

When the bill is introduced, we shall be able to consider its various components. I believe that we shall conclude as did the government, that there is a need to review and to enrich this program so that it may meet its objectives. I urge you also to try to ensure by improving this program that our pensioners will be treated more equitably since this is one of our best programs and it aims at helping those who need it most as it takes their other sources of income into account. I would also like to note that pensioners of all provinces benefit from this program. In fact, even the so-called rich provinces benefit from it since, as stated in the latest annual report on old age security, approximately 55 per cent of pensioners in Western provinces and 45 per cent in Ontario now receive a guaranteed income supplement, and the proportion is much greater in the other provinces.

In conclusion, honourable senators, I would like to say a few words on the subject of national unity. As you know, it has several aspects, all equally important. The Throne Speech is very eloquent and revealing concerning the intentions of the government. As for me, I shall speak mostly about the Quebec aspect because this will have a vital importance for Canada during the next few months.

Because of my training, and personal experience, and I might even add by taste, I have very little expertise in the constitutional area. However, as a Quebecer and a Canadian, I feel very much involved in the referendum debate, its issue and especially its impact. Like every one of you, I imagine, I am anxious about this referendum. Unlike many Canadians however, I am not pessimistic about the final results of the referendum vote to be held in Quebec.

Honourable senators, I believe that there would be no point in going over once again, even briefly, the reasons for the present situation and the many aspects of the choice to be made by Quebecers. Because you have often had in this house, in committee or elsewhere an opportunity to hear statements on the political situation in Quebec and constitutional positions, I have no intention to add to that here, at least not today. Let me however note that since the Quebec government tabled their white paper, there has been a large number of new writings and statements, for or against the latter.

Many if not all of us already have given extensive thought to these matters. I feel compelled to remark that the Honourable Maurice Lamontagne just published a book on this issue. He deserves commendation because his book is very much to the point.

Some Hon. Members: Hear, hear.

Senator Rousseau: It is an excellent work that analyses and answers the white paper.

Whatever the scope of our thoughts past and present, it is my feeling that all of us must ponder those writings and statements, because quite possibly it is only through renewed reflections on them, through efforts to understand the thoughts behind those writings and statements, that we will be able to understand, to grasp, not only the repercussions of Quebecers' choice, but also why a good number of them will opt for something other than federalism. In other words, if such were the case, I feel it would be better not to be content with an interpretation and an understanding of such a choice that could date far back or that could even have become too stereotyped and self-centered.

It would be wiser and even essential to cast a new look, and I dare say an understanding look on the events that will unfold. Before the Throne Speech, it was difficult to be optimistic on the referendum fallouts, to share a conviction that the country as a whole rather than Quebec alone will emerge heightened by the experience. There will be very little benefit in a ballot victory if we cannot achieve the objectives of the Throne Speech, if the largest possible number of Quebecers cannot reach with us a serene outlook on every dimension of the constitutional issue. This in fact will be one of the prerequisites for a healthy and fruitful debate at the national level, as proposed by the Throne Speech.

For that reason and numerous others, and mainly because Canada is built on democratic principles, it is fundamental that such a consultation process retain ongoing respect under the spirit and letter of our democratic values. If not, there will be other fallouts than those from the mere holding of that referendum, which we will be getting anyway. I am confident that this will be so.

I will leave it to others to elaborate on the political consequences and the strategies they will deem fit, if they believe the referendum vote could be positive. As far as I am concerned, I would rather share the government's intentions and concentrate on understanding the implications and trying to foresee the post-referendum period. I feel, however, that even in the prospect of a "no" vote, there will be important repercussions from the launching of this type of consultation, and we must look at them.

It is easily conceivable, for instance, that provincial governments, including that of Quebec, will have lost part of their flexibility to negotiate and discuss constitutional propositions without the thought of having to have their decisions endorsed by electoral consultations. If need be, we may have to re-think the approach to constitutional discussions and the way of approving the changes envisioned for our political institutions and the sharing of powers. That dimension in my view should be put in true perspective.

In another line of thought, I think the referendum vote will be a hard blow to the ideals and dreams of a whole generation of Quebecers, and especially a certain group of Quebecers. It is unlikely that an unhealthy climate will develop, but we must start thinking right now on how to integrate those who will disagree with the majority. Much magnanimity and wisdom will be called for, because that referendum vote, by the mere wording of the referendum question chosen by their government, will mean for many Quebecers that a majority of them denies that government the mandate to submit and try to negotiate a certain unacceptable vision of Quebec and a certain impracticable type of association with the nine other provinces of Canada. Many Quebecers will subscribe to the commitment made in the Speech from the Throne but many of them will also keep in mind that this majority will be due in part to the vote of non French-speaking minorities and they will hope that it will not be interpreted as reflecting the satisfaction of francophones in particular, nor that it will give a blank cheque to the other constitutive elements of the country. In other words, they will take for granted that the spirit of the commitments in the Speech from the Throne as well as the spirit of our nation will be respected.

In the post-referendum period it will be essential to highlight in the whole country the reasons that prompted a province, and not the smallest, to hold a referendum on its participation in our federation after 113 years. Of course the mere fact that this type of consultation can take place demonstrates the value of our system, but is should show more than that to Canadians.

I believe that Canada is not only a matter of federal or provincial programs or jurisdiction. I always believed that it is possible to unite the ten provinces and territories for the benefit of everyone and that the best way to do it was and will be, our federative system, until proven otherwise. Of course it must necessarily be rejuvenated to meet present and future requirements. And particularly it should better ensure to all citizens in every region a Canada so warm and welcoming in every respect that they will share our view that Canada is the motherland of them all and that they can all depend on each other.

Many years ago, when I was a young teacher in small rural schools of the lower St. Lawrence I was proud to teach and explain the motto of Canada, not only the meaning of the Latin words *A mari usque ad mare* but particularly that they mean more than the literal translation. I hope that the same things were taught in the schools of all other provinces and that today the real meaning of our motto is still explained to children even more forcefully. Like today I hope that teachers always explained that our motto applies fairly and fully to every Canadian, including those of my minority, for it was and still is a prerequisite.

• (1550)

[*English*]

Hon. Harry Hays: Honourable senators, in seconding the motion for an Address in reply to the Speech from the Throne, I should first like to congratulate our new Speaker on his appointment. I am sure we all look forward to an exciting session. With His Honour's great intelligence and wit there should not be too many dull moments in this chamber.

Hon. Senators: Hear, hear.

Senator Hays: I also wish to congratulate the Leader of the Government. He has shown in the past that he is well able to handle his duties with dignity and dispatch. I thank him for permitting me to second this motion.

I would be remiss indeed if I did not thank Senator Grosart for the manner in which he carried out the duties of Speaker in the Thirty-first Parliament.

Hon. Senators: Hear, hear.

Senator Hays: It is not all that easy when a government is in a minority position.

The Throne Speech indicated in no uncertain terms that we are likely to be looking at Canada in much the same way as our forefathers did 113 years ago. I propose to dwell on two matters which have worldwide implications, and they are real bread-and-butter issues to all Canadians. If government is for the people—and most of us believe that to be so—then we are dealing with the assets and liabilities of human beings. We sometimes find ourselves greedy, selfish and egotistical, but, by the same token, we can be generous, understanding and humble.

The two most important subjects with which I wish to deal are energy and food. As many honourable senators know, I am associated with an oil company. On March 3, 1980 at 14 o'clock we extracted heavy oil from south of the McMurray sands at a depth of 345 feet, using a homemade baler.

I would ask one of the more husky pages in this chamber to be kind enough to pass this sample around to honourable senators—it weighs quite a bit—in order that they might see what we are dealing with. We have 30 billion barrels of this product, to use and to sell, if we can get it into production.

An Hon. Senator: Is it drinkable?

Senator Hays: It is pretty gooey stuff. Perhaps it could be passed around so that all honourable senators can see and smell it. If we are to keep warm in the future, and go on picnics and to fancy balls then we shall have to use some of it.

● (1600)

During the Second World War I was President of the Canadian Swine Breeders' Association. After the Low Countries were overrun by the Germans, the British lost their sole source of bacon. An amount of 600 million pounds of bacon was involved. They asked Canada to fill the gap, which by 1943 we did, and even more.

We had hundreds of sows at the time, and I often watched the little fellows they gave birth to come into the world. When a little pig is born he has, on each side of his upper jaw, two razor-sharp teeth. Within four or five minutes of being born he has already had a feed, and will be sleeping up close to his mother to keep warm. By this time he has already established his priorities, and where he is going to be fed. Most sows have 10 teats, so each one can accommodate as many pigs as she has faucets. The rest die if they are not fighters. Within 15 minutes they are using these tusks they are born with, with all the vigour they can muster. If you do not remove those teeth on the day they are born every little pig will be slashed, and some will die from infection of the wounds.

You know, honourable senators, there is not much difference between pigs and people. The only real difference is that when the little pigs are full and comfortable they are happy, and they get along with each other. This is not so with people, however. What people in the world are better off today than Canadians? We have the two most important resources—wheat and oil—to enable us to enjoy the highest standard of living in the world. We have wheat and oil—that is, food and energy—mostly north of the 49th parallel, in the second largest land area of any country in the world. It is cold and harsh, but what advantages we have. Countries that have colder climates, it seems to me, generally have a higher standard of living. The not-so-well-off people live in tropical countries. They really do not do so well there. Cattle do not do well in 100-degree weather; nor do pigs and nor do people. In my view, it is the country that makes the people; not the people that make the country.

Let us for a moment examine our energy potential in this country. According to Dr. H. A. Meyerhoff, a truly world renowned geologist, whose advice has been sought by most world producers such as China, the U.S.S.R., Brazil, OPEC, Mexico, and Standard Oil, there are basically five major areas of oil and natural gas in the world, in the following order. The Arabian or Persian Gulf basin is No. 1, at the top. The west Siberian basin, in the Soviet Union, is No. 2. It is difficult to pick No. 3, but at the moment it happens to be Canada, particularly the province of Alberta. In fourth place is the Reforma-Campeche Gulf in southern Mexico, and in fifth place is the Venezuelan eastern basin. These five areas represent over 84 per cent of the world's known deposits. This means that on United States soil there is virtually nothing; however, they do have large known oil shale reserves. The only other countries with large deposits are the U.S.S.R., China and Brazil.

The world has produced to date about 300 billion barrels of oil, and approximately one quadrillion cubic feet of gas. Of the 300 billion barrels produced to date, about 150 have come from the United States and Canada. The balance has come mainly from the Soviet Union and the Middle East.

World supplies estimated for the future—and this is based on Dr. Meyerhoff and the Istanbul Conference of 1977—indicate that something close to 2 trillion more barrels will be proved in the world. Of this amount the vast majority is in the U.S.S.R., but of the 490 billion shown in the U.S.S.R., only about 30 to 40 billion are proved. Of the 350 billion shown for the Middle East, all is proved and there is still some potential.

The great bulk of North American oil lies in southern Mexico and in the Alberta sands. By comparison, the other countries are insignificant, with the exception of South America, where 100 billion barrels alone will be recovered from Venezuelan tar sands.

Approximately 7 quadrillion cubic feet of natural gas have yet to be produced. Please note that the figures I am about to quote are very important to Canadians. Of these approximately 7 quadrillion cubic feet, 3 quadrillion are proved. Of the 3 quadrillion proved, two are in the Soviet Union, and the Middle East has little less than a quadrillion proved.

It can be seen, therefore, that North America is blessed with a large supply, but most of it is in Canada—in the Alberta basin, the Arctic islands and the Beaufort Sea—and in the Reforma-Campeche shelf area of Mexico. The amount in the rest of the world is relatively insignificant.

With resources like these, who would be so dull as to want to leave Canada, or cut himself off from the benefits to be derived from these resources?

Of course, all these facts are related only to hydrocarbons. Canada is also blessed with nuclear energy, and it has a most promising future. There is a strong anti-nuclear element in Canada and in the United States, and this is most unfortunate because, outside of the Soviet Union, not a single person has been killed by a nuclear accident. Misconceptions in this regard have spread as a result of a lack of understanding with regard to how a nuclear reactor is built. I am told it cannot explode; that there is no way for it to explode. A nuclear reactor is built so that it produces steam, which is not radioactive. We are therefore well taken care of down the road as far as energy is concerned.

We are importing 450,000 barrels of oil per day and exporting 155,000 barrels per day. Soon oil exports, except possibly

those of heavy oils, will be phased out, so that there will no longer be export tax revenue to pay any of the import subsidy.

Today, following the last OPEC price increase, we, the government and people of Canada, will have to pay the subsidy, which will cost $5 billion a year. Getting that down to where we can understand it, it amounts to 65 cents per gallon.

Getting back to hydrocarbons, we have in Canada 8 billion barrels of proved conventional oil reserves. We have another 30 billion barrels of heavy oil and 250 billion barrels of tar sand reserves. A sample of heavy oil is what is being passed around.

Including potential conventional oil reserves, we have over 300 billion barrels of oil reserves that can physically be produced. This physically realizable reserve of 300 billion barrels is 15 times greater than Canada's estimated oil requirements of 20 billion barrels over the next 25 years.

● (1610)

Why are we facing an energy shortage today? The reason is that the known reserves cannot be produced at today's low oil and gas prices. In this respect we must change our attitudes as to what is cheap and what is expensive.

According to Charles Hetherington, when the subsidy was first introduced Canada exported to the United States about the same amount of oil as it imported from overseas. Canada charged an export tax on oil sent to the United States and used this money to subsidize imported oil. The situation has now changed.

I have not made mention of coal and hydro power, of which we have abundant amounts. Let us be ever mindful that Germany, using the gasification of coal, fought for two-and-a-half years after her oil supplies were cut off. It took the whole world to defeat her.

Our problems in Canada are in transportation and development. I have seen some waste of natural gas. I remember asking Senator Manning how much gas he thought we flared off at Turner Valley. After dark where I lived we could see a glow in the sky for 20 years. Senator Manning estimated that we burned off 17 trillion cubic feet of gas, or enough to last us for 15 years. I remember buying condensate gas, which you could burn in a tractor, in eight-gallon milk cans for eight cents a gallon. That does not seem very long ago.

Let us take a look, for a moment, at what the transportation of natural gas would do for Canada if the projects on the drawing boards were put in place and we could transport the surplus of proved gas reserves, which amount to 80 trillion cubic feet. Most authorities agree that Canada's frontier areas have the potential to develop 500 trillion cubic feet of additional reserves. Relating this to annual Canadian requirements at this time, it means 1.4 trillion cubic feet per year. This would last us 57 years or, including the unproven reserves, it would last us 200 years.

I am thinking today about one project that we are having a hard time getting off the ground, and that is the pre-build section of the southern part of the pipeline which would move Alberta's surplus gas into the United States. That pipeline would run through half of Alberta and into Saskatchewan. The total cost of this would be $1.6 billion. This project can be completed in a hurry if we keep at it.

To Foothills Pipe Lines (Yukon) Ltd., it would mean $665 million. If we started the project immediately, in terms of distribution, this would mean to Canada an increase in the GNP. Employment, direct and indirect, in terms of cumulative man-years, would be 150,000. Who would benefit? The direct benefits to British Columbia would be $70 million; to Alberta $650 million; to Saskatchewan and Manitoba $360 million; and to Ontario and Quebec $360 million.

These amounts, when taken into consideration with the profits which will be derived from the pipeline that is proposed to carry gas to the United States from Prudhoe Bay by an all-Canadian route, can be multiplied five times, and we end up with an amount in the neighbourhood of $15 billion vis-à-vis $1.4 billion.

I quote those figures because it seems to me that this is just one small project among the $60 or $70 billion of projects that are on the drawing boards, and which we, the government of the people of Canada, should get on with the business of seeing that they are developed.

I turn now to the subject of agriculture. You have heard me say many times that the only real culture in Canada is agriculture. That has always been the case. Farmers have fun farming, and although they tend to eat too much they are pretty happy people. We have 170 million acres between fences in Canada, and we only farm something like six per cent of that. We have the cheapest food in the world, in that it costs us only 18 cents out of every dollar we earn to feed ourselves.

We have not scratched the surface, particularly in the field of wheat production. In the 29 million acres of wheatland we have in that great food basket of Canada—Saskatchewan, Manitoba and Alberta—the yield is about 27 bushels to the acre if we have a good crop, because it is dry and partly arid. We also have the greatest known untapped watershed in the world in the eastern slopes of the Rockies. We have one million acres of irrigated land in Canada out of a possible 170 million acres, and the difference between one acre of dry land and one acre of irrigated land is another 60 bushels of wheat. Therefore, you can see the great potential in just shoring up the eastern slopes of the Rockies and redirecting the water by pipeline to some of the richest land in the world in southern Saskatchewan.

We have the energy to do that because nitrogen is made from gas and air, and you cannot grow crops without nitrogen. We have to import our phosphorus since we do not have any, but neither do many other countries. Morocco and the United States have most of it.

This is the sort of potential we have in this country. I just cannot understand why any Canadian, west or east, would try to opt out of a country like ours.

I own property at both ends of Canada, and I am aware of our political problems, but I feel it is time that we started looking at our great potential. We have many assets, and I know we have some liabilities. I have heard a lot about squabbling today, but to all who are looking in on Canada we must seem pretty unintelligent to be squabbling over the best country in the world.

Hon. Senators: Hear, hear.

On motion of Senator Roblin, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, April 16, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE LATE HON. A. HAMILTON McDONALD

TRIBUTES

Hon. William J. Petten: Honourable senators, yesterday I was unavoidably delayed in taking my seat in this chamber. I now wish to associate myself with the remarks of honourable senators who spoke yesterday in paying tribute to the late Senator Hamilton McDonald, or "Hammy" as we all knew him.

As honourable senators know, he was my seat mate for the past six years. His knowledge of parliamentary procedure, gained both in the provincial legislature, where he led his party, and as Whip and Deputy Leader of the Government in this chamber, enabled me to call on him for advice and counsel, which he gave freely and which was of great help to me.

I personally have lost a great friend, the Senate has lost one of its most faithful and hard-working members, and Canada has lost a great parliamentarian and soldier.

I should like to take this opportunity to extend to his family and friends my most sincere sympathy.

[*Translation*]

THE SENATE

PROCEDURE DURING QUESTION PERIOD
STATEMENT BY HIS HONOUR THE SPEAKER

The Hon. the Speaker: Honourable senators, yesterday, during the question period, Senator Asselin rose on a point of order and said:

> Honourable senators, I rise on a point of order. Mr. Speaker, I should like to know what your guidelines are. You can give them to us in due course: I do not expect you to give them to us directly as you have just recently taken over your duties.

Honourable senators, following the point of order raised yesterday afternoon by Senator Asselin, I spent part of the night looking up precedents.

Unfortunately, his point of order cannot be sustained because it is a simple disagreement between honourable senators.

[*English*]

INCOME TAX CONVENTIONS BILL

FIRST READING

Hon. Raymond J. Perrault (Leader of the Government) presented Bill S-2, to implement conventions between Canada and Spain, Canada and the Republic of Liberia, Canada and the Republic of Austria, Canada and Italy, Canada and the Republic of Korea, Canada and the Socialist Republic of Romania and Canada and the Republic of Indonesia and agreements between Canada and Malaysia, Canada and Jamaica and Canada and Barbados and a convention between Canada and the United Kingdom of Great Britain and Northern Ireland for the avoidance of double taxation with respect to income tax.

Bill read first time.

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Tuesday next, April 22, 1980.

Motion agreed to.

QUEBEC AND MONTREAL PORT WARDENS ACTS

BILL TO AMEND—FIRST READING

Hon. Raymond J. Perrault (Leader of the Government) presented Bill S-3, to amend an Act to provide for the appointment of a Port Warden for the Harbour of Quebec and to amend an Act to amend and consolidate the Acts relating to the office of Port Warden for the Harbour of Montreal.

Bill read first time.

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Tuesday next, April 22, 1980.

Motion agreed to.

DEPARTMENT OF LABOUR ACT

BILL TO AMEND—FIRST READING

Hon. Raymond J. Perrault (Leader of the Government) presented Bill S-4, to amend the Department of Labour Act.

Bill read first time.

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Tuesday next, April 22, 1980.

Motion agreed to.

CANADA-FRANCE TRADE AGREEMENT ACT, 1933 SUPPLEMENTARY CANADA-FRANCE TRADE AGREEMENT ACT, 1935

BILL TO REPEAL—FIRST READING

Hon. Raymond J. Perrault (Leader of the Government) presented Bill S-5, to repeal the Canada-France Trade Agreement Act, 1933 and the Supplementary Canada-France Trade Agreement Act, 1935.

Bill read first time.

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Tuesday next, April 22, 1980.

Motion agreed to.

TWO-PRICE WHEAT ACT

BILL TO AMEND—FIRST READING

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board) presented Bill S-6, to amend the Two-Price Wheat Act.

Bill read first time.

Senator Argue moved that the bill be placed on the Orders of the Day for second reading on Tuesday next, April 22, 1980.

Motion agreed to.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Canada Labour Relations Board for the fiscal year ended March 31, 1979, pursuant to section 210(2) of the *Canada Labour Code*, Chapter 18, Statutes of Canada, 1972.

Report of Canadian Arsenals Limited, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1979, pursuant to section 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Capital Budget of Canadian Arsenals Limited for the fiscal year ending March 31, 1980, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1980-563, dated February 20, 1980, approving same.

Report on operations under the *Regional Development Incentives Act* for the month of February 1980, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Report relating to the administration of the *Farmers' Creditors Arrangement Act* for the fiscal year ended March 31, 1980, pursuant to section 41(2) of the said Act, Chapter F-5, R.S.C., 1970.

Report of the Director of Investigation and Research, *Combines Investigation Act*, for the fiscal year ended March 31, 1979, pursuant to section 49 of the said Act, Chapter C-23, R.S.C., 1970.

Reports of the Department of Consumer and Corporate Affairs for the fiscal years ended March 31, 1978 and 1979, pursuant to section 10 of the *Department of Consumer and Corporate Affairs Act*, Chapter C-27, R.S.C., 1970.

Report of the Canada Mortgage and Housing Corporation, together with a statement of accounts certified by the Auditors, for the year ended December 31, 1979, pursuant to section 33 of the *Canada Mortgage and Housing Corporation Act*, Chapter C-16, R.S.C., 1970, as amended, and sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

FOREIGN AFFAIRS

BOYCOTT OF 1980 OLYMPIC GAMES IN MOSCOW—NOTICE OF MOTION

Hon. Nathan Nurgitz: Honourable senators, I give notice that on Tuesday next, April 22, 1980, I will move:

That the Government of Canada formally support the boycott of the 1980 Olympic Games by the United States of America and that the government take note of the resolution adopted by the Ontario Legislature, via a free vote, calling upon the Government of Canada to boycott the Games;

That the Government of Canada affirm its solidarity with the dissidents, cultural and religious minorities in the Soviet Union, who, like the people of Afghanistan, are now under totalitarian Soviet dictatorship; and

That the Government of Canada affirm Canada's strong continued support for international human rights and worldwide peace.

• (1410)

QUESTION PERIOD

[*English*]

FOREIGN AFFAIRS

BOYCOTT OF 1980 OLYMPIC GAMES IN MOSCOW—REQUEST FOR TABLING OF LETTER FROM PRIME MINISTER TO PRESIDENT OF THE UNITED STATES

[*Translation*]

Hon. Martial Asselin: Honourable senators, further to the notice of motion introduced by my colleague, newspapers reported yesterday that the Prime Minister sent a letter to President Carter to assure him that the federal government fully supports the measures taken by the United States against the Soviet Union after the invasion of Afghanistan, as well as the measures taken against Iran. If that letter exists, could the government leader table it in this house?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice.

[*Translation*]

NATIONAL UNITY

QUEBEC REFERENDUM

Senator Asselin: Honourable senators, yesterday I put a question to the government leader. I had much difficulty in obtaining an answer, because the government leader decided it was hypothetical and he could not answer a hypothetical question. My question went this way: If a "yes" vote were to be given by the population of Quebec on the referendum question, I wanted to know if the federal government would negotiate sovereignty-association with the Quebec government.

Senator Robichaud: Oh!

Senator Asselin: What are you grumbling about this time?

Senator Lafond: Is it a question or a speech?

Senator Asselin: The government leader refused to answer, on the ground it was a hypothetical question. I would now like to refer the house to page 18 of the *Debates of the Senate* for yesterday, and I quote in English the answer given by Senator Perrault to the question I put him:

[*English*]

> SENATOR PERRAULT: Senator, it is a very hypothetical question . . . and the government is not prepared to make a statement on such an eventuality at the present time. It is totally consistent with parliamentary tradition to take that position.

[*Translation*]

While I was getting that answer, the Right Honourable the Prime Minister in the House of Commons gave the answer to my question, which of course honourable senators could hear later from the Prime Minister. He stated the government's official position.

So on the question I put to the government leader, it is one of two things. Either he knew the government's position and refused to answer, refused to supply the information requested yesterday, because a few minutes later the Prime Minister gave it to the House of Commons; or the government leader was not aware of cabinet decisions to that effect, because I assume that such a difficult question would have been discussed in cabinet. I wonder what role the government leader has in cabinet if he cannot answer so crucial a question as that put yesterday, because a few minutes later the Prime Minister answered it in the House of Commons.

Can the government leader answer my question? Did he intend to mislead me? Did he decide not to answer the question, or was he unaware of cabinet decisions on so crucial an issue?

● (1415)

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I am very pleased to speak to this matter this afternoon. First of all, may I commend Senator Asselin for his continuing concern about the necessity for a "no" vote in the province of Quebec. He has demonstrated in the past that he is a great Canadian and one who understands the reasons for national unity.

Hon. Senators: Hear, hear.

Senator Perrault: At the time the question was posed yesterday afternoon, the Right Honourable the Prime Minister had not yet spoken in the other place—and may I say that when he did he made one of the great eloquent speeches on the subject of national unity. I know that Senator Asselin, in his usual non-partisan feeling of generosity, will concede that this is indeed a great leader, particularly in the area of national unity.

Senator Flynn: Reply to the question.

Senator Asselin: No, he is going to make a speech.

Senator Perrault: May I quote from the remarks, some of which will be historical, made by the Right Honourable the Prime Minister in the other place yesterday afternoon—

Senator Flynn: We know what he said. We want to know why you did not say it.

Senator Smith (Colchester): We know what you said, too.

Senator Perrault: The Right Honourable the Prime Minister said this:

> Since this will be a dialogue between two persons without mandates to discuss sovereignty—

This is in the case of a "yes" vote.

> —it seems to me . . . that Mr. Lévesque will perforce be nonsuited. And it is my forecast that this nonsuit will probably prompt some *péquistes* to say: "You see, there is no possible talks with the federal government. The other provinces are not reasonable, they will not have discussions with us. You voted "yes" on referendum day, but now you are being humiliated by a partner who will not recognize your "yes" vote, he will not even negotiate with you."
>
> Then people will say: "The only way out is to slam the door and look for ways to reach independence, period!"

Senator Flynn: We read it.

Senator Perrault: Continuing to quote the Right Honourable the Prime Minister:

> You see, Madam Speaker, how the "no" answer that will be given to the PQ choice by all parties in this House, the "no" answer that has already been given to the PQ choice by provincial premiers, will be interpreted by some as a "no" answer to the people of Quebec, and this is what I would like to caution Quebecers against. Those who will be casting a "yes" vote to the referendum should know at the outset they are proceeding into a dead end.

There is the reply. Continuing:

> They must know at the outset that a "yes" vote can only lead to a political and legal *impasse*, because as I have

shown there can be no association without partners, of which there are none. And independence cannot be achieved without association, which is why it will not be achieved.

May I suggest to the Honourable Senator Asselin that, in his efforts to urge a "no" vote in the province of Quebec, he equip himself with copies of this speech and distribute them.

[*Translation*]

Senator Asselin: Honourable senators, the Leader of the Government is obviously refusing to answer me once again and he is trying to parry the question I have put to him.

I will reiterate my question: Yesterday when I asked him the question, did he know the government's official position in this matter? If so, why did he refuse to answer me, or did he simply wish to conceal this information from me?

[*English*]

Senator Perrault: Honourable senators, of course there was no subterfuge intended, or indeed practised yesterday afternoon. On important matters of this kind, of course the national leader of the party is the first to enunciate policy and make important statements.

Some Hon. Senators: Hear, hear.

Senator Asselin: So, you confirm now that you knew the position of the government. You say it was the duty of the Prime Minister to announce it in the other place, but you knew it. Why did you refuse to respond to my question yesterday as to what the position of the government was?

Senator Perrault: Honourable senators, I merely suggest that Senator Asselin read my previous answer. I think there is an unnecessary degree of obfuscation on his part in connection with this issue.

Senator Flynn: Why doesn't the Leader of the Government simply confess that he didn't know what the position of the government was? That would close the matter.

Senator Perrault: If there is any position known in Canada with respect to the matter of national unity, that position has best been expressed by the Liberal Party in this nation which, from coast to coast, has advocated national unity in all generations and at all times.

Senator Flynn: That is too much. Do you take us for fools? You said yesterday that the government was not prepared, and it was. Just admit that you made a mistake, that you were ignorant of what was going on.

Senator Perrault: Honourable senators, it is unfortunate that the bitterness of the election results seems to have extended into this first session of this Parliament. I regret that very much. I was not prepared yesterday afternoon to go beyond the point I went because my national leader, of whom I am very proud, had the first right to tell the people of Canada, and that important component of Quebec, where we stood.

● (1420)

Senator Flynn: If that is the case, why did you not say so very simply? There is no bitterness about the election in discussing that. When I made mistakes, when I occupied your position, I admitted them. Why don't you?

An Hon. Senator: Name one.

Hon. G. I. Smith (Colchester): Honourable senators, I should like to ask the Leader of the Government if the example that he and his colleagues set yesterday afternoon, that is of being confused and wandering in answers to questions, and which he has confirmed again today, is to be the example we may expect him to follow for the duration of this session, or may we expect that on some occasions at least he will give straightforward, honest and complete answers to questions? And are we to expect also that every time he wants to hide he will accuse us of asking a question out of bitterness?

Senator Perrault: Honourable senators, that is a rhetorical question which I shall allow to rest on its very low standard of rhetoric.

Senator Smith (Colchester): So we are going to be exposed to the same complete reluctance to be frank with this house that we have suffered for so long. Did the honourable gentleman wish to engage me in the discussion?

Senator Flynn: I think the record will speak for itself.

BUSINESS OF THE SENATE

GOVERNMENT'S LEGISLATIVE PROGRAM

Hon. Jacques Flynn (Leader of the Opposition): My question to the Leader of the Government is in a lighter vein, as far as he is concerned, I am quite sure. Would the Leader of the Government table a list of the bills that may be coming before the Senate this session, as we did in the last session when we were in office. I am speaking now of a tentative list; I do not mean a complete one.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I am pleased to announce that, pledged as we were to immediate action in a number of areas vital to the Canadian people, 20 bills will be tabled this afternoon in the other place, and five or six will be tabled this afternoon in this place. This is but the beginning of what we hope will be one of the most productive sessions in the history of Parliament.

Senator Flynn: I am very interested because I want to find out if there is anything new in the bills that are to come. I see six bills here that were before this house during the last session. I am eager to find out what new items will come before us.

Senator Perrault: May I say, to clarify the situation, that there is a total of 21 bills being introduced in Parliament today, 15 in the other place and six here. Additional bills are in the process of preparation. Admittedly some of these have already been introduced in the past Parliament. But I will be pleased to share this information with the Honourable Leader of the Opposition as soon as a further list is available.

Hon. Jack Marshall: Honourable senators, could the Leader of the Government say whether those 21 bills include a bill which is necessary and vital to the widows of veterans, those qualified for a widow's pension at the rate of 48 per cent. This measure, which was introduced by the previous government, also reduced the qualification period for many other widows who were left out over past years. Is that bill, which is so necessary, included in the list?

● (1425)

Senator Perrault: Honourable senators, the information with respect to the titles of the bills and other details, I understand, will be available at approximately 3 o'clock this afternoon.

GRAIN

SALES TO U.S.S.R.

Hon. Jacques Flynn (Leader of the Government): Honourable senators, I have a question for the minister responsible for the Canadian Wheat Board. Knowing that he does not like to be ignored, I did my best today to find one question for him. I should like to know what the situation is with regard to the negotiation of sales of grain to the U.S.S.R. at this time.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Well, in recent weeks there have been discussions between the Canadian Wheat Board and the U.S.S.R. The sale that is in effect was one that was announced some weeks ago, namely, the sale of some two million tonnes of wheat to the Soviet Union. So there are negotiations continuing, but that is the only sale that has been announced to date.

Senator Flynn: You mentioned a figure of two million tonnes. Is that on the basis that the previous administration had decided because of the Afghanistan situation?

Senator Argue: You are talking about the limitations.

Senator Flynn: Yes.

Senator Argue: Yes, I would say so. I would say "yes" to that question, that sale does not exceed the normal limits that had been agreed to previously.

Senator Flynn: Thank you.

Hon. George van Roggen: Just for clarification on that point, may I put a supplementary question to the minister? Am I not right that that does not mean, however, that the two million tonnes mentioned is the maximum that you can go to and still be under the guidelines set forth by the previous administration?

Senator Argue: This recent sale comes on top of previous sales that had been made. Now we are talking about the sales that had been made.

Senator Flynn: For the present, yes.

Senator Argue: But the total of the sales that have been made to date and the action that has been taken on those sales to date, together, according to my information, do not exceed the delivery of the agreed to quantities for that period of time.

HOUSING

MORTGAGE INTEREST RATES—ASSISTANCE TO HOMEOWNERS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for Senator Olson, who should not be forgotten either. In the Speech from the Throne the following comment was made about high interest rates:

> My Government will act to assist those unable to bear the burden of re-negotiating their home mortgages in the present abnormal situation so that the spectre of foreclosure will be avoided.

Do I understand that this is limited only to re-negotiation, and that those who intend to buy homes will have to bear the burden of the high interest rates?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, no, I think it is the reverse of the way the Honourable Leader of the Opposition has put it. It is a positive statement. The Minister of Finance and the Minister responsible for CMHC are working on a program to meet the most immediate need first. But that does not preempt what the total program will be, when it is announced by the Minister of Finance or other ministers after they have had a review of the whole situation.

Senator Flynn: Thank you.

JUSTICE

OIL CORPORATIONS—INVESTIGATION OF ALLEGED PRICE FIXING

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Minister of Justice. I will put it to the Leader of the Government, and I am sure he will take it as notice.

My question concerns the investigation into the alleged price fixing by the giant oil companies. Such an investigation has been under way for some time, and I wonder if the Leader of the Government would ask the Minister of Justice to give us a progress report on when a decision may be made about that.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, as I recall, I addressed that same question to Senator Flynn, when I was the Leader of the Opposition.

Senator Flynn: Yes.

Senator Perrault: I do not have an update on the situation, but inquiries will go forward immediately.

Senator Flynn: Thank you.

THE NETHERLANDS

STATUS OF GOVERNOR GENERAL AT ACCESSION TO THE THRONE OF H.R.H. PRINCESS BEATRIX

Hon. Jack Austin: Honourable senators, I have a question for the Leader of the Government about a portion of the Speech from the Throne read by His Excellency the Governor General. Early in the Speech, His Excellency refers to himself as:

● (1430)

> —representing our country at the accession to the Throne of Her Royal Highness Princess Beatrix of the Netherlands in Amsterdam on April 30th.

My question is: What will be the official status of the Governor General at that accession in relation to Her Majesty the Queen? Will the Governor General attend as head of state of Canada, or will he attend in another capacity when Her Majesty is personally present?

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice.

FOREIGN AFFAIRS

IRAN—POSSIBLE NAVAL BLOCKADE BY UNITED STATES

Hon. Stanley Haidasz: The government leader will know that in January, 104 countries represented at the United Nations voted to support sanctions against Iran. I should like to ask him whether the federal government has recently been asked to support the talked-about U.S. naval blockade of Iran?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have no knowledge of any such request. However, an inquiry will go forward.

IRAN-U.S.S.R. BORDER—RUSSIAN MILITARY MANŒUVRES

Senator Haidasz: I have a supplementary question. Can the Leader of the Government comment on the news that the U.S.S.R. has been amassing military forces on Iran's borders and conducting military manœuvres there?

Senator Perrault: Again, that question will be taken as notice.

HEALTH AND WELFARE

UNIVERSAL GUARANTEED ANNUAL INCOME

Hon. Richard A. Donahoe: Honourable senators, my question is directed to the Leader of the Government. On March 3 the Minister of National Health and Welfare was quoted as saying:

> The time is right to press the federal and provincial governments for a universal guaranteed annual income to replace the patchwork of the provincial income support programs springing up across the country.

Will the Leader of the Government tell us whether that statement of the minister has been adopted as government policy; what are the intentions of the government with respect to that statement and that proposed policy; and what steps are being taken to implement it, if any?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question is a rather complicated one. However, it can be answered in part by saying that the Minister of National Health and Welfare, together with many of her provincial colleagues, is very concerned about the proliferation of plans designed to alleviate various social conditions that exist across this country in connection with health problems—the proliferation of plans, and the possibility of waste or duplication or misdirection of funds inadvertently because of overlapping jurisdictions.

Undoubtedly, discussions will be held with provincial governments to discuss ways in which taxpayers' dollars can be more expeditiously and more effectively employed to alleviate various social burdens.

Senator Donahoe: Will one of those ways be to propose a universal guaranteed annual income, which the minister says is the proper way to deal with the problem?

Senator Perrault: That will be one concept where the views of the provinces will be sought. I know that any ideas in this area that the honourable senator may have will be gratefully received by the minister in her efforts to greatly improve health and welfare standards across the country.

Senator Donahoe: I am more interested in knowing how the federal government will receive her views.

THE ECONOMY

FEDERAL-PROVINCIAL FISCAL NEGOTIATIONS

Hon. C. William Doody: I have a question for the Minister of State for Economic Development relating to a statement by the President of the Treasury Board on March 16, to the effect that government is:

> —looking at rearranging traditional divisions of revenue between the provincial governments and Ottawa.

I wonder if the minister could elaborate on that and tell us exactly what is meant. The implications are horrendous in terms of the Federal-Provincial Fiscal Arrangements Act, and we have received some inquiries about the matter.

Hon. H. A. Olson (Minister of State for Economic Development): No, I could not give any further details about that at this time. I know that it is a matter that should have some preliminary study, because, as the honourable senator knows, the present arrangement is due to expire and requires renegotiation, culminating in an agreement by 1982.

I am not sure that there is quite the same urgency to work out those details as there is in connection with some of the other problems that we inherited.

Senator Flynn: Inherited from whom?

Senator Olson: From the previous government.

Senator Smith (Colchester): You mean from yourselves.

Senator Asselin: You must be joking.

Senator Doody: I have a supplementary on the same subject. I was directly involved in negotiations with the Government of Canada when in a previous incarnation with the Province of Newfoundland. It took several years to work out the present Federal-Provincial Fiscal Arrangements Act. Even the equalization component of the act is a very complicated matter. The legislation contains 22 different components. I imagine that we are also looking at CAP and the various cost-sharing programs. As the minister has indicated, it is due to expire in 1982. Obviously there is some urgency about this matter. Perhaps the minister could look into the matter and let us have some information on the government's plans.

Senator Olson: I will be happy to provide that information.

GRAIN

COST OF PRODUCTION

Hon. Peter Bosa: Honourable senators, I should like to direct a question to the Minister of State for the Canadian Wheat Board. For many years I have heard Senator Olson say in this chamber that farmers were selling their beef at prices below the cost of production. Senator Argue has also said in this chamber that farmers were selling their wheat at prices below the cost of production.

After analyzing what those honourable senators have said on behalf of the farmers, I conclude that all farmers must now be bankrupt because they have been selling those commodities at prices lower than the cost of production for years.

Will the minister please inform this house of what the actual cost of production of wheat is?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I wish I could. This is a very difficult and complicated question. When meetings of the Agriculture Committee were held with representatives of Canada and the United States, the question of the cost of production was raised. The American representatives did not have a cost-of-production figure, but they said they were going to initiate some important steps to see if they could arrive at such a figure.

The cost of production varies, of course, from farm to farm and, these days, from month to month—perhaps almost from day to day, with increasing interest rates and costs involved with output. Production costs for young farmers are, of course, higher than those for older and more established farmers.

In trying to establish a cost of production, one of the most important questions to be answered is: How much weight must be given—if, in fact, weight is given—to the cost of land? The cost of land is very high today. How much weight must be given to the value of the farmer's labour, and to the value of management by the farmer?

Those are all very important questions, and the cost of production is difficult to arrive at. I will have my officials—who are very learned and have pressed me greatly during the past few weeks to look at this complicated question—assist me in coming up with a more satisfactory reply for the honourable senator.

Senator Flynn: Just ask Senator Olson.

Senator Bosa: I have a brief supplementary question. If it is so difficult to establish the cost of production, how were those honourable gentlemen able to speak with such certainty when they said that farmers were selling those commodities at prices below the cost of production?

Senator Olson: It's easier from the other side.

Senator Argue: Senator Olson said it is easier from the other side. We all have an idea of what it costs to produce wheat. There are many expensive items involved. The cost is high and is going higher, but to put an actual amount on it is most difficult. However, I shall try to provide more precise information for the honourable senator.

INDUSTRY

ASSISTANCE TO CHRYSLER CORPORATION

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a reply to a question asked by Senator Murray yesterday concerning the negotiations that are proceeding with respect to Chrysler Canada. I believe the second part of his question—

The Hon. the Speaker: I suggest that the honourable senator wait until I call for delayed answers to questions.

Senator Olson: I apologize, Mr. Speaker. I did not know that you would be calling for them separately.

The Hon. the Speaker: I merely point that out to the honourable senator. Honourable Senator Olson, P.C.

Senator Olson: Honourable senators, I should like to bring Senator Murray up to date on the negotiations proceeding with respect to Chrysler Canada. While my reply may not contain very much specific information, it is a fact that the basis of these negotiations is changing from day to day.

The government will shortly be reviewing the question of possible financial aid to Chrysler Canada, and I expect that decision will be made soon. I would like to be more precise than saying "soon", but I cannot do that at this time.

• (1440)

With respect to the type of assistance to be given—that is, as between grants and guaranteed loans, and that sort of thing—it would be premature for me to indicate the government's preference. I have consulted the Minister of Industry, Trade and Commerce, who is directly responsible for this area, and at the present time it is not clear what that preference may be. We want to be helpful, and we certainly want to be helpful to the extent of Canada's share in both the production and the market, but that has not been finally determined.

LAYOFFS OF AUTOMOTIVE WORKERS

Hon. Stanley Haidasz: Honourable senators, we have just heard the Minister of State for Economic Development com-

ment on the difficulties being experienced by the Chrysler Corporation of Canada. Could the minister inform the Senate of the government's reaction to the layoff of 1,500 workers at the Ford plant in Oakville, and another 500 in Windsor?

Hon. H. A. Olson (Minister of State for Economic Development): Well, the reaction, honourable senators, is that we want to get the facts very quickly. This happened only yesterday, and the Minister of Industry, Trade and Commerce made some replies in the other place yesterday. An examination of the agreement is being undertaken, and the minister indicated that he is going to see to it that the Ford Company lives up to that agreement. I think it is fair to say that he is very close to obtaining from the company at least its concurrence in the idea of releasing the specific terms of the agreement, so that everyone can see them. After that is done, there will be a further examination to see if there have been any violations of the agreement.

ASSISTANCE TO SYDNEY STEEL CORPORATION

Hon. G. I. Smith: Honourable senators, I should like to direct a question to the Minister of State for Economic Development relating to the Sydney Steel Corporation and the assistance which it is alleged was promised to that plant by the honourable senator's party during the recent election campaign—assistance which I believe to be in the amount of $50 million, for a start. Has the honourable gentleman had time to address himself to that problem, and, if so, what is the present situation with regard to the matter?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, we have not had time to address ourselves to the specifics of that problem, so I suppose that is all the answer I can give today.

THE SENATE

WINDOWS IN CLERESTORY OF CHAMBER

Hon. Lionel Choquette: Honourable senators, before the Orders of the Day are called, I would like to address a remark to His Honour the Speaker.

We are in the limelight on this side of the chamber in more ways than one, and just now we are blinded by the sun shining through the windows in the clerestory.

Senator Asselin: Thank God; that means I cannot see the Leader of the Government.

Senator Choquette: Inasmuch as this house is likely to sit all summer, this condition will prevail throughout that time. I am wondering whether it can be remedied, and whether Your Honour will look into the matter.

Senator Langlois: You'll get used to it.

Senator Flynn: The problem is that you appear to be in the dark.

[Senator Haidasz.]

Senator Denis: You'll receive the light from the Liberals.

Senator Flynn: Oh no, never that.

OFFICIAL REPORT

Hon. Hartland de M. Molson: Honourable senators, before the Orders of the Day are called I think I should direct the attention of the chamber to a mistake in the English version of yesterday's *Hansard*. Perhaps such mistakes are desirable, because they tend to make us more appreciative of the second official language. In this case, the "Contents" page is headed "Table des Matières", and is entirely in French.

The Hon. the Speaker: Honourable senators, I am told that the Printing Bureau is ready to reprint this issue of *Hansard*, if you feel that is necessary.

Hon. Senators: No.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from yesterday consideration of His Excellency the Governor General's Speech at the opening of the First Session of the Thirty-second Parliament, and the motion of Senator Rousseau, seconded by Senator Hays, for an Address in reply thereto.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I was rather pleased that the sun was shining on the opposition today. I am afraid that it may not last too long, but while it does I am prepared to enjoy it.

I want to start with a personal word by expressing my warm appreciation of the gesture of my leader, Senator Flynn, and my colleagues on this side of the house, in allowing me to be the first spokesman for the official opposition in this debate.

It is another pleasant preliminary, honourable senators, to observe that there is a new personality presiding over our affairs in the person of His Honour the Speaker. I must admit, candidly, that I was not one of those who were agitating for a change in that department. I must say that when the Honourable Senator Allister Grosart occupied the Chair during all too short a term, he gave us an ample demonstration of his capacity to discharge the function of that office with patience, with reason, and with impartiality in every way.

Hon. Senators: Hear, hear.

Senator Roblin: I will certainly miss—I think I may say that we will all miss—his good nature and Irish wit. I want to pay my tribute to the high standard of performance he gave.

If our political masters insist, however, honourable senators—and it appears that they do—that the Senate have a change of presiding officer, I think we are fortunate in that the lot fell to the Honourable Senator Jean Marchand, who occupies the Chair now.

Hon. Senators: Hear, hear.

Senator Roblin: His parliamentary experience in two houses, his mastery of our two official languages, and the persuasive powers of his warm personality promise to untangle smoothly and with elegance any procedural pitfalls into which we may tumble—if pitfalls can be untangled—and I presume we will thrive under his direction.

[*Translation*]

I would also like to congratulate most sincerely Senator Rousseau. In her excellent speech yesterday, she aptly dealt with three major issues of public importance: women's rights, the needs of the aged, and the great issue of Canada's future and national unity. Her comments earned praise from each one of us.

[*English*]

Senator Hays also gave us a taste of that good old-time western optimism, and it sounded pretty good to me. I would have liked to hear him further on the subject of the oil pricing policy, and perhaps on the wonderful workings of FIRA, but there may be another occasion on which he will give us his views on those concerns.

I now come to the three senators who are cabinet ministers, and, of course, it is inevitable that I should recall that on a similar occasion last year, when one senator was appointed to cabinet, the action attracted the Trudeau thunderbolts, and we heard, if I may paraphrase the present Prime Minister with precision, that the move was indeed an insult to the voters, to the spirit of democracy, and to the House of Commons.

• (1450)

Well, honourable senators, I had no trouble at that time in disassociating myself completely from that point of view, and I have no trouble in disassociating myself from that point of view today. I do not think it is an insult to the voters who, true enough, rejected the Liberal Party holus-bolus in western Canada, in British Columbia, in Saskatchewan and in Alberta. I do not at all object to the fact that these gentlemen have been appointed in a representative capacity in the cabinet, and I dare say that they will be able to rationalize the prime ministerial flip-flop from 1979 to 1980 without any trouble.

Therefore, I have much pleasure in sincerely offering them good wishes and congratulations on their appointments. I feel they will conduct themselves with dignity and to the credit of this chamber. We will give them, I hasten to say, the same courteous attention and the same stimulating and questioning scrutiny that they gave my cabinet colleagues in the last Parliament; in fact, we may even ask them the same questions.

Senator Perrault: You already have.

Senator Frith: And got the same answers.

Senator Roblin: I think it is perfectly clear the answers have not improved, but the exercise should do us all good and help keep them in order.

If I may come a little closer to the gracious Speech of this "born again" administration, I would certainly congratulate the government in winning the franchise of the people. I wish I could congratulate the people on their choice of government. I cannot predict that the current public approval of the present administration is likely to be anything but fleeting. In any case, there will be no parliamentary honeymoon because we have the same old faces in this administration reverting to the old familiar patterns and, indeed, this administration is no blushing bride but a mature matron—one that has, indeed, been to the political well, in my opinion, once too often.

Senator Frith: That is another mixed metaphor—brides do not go to wells.

Senator Roblin: The bride may not go to the well, but the metaphor illustrates what happened to the pitcher, and I think if I described my honourable friend as a pitcher, I might be doing him a bit of an injustice—"a blushing bride" suits him better. After all, he is newly installed in his onerous role, and I wish him well in it.

The impression that the Throne Speech leaves with me is that its authors, if I may use a well-worn expression, are like the Bourbon kings who forgot nothing and learned nothing, or if that is too harsh an opinion—and I do not want to be too harsh—the Throne Speech has shown that they have not learned very much.

The political tradition in the Senate, of course, speaks in a softer accent than it does in the other place, and our political attitudes here are muted, restrained, so I have carefully searched out the Throne Speech to find out what good things could possibly be said about it.

It is a good thing that the guaranteed income supplement is to go up by $35 per household per month. Four hundred and twenty dollars more per year for those people is certainly something of which we will all approve. It is right to say, I think, that the intended national pension conference is a good initiative, particularly in these inflationary times when the whole pension structure is under some stress.

I also agree that the drive to increase critical trade skills is a worthy and important goal. It must have been in every Liberal Throne Speech in the last decade, but I think it will require the co-operation of the provinces if we are to avoid the duplication and waste that we have seen in the past. Of course, the proposition to put more people to work is another venerable cliché that has been resurrected and to which we can all tip our hats. It is one promise that I think the government may be able to keep provided enough of the unemployed are ambitious to join the bureaucracy because there are going to be plenty of new jobs going. The big bureaucracy boys are back in the saddle. However, if it is small business that provides most of the new jobs in Canada today, the Throne Speech contains precious little for them.

I notice the federal government offers a new partnership to voluntary agencies and local organizations in a new job-creating program of community service. That is fine, but what about the provinces? One would have thought this notion of partnership in local employment would have extended to the provinces. There is a need to involve the provinces in this local program but, I suppose, it was just never thought of. That is what I call "Trudeau federalism", because he naturally and

normally excludes the provinces when he is dealing with a problem like this.

Then we have the freedom of information bill. Previous efforts in this direction by the present administration have been almost universally regarded as inadequate, and I suppose they now have a chance to do a better job. They should be able to do a better job because the proposals of the Honourable Walter Baker provide a model to copy—perhaps they can even improve on it, and I am sure they will.

The main theme of the Speech from the Throne lies elsewhere. The great problems of national unity and regional alienation lie over us all, casting a dark shadow on our future. One of the tests of this Throne Speech, surely, is how it plans to deal with this area and how it intends to face up to the coming referendum in the province of Quebec. There are fair words, inspirational words, and high-flown appeals contained in the document, but as to substance and as to the manner in which the substance will be expressed, I am left with a very unhappy sensation of painful doubt.

Oh, we are all federalists here; that's for sure. We will all work, and we will all pray for a rousing "no" vote on the day. We want our Canada to live, and with Quebec inside and not out. We know, in this chamber, that federalism can be a most flexible system, fully able to accommodate two cultures and all men of goodwill in one country.

In a few weeks the referendum will be upon us. I was encouraged by the report I saw in the paper this morning of the Prime Minister's speech yesterday in the other place on the meaning of a "yes" vote. This, of course, was an interesting topic raised by our colleague, Senator Asselin, which produced such an unusual reply from the Leader of the Government. It was a little too hot for him to handle yesterday, and he took quite legitimate shelter behind the concept of hypothetical questions. I think probably the truth of the matter is that he is not in the charmed inner circle and probably did not know what the Prime Minister was going to say until he said it, otherwise he would have protected his flank. But if he is feeling a little sore on the subject, I tell him not to worry—they also serve who only stand and wait.

In this statement to the Canadian people by the government yesterday, the "yes" vote was described as a political and legal dead end, and the "no" vote was described as the first step in reforming the federal system. I hasten to say that if the "yes" vote is not to prove a dead end for a dead country, we need to know more from the government to show the people of Quebec why a "no" vote is good for them and will not simply weaken their chances to get better terms under a new Constitution. The government has promised that a "no" vote will be a vote for rebuilding the Canadian federation, but I must say—and not with any pleasure—that this is the government which over the past generations, for whatever cause, has presided over the rise of separatism in the province of Quebec and, indeed, over the rise of the forces of alienation in other parts of this country which are stronger today than they were 12 years ago when the present Prime Minister first took office. Now we find him promising to review the process of constitutional reform. Well and good, but the Prime Minister yesterday, whether intentionally or not, confused me and I think confounded the issue when he went on to elaborate on the meaning of a "no" vote. I quote what *Hansard* has to say at page 36:

[Senator Roblin.]

● (1500)

> So, I repeat, even a "no" vote may not necessarily lead to the renewed federalism everyone wants. There is doubtless one way of ensuring it, and that is a massive "no", a "no" that rings so loud and clear that the PQ government would understand that Quebecers truly do not want to separate from Canada, and that they had better buckle down to the task of renewing federalism instead of destroying it.

That is a statement I am sure we all regard with great interest and which we would, perhaps, support. But what happens if that does not take place?

I was disturbed to read in the press today that Mr. Peter Regenstrief, who has some reputation for accuracy in this matter, is predicting a narrow "yes" win in the province of Quebec. How are we going to reconcile that with what the Prime Minister has said? Of course, the proper way to reconcile it is to follow his line—that is, to convince the people to frustrate the "yes" vote and to secure the success of the "no" vote. I should like to see the government take that issue under consideration.

The promises now are well and good, but I think it would be helpful if the government were to spell out how the process of change is to take place, and how it intends to see that constitutional reform—which is promised under the heading of the "no" vote—is to become a reality in this country. It should make its position clear and it should clarify those philosophical musings in which the Prime Minister indulged yesterday, and in which he told us, on the one hand, that a "yes" vote was a dead end, and, on the other hand, that even a "no" vote could not guarantee the future of Canada and the reform of its Constitution.

Of course, if the Prime Minister means that not everyone is going to be satisfied, that is one thing—and it is the truth. However, if he means something other than that—and I fear that is the way this will be interpreted in other parts of the country, particularly in the ranks of the PQ in the province of Quebec—we then may find ourselves with some problem of clarification. So I say I hope that before this grand debate is over we will hear more from the government on how it will react to the changing situation. It is true that it would not be appropriate for the government to outline the details of its policy—the difficulties of that, in the circumstances, are clear—but surely there can be a rallying of support in the provinces led by the federal government so that it is clear that a "no" vote really means business insofar as constitutional reform is concerned, and that the philosophical aside—and let us hope it is no more than that—which I quoted today from the Prime Minister's speech is something we might well forget.

I hope these clarifications can be made before the vote on May 20, and that the position of the federal government on the

program of reform can be made much clearer than it is in the Speech from the Throne and, indeed, in the Prime Minister's speech itself. It will have to be clearer if the government is to impress federalists in Quebec, some of whom are now perversely, I am told, in the "yes" lobby. It would certainly be necessary to do that if we are to hearten patriots throughout the nation.

But the action is not confined to Quebec. There are other elements in the Prime Minister's speech, and in recent actions of the administration itself, which have raised alarm and concern about other problems of regional alienation. Sometimes one would think that this administration is bewitched, that it has a perverse impulse to prove that it knows nothing of regional alienation, particularly in the west, or indeed, if it knows something, that it is so sure it is right that anything goes.

Let us take wheat as an example. Wheat is still the lifeblood of western Canadian agriculture and the western Canadian economy. There are fair prospects of greatly increasing our export earnings—indeed, a fabulous opportunity for more trade. However we have a problem in the fact that our transportation system cannot move the grain to market. A meeting was held in Winnipeg in January 1979 to discuss ways of solving this problem. I am not sure whether the present minister was there, but Otto Lang was there, representatives of the western provinces were there, the grain trade was there, farmers were there and, to bring up the tail, I was there.

Identified at that meeting as one of the main transportation bottlenecks were the inadequate grain terminals on the Pacific coast. It was agreed by all present that the remedy was bigger terminals at Prince Rupert. So, a co-operative endeavour was set afoot. A private consortium took the lead. The Province of Alberta pledged millions of dollars in capital support. The federal government provided a catalytic grant of $42.5 million to help the situation. Chrysler Canada would not thank you for that, but it was considered big in the west. It was a pleasant change in the direction of co-operative federalism. The $42.5 million was approved by Treasury Board, it was passed by order in council, and after the election one of the first things the new Minister of Transport did was to cast some doubt—if he did not actually repudiate it—on the grant for this purpose.

The chairman of the consortium said that the minister never spoke to him about it, although that violates the spirit and letter of a memorandum of agreement signed in July 1979. I very much hope that the Minister of Transport will make it perfectly clear that he has no intention of backing away from this proposal, and that the agreement will be honoured.

Some might say that $42.5 million is not such a big thing. Some may shrug it off, but I find it hard to shrug off. Perhaps it is not a large amount, but it strikes a shrewd blow against the westerners' perception of their interests, and, coming on top of repeated disappointments with the present administration over the years, one gets an insight as to why western Canadians do not vote Liberal, why they feel alienated, and why they feel they are outside the charmed circle.

Then take the implication of the force majeure principle regarding the oil sands pricing policy. We know what sand from the oil-bearing strata looks like because Senator Hays did us a considerable service yesterday by passing around a sample. I draw attention to the fine words in the Speech from the Throne regarding the need to find all the Canadian oil we can. Well, we found some. We found it in the oil sands, but there is a problem with getting it out. To get it out a great effort was put forward—a joint effort in co-operation with the federal government, the Government of Alberta and private operators. We have seen the fruits of that effort with some tar sands oil moving into our supply stream.

The key element of the plan was the federal undertaking regarding price. The federal government would give the producers of oil from the tar sands the world price. That was not a Progressive Conservative deal. Frankly, I must say that it was a Liberal deal. The price undertaking has been described as the main incentive for success. Well, the world price has gone up, and gone up by much more than anyone thought likely—we cannot ignore that—but so have the tar sands' production costs. Syncrude's operating loss for the year 1979—its operating loss, I say—is $50 million. They say there is no evidence to indicate that the current world price policy will ensure profitable and stable operations. To that I add that if and when operations are profitable and stable, and the oil companies get too much, the tax system can be used to mop up the windfall profits.

No sooner had that arbitrary change taken place—that is, the departure from the federal government's previous undertaking to offer the world price for the production of tar sands oil to one in which they would give these people something less; something unknown at the moment but evidently something considerably less—than another fact intervenes. Petro-Canada announced a coup, and its coup consists of a promise to buy 50,000 to 100,000 barrels of oil a day from the Republic of Mexico.

Mexican oil has a distinct characteristic in that it is expensive. Indeed, it is more costly than other oil available under long term contract. Its price is even higher than that of OPEC oil. Posted Mexican prices are higher than OPEC prices for a comparable product, and then there is the little problem of getting the stuff here.

• (1510)

So, we are faced with the interesting situation that it is all wrong to pay the world price to Canadian producers in Canadian dollars and so encourage Canadian production, particularly in the tar sands, which is one of our main hopes for oil self-sufficiency, while it is all right to pay even higher prices than the OPEC prices for foreign oil from Mexico—a policy that adds nothing to Canadian reserves, that costs millions in a foreign currency, and that will make our critical balance of payments problems even worse. And we think about that and say that if and when the companies involved in the tar sands make too much money, why it would be quite easy for the tax system to recover it.

But if this move respecting the tar sands is just a démarche, just a bargaining ploy that the federal government wants to have at hand in dealing with the Government of Alberta, if it is just part of a negotiating technique by which they think they can bring them down to size, I wonder if the federal government thinks it can run the oil business the way it runs the Post Office—confrontation all the way; "Well, let's forget about all of that; let's cut the oil sands people down to size." It may make you feel better, but it will not give you any more oil. In fact, it is well calculated to slow down the future development of the oil sands.

Is the government really ready to continue to rely on foreign oil so heavily, when there is the possibility of obtaining a Canadian source of supply? Is a source of supply in the present troubled state of the world so secondary that we can afford to cut down on this one while paying the full high price for foreign oil that is imported into Canada? Does the government wish to continue to load the balance of payments with the cost of foreign oil, when there is the possibility of relieving it by producing our oil ourselves? And if it does, does it understand—and I know it does understand—that the cost of borrowing abroad will probably rise, with the result that we will continue financing the running costs of the nation with funds borrowed from foreign nations?

And where does this state of affairs fit in with "control of the Canadian economy" that was so important a feature of the Throne Speech that was read to us the other day? Where does all of this policy come together?

While we are on the subject of oil, let's look at another oil measure in the Speech from the Throne, the objective of 50 per cent Canadian ownership by 1990. I admit that appeals to me. I am a bit of a nationalist when you scratch me. I like the idea of owning our own oil. That is well and good. But I have to think that buying from outsiders oil assets already discovered in Canada is not going to give us any more Canadian oil. If it just ties up Canadian capital, as of course it will, there will be just that many fewer dollars available to invest in the finding of new oil in Canada.

So here we find in one Speech this extraordinary mix of self-defeating policies. If you truly want made-in-Canada oil prices, whether of the Conservative sort or the Liberal sort, if you truly want to cut loose from OPEC and the international oil pricing system, there is only one way out, and that is a policy of Canadian oil self-sufficiency. Thus, pricing policies which work against oil self-sufficiency render good intentions foolish—and I think we saw plenty of evidence of that in the gracious Speech.

But my main fear is with the perception of the provinces in relation to the thrust of future oil policies of the federal government, particularly when they are recollected against the government's record in the past, from the time of John Turner's oil policy fiasco to the present events that I have been describing. This Throne Speech will inevitably be regarded in some parts of Canada as a frontal attack on the constitutional rights of provinces to their natural resources—and not in Alberta only. I stress that. Oil today, but, honourable senators, hydro-electric power tomorrow. The kite has already been flown in my province for federal government price control and interference in that industry. And, if hydro-electric power, what next and who next?

Honourable senators, there is a national interest in oil. It is a very important one. It affects all Canadians. There is a provincial interest in oil, and when provincial interests have national implications, they have to be approached by the province or provinces concerned from a statesmanlike point of view. But, with patience and a just regard for the interest of all Canadians, I know these interests can be accommodated. This administration should seek to create the negotiating atmosphere and the bargaining climate in which reasonable men can arrive at reasonable decisions. No one is going to get all he wants, but oil price compromises can be achieved when good faith and good will are established.

The Throne Speech says:

> In the West, many believe that their problems are ignored, their voices are unheard, and their contribution is unrecognized.

True enough; and the government has it in its power to do something about it. But there is very little evidence of that in the Speech from the Throne.

Now let's take a look at what I deem to be the second major thrust, which I condense in the phrase "financial problems." Take interest rates; they are described—and it is a significant description—as being "unacceptably high." Well, unacceptable or not, there isn't so much as a word about the government's plans to bring general interest rates down. Unacceptable or not, if the government feels it cannot bring those interest rates down it should be decently candid to say so, but there is not a word in the Speech about that.

And if interest rates are unacceptable, it is reasonable to expect a practical policy to bring relief. What do we see in that respect? There is some help—and I recognize it—for home mortgage renewal interest costs if foreclosures are likely to be involved. Well, I do not disagree with that, but it is obvious that there will be not much relief for many people. The answer to a question in this respect earlier today leaves us with the impression that perhaps there is more to come. If there is, I say bring it on—the sooner the better.

Farmers and small businessmen no doubt will be soothed to hear that the government is "sensitive" to their plight, but their reply might be, "What price sensitivity?"

It is all the more significant that the budget on which the Progressive Conservative government was defeated, and which was the main issue in the campaign, I suggest, proposed interest rate relief for all homeowners, not just those facing foreclosure—and I admit I still find that an attractive idea. The Progressive Conservative budget proposed interest rate relief for small businessmen through small business development bonds, which would cut their interest costs in half. I still find that is a pretty good idea. The farmers would have received tax relief in being able to get some consideration for the fact that in most cases their wives are workers on the

farms, as well as a capital gains tax deferment. I still have no great fault to find with that measure.

If it will not adopt these Conservative measures, which I think are quite reasonable in the circumstances, I would ask the government whether it could not extend the interest rate help at least to farmers and small businessmen, even if it adopts the same standard as it has adopted for homeowners, namely, that they be threatened with bankruptcy or with the closure of their operations. That, it seems to me, is the absolute minimum to be expected from a government that declares that interest rates are unacceptably high. In practice, it is really the mountain labouring to bring forth a mouse, but in the present circumstances, I am not going to look a gift mouse in the mouth either.

It is even more important, I suggest, to note that the Speech from the Throne does little to reassure those who want to see our national finances in better order. There is this passage:

> Canadians recognize the need to live within their national means—

Amen to that. But my question is: Does the government recognize the need to live within its national means? The Throne Speech is not particularly reassuring. There is a tip of the hat in the right direction. "We are going to reduce the federal deficit in a planned and orderly manner"—fine—"but", they add—and it is a pretty big "but"—"but not to the exclusion of other objectives such as reducing unemployment and promoting industrial growth."

There is not much recognition here that budget deficits and the enormous federal government borrowing program they compel, particularly with the cash in Canada Savings Bonds these days, squeeze the job-creating potential in the private sector and help make whatever capital there is available more expensive. There is not much recognition here that larger deficits frustrate tax reductions—and tax reductions, particularly for people, are good for employment and industrial growth.

If the government wants more real growth and more job production, it is the private sector that is going to provide it, particularly the small business private sector. For all of its fine words, the government will never be able to do that job itself.

One cannot tell from reading the gracious Speech that inflation stumps the land. Inflation does not seem to be a problem for the gentlemen who are conducting our affairs today. In fact, I found only two references to inflation in the Throne Speech. If there are more, I would be glad to hear about them, but I found two. One was in a throw-away line dealing with external economic influences, and one was in a reference to the situation facing old age pensioners. But we know that inflation is something that faces all Canadians. I warn the administration that governments are no longer seen as part of the inflation solution; they are seen as part of the inflation problem, and people are losing their confidence that governments can control inflation, though they know that the control of inflation is needed to bring back stability and security to peoples' lives. But don't look to the Throne Speech for anything about that.

• (1520)

If there were a prophet in Israel, he would predict from this Speech that little if any improvement in our national finances is in sight, or any significant anti-inflation measures for that matter. Either the deficit will rise or taxes will be increased, or both, and the revenue lost by giving up that increase of 18 cents in the excise tax on gas will be recouped, and more than recouped, by tax increases in other directions. I hope I am wrong. I hope that the national finances will be put in order but there is nothing in this Speech that makes me confident that will happen.

By all means let us have a budget soon. The government fought the election on the Progressive Conservative budget, and surely they know what they would have done if they had been in charge. It is really not too much to expect that they would be ready with their own proposals now. After all, and I say it with some regret, they were scarcely out of office long enough to have forgotten the numbers. The Minister of Finance can break his self-imposed vow of silence because the best tonic that I can recommend for public confidence, for industrial growth and for rising employment is that of putting the federal government's finances in order, and doing it soon.

Honourable senators, you have listened to me patiently for too long. Like the well-known curate's egg, the Throne Speech is not all bad, but it has such significant shortcomings as I fear will undermine public ease and confidence. For all its fine words about unity, whether it means them or not, the government appears to face some of the regions of Canada as if the real meaning of reform and negotiation is confrontation and pressure. The Speech makes it perfectly clear to me that we are back to the old days of big government, big deficit, high inflation, high taxes and a bureaucratically administered economy. And, as it did before, I am afraid that public discontent will follow.

I put it to you, honourable senators, that a government so wedded to its past performance and so out of touch with important segments of Canadian life and Canadian needs, will not surprise its opponents, and is bound to disappoint its friends. That is the message of the Throne Speech for me.

Hon. Senators: Hear, hear.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, as we begin this new and what many of us believe may be an historic Parliament—

Senator Flynn: Not too much, I hope.

Senator Perrault: —I am pleased to participate in the Throne Speech debate following our good friend and colleague, the Honourable Duff Roblin, Deputy Leader of the Official Opposition.

There was a time not long ago—a brief time—that when we engaged in the Throne Speech debate, the opposition's chief spokesman followed me. Well, I must admit I like the new arrangement better than the previous one. The former system

lasted a brief period of time, but I am mindful of the fact that the Leader of the Opposition has chosen on this occasion to follow me in the debate. And I am sure he will loft his share of verbal hand grenades across the aisle when his time comes to participate.

Senator Smith (Colchester): They won't be smoke bombs like we have been getting from that side.

Senator Perrault: And I am pleased to note that the Honourable Senator Smith (Colchester) is still in good form, though, I fear, somewhat irascible as a result of the election outcome. But, after all, I am sure he, as a true democrat, would be the last to dispute the will of the majority. In the ultimate, surely, he will accept his party's defeat in good grace.

The Leader of the Opposition acknowledged yesterday in his comments in this house that the traditional Liberal role in Parliament seems to be in government, or at least fate has cast our role as such, while the Conservatives occupy the benches of the opposition. Historically he seems to be correct, and after serving the last few months in opposition—a role which, as I say, I enjoyed, contrary to the suggestion put forward yesterday by the Leader of the Opposition—I am glad to see that we have been able to get back into our proper historical position, so to speak. All of us look forward to a productive session of Parliament for the good of the country. There is much to do.

First of all, I would like to say on behalf of all the members of the Liberal Party in the Senate how much we appreciate the good service rendered to this chamber by the Honourable Allister Grosart when he was our distinguished Speaker. All honourable senators felt that he served well and fairly and objectively. This fact must be acknowledged, and acknowledged frankly and happily at this time. He was Speaker of this assembly only for a brief period, but he distinguished himself in the high post which he occupied.

Hon. Senators: Hear, hear.

Senator Perrault: The new Speaker brings with him a great background in many areas of activity. Not only has he a superb record in labour relations, but also in government. He has served with real distinction in cabinet. I want to take this early formal opportunity to congratulate him upon the new responsibilities which he has assumed in this chamber. We all know that the skills that he possesses will make him more than equal to the task.

[*Translation*]

Honourable senators, I know that you will all wish to join me in welcoming our new Speaker.

I would also like to congratulate the mover of the Address in reply to the Speech from the Throne, Senator Rousseau, for the eloquent speech she made in this chamber yesterday afternoon. With her colleagues from Quebec, Senator Rousseau represents a vital and integral part of this great country. However, like every one of us, she also represents the wider interests of all Canadians from sea to sea. We wish to thank the senator for her excellent speech.

[Senator Perrault.]

• (1530)

[*English*]

Senator Rousseau's speech was a memorable one in which she demonstrated a magnificent comprehension of the aspirations espoused by Canadians, wherever they live in our nation. It is this kind of sensitivity which is needed throughout our nation at this time. She is to be congratulated for a splendid start in this Parliament.

All of us were pleased to hear the remarks of that great indomitable westerner, Senator Harry Hays, a representative of one of the great developing provinces of Canada, a province which, increasingly, is playing a key role in the economic events happening in Canada today. I congratulate him for his fine contribution to the debate.

Honourable senators, as we know, this Parliament meets at a crucial moment in Canadian history. Thus, we all bear a special burden, a special degree of responsibility, as we tackle the challenges before us. Those challenges rest in the field of economic policy, in the field of social development, in the field of energy pricing and security, in the field of foreign policy and world peace, and in terms of Canada's strength and unity as one country.

All of these matters were touched upon in the Speech from the Throne graciously delivered the other day by His Excellency the Governor General. All of these matters will be debated both in general and in specific terms in both houses during the session of Parliament we are just beginning.

We have a full agenda. The fact that 20 bills have been introduced in Parliament today indicates the determination of this government to be an active government. Admittedly, some of these measures have been introduced before, but the disrupted political situation which has existed in Canada provides an explanation.

Indeed, this is the time for us to get down to hard work in Parliament. The nation wills it. Perhaps it is fortunate that whatever the outcome of the election, we have a majority government and can get on with the business of the people.

As was said in the Speech from the Throne, national unity is the one issue, and truly the only real issue, which clouds the future of this country. Surely the most serious challenge facing Canadians is the challenge to strengthen our will and resolve to go on building together, to reverse the forces within this country which would drive us apart rather than bring us together.

The coming Quebec referendum is the current focal point of the national unity debate. As His Excellency the Governor General stated in the Throne Speech, it is the hope of his government that the referendum, to be held in Quebec some time during the coming weeks, will be a time when Quebecers affirm their will and their right to be fully Canadian, a time when all Canadians—whether they live in British Columbia, Alberta, Saskatchewan or Manitoba, as far as the west is concerned, or the north country, or central Canada or the east and Atlantic provinces—a time when all Canadians will reaf-

firm their desire to live together in the country to which we all belong, and which belongs to all of us.

On that point I want to make an appeal to all of the regions of this country, including my own area of western Canada. In recent weeks and months there have been expressions of discontent voiced by some, suggestions of alienation, suggestions from the west, from the Atlantic provinces and from other areas somehow they harbour grievances which are almost beyond resolution so far as the federal government is concerned.

Out in western Canada we have a group of people—a small group of people, thankfully—campaigning for the idea of western separatism. Significantly, they attempt to measure the alleged advantages and disadvantages which are supposed to flow from Confederation in "balance sheet" terms—in terms of some sort of computer printout. They attempt to determine the dollars which are sent in by western Canada to the rest of the country, and then they attempt to measure the number of dollars that are supposed to be flowing back from the rest of Canada. They compare the two and attempt to make an absolute dollar judgment. They say, "Well, you know, we are sending in more than we are taking out and that means we should be separate." This has to be the most cynical method one could possibly devise to measure the value of nationhood and national unity.

Senator Roblin: Hear, hear.

Senator Perrault: They say that as though a computer printout is the way to determine why people of common interests and essentially a common heritage should stay together, or should leave and go their separate ways.

If that is to be the criterion of nationhood, what makes the provinces of Canada much different from a collection of small states in some part of the world with their own selfish views of what their economic interests should be? Whatever the validity of the grievances that exist in this nation, whether they are in western Canada or in the Atlantic provinces, in Ontario or in Quebec or in any other part of the country, we cannot of course, ignore them, and no one is suggesting that. We cannot allow grievances to fester in any region of our country. Those of us who come here—and we are here in the Senate to reinforce regional interests—must be ever mindful of our responsibility to set forth the legitimate problems which exist in our regions. But whatever those grievances or differences may be, and whatever those problems may be, we must seek a resolution of them in the context of Confederation and this great Canadian union.

Certain provinces have voiced a determination to realize what they see as their own rightful economic destinies. To reach that end they have shown a tendency to erect what are, in effect, barriers at their borders—for example, there are attempts to slow the inflow of people or the outflow of capital.

What the provinces must ask themselves is how willing they are to build their own strength, if it has to be at the expense of other regions, other provinces and other Canadians? And what if the paths to separate provincial economic destinies collide head on?

Of course, provincial and regional interests are important, but the national interest must prevail. The provinces must realize that, collectively, they must be nation builders or there will be no nation. In order to build a strong and united Canada, all of us must be willing to defend the national interest and to consider smaller sacrifices for larger gains. And I say this as somebody born and raised in the resource-rich province of British Columbia.

Surely one of the features of a family that lives together is a sharing of one's joys, triumphs and successes, and a sharing of one's problems, disappointments and woes. Surely this philosophy is the very hallmark of nationhood.

What weakens this country and constitutes a serious threat to national unity is when any province stands cynically at its borders and looks to Ottawa, accusing the central government of denying its future without any attempt to measure the advantages of Confederation. That is not to say that the provinces do not harbour some legitimate grievances.

As a westerner, for example, let me say that once and for all it is time for the railways of Canada to say that there will be the same freight rates from west to east as there are from east to west, and we should establish a postage stamp policy for national rail services in this country the way we have done with the power service provincially, and the postal service nationally. That fight for freight rate equality is a fight which westerners will carry on.

There are other legitimate regional problems in this nation which have not been given sufficient recognition, but that does not mean that any of us should join the wrecking gang in an attempt to dismember this nation. It means that we must sit down and reason together to find solutions to these problems.

● (1540)

Certain of those same provinces to which I have referred invite support by telling their people that they have become a "target of the federal government." Some of them come to the federal government, despite its current budgetary situation, and claim that they are being starved by a greedy central government which does not understand them. Some of them come to seek a greater share of the federal budget while they themselves enjoy buoyant revenues. Some spokesmen deny they individually have any responsibility to bear any greater share of the national sacrifices. If you like, some of the provinces want their "haves", but not too many are willing to have their "have nots" along with it.

The official opposition, again today, spoke in terms of profligate federal spending—that old chestnut which is paraded through every election campaign as a weapon against the party which forms the government. Of the huge federal budget in excess of $50 billion, the official opposition rarely makes reference to the fact that the great bulk of that money flows back to the provinces in the form of tax-sharing agreements, joint agreements, services to individuals, and so on. The budget area where there exists absolute federal discretionary power is

very limited indeed. That is the story that is not told. But time and time again the federal government is beaten over the head with the allegation that Ottawa is profligate and wasteful, and people from coast to coast in many provinces are encouraged to believe that there is some kind of national conspiracy against their provincial interests. That is not the case.

One of the most eloquent of our provincial premiers, who has been quoted very favourably in recent months on the subject of national unity, during the final week of his last provincial election campaign circulated a letter to all of the people in his province which, in effect, said, "The issue in this election is not whether you are a Liberal, or NDP, or Conservative, or anything else. The issue, my friends, is whether you are going to allow Ottawa to steal our wealth and take it away from us." That was a false charge. That was mischief for narrow political gain. That letter helped to elect that premier, who has now said that he is concerned about national unity. Perhaps the answer lies in his irresponsible campaign action. He should ask himself, in the first place, why he sent out that letter in the final days of his last provincial campaign. Some provinces want their "haves" but not too many are willing to take their "have nots" along with it—at least publicly.

An important message to get across to all Canadians is that the economic wellbeing of this country cannot long survive a "province first, Canada second" attitude. The future of this country will depend on our success in reawakening our sense of collectivity and sense of national loyalty. This collectivity does not imply necessarily a sameness or a oneness of purpose. Rather it should preserve Canada's diversity and should recognize it as being one of its strongest economic and cultural assets. Our economic diversity should also be a source of strength. The resource endowments which bless parts of this country offer regional potential for growth.

As was said in the Throne Speech, Canada's resource base is the basic building block of a vigorous industrial policy. It also gives Canadians the opportunities to improve regional imbalance.

What should we ask of ourselves in government, those of us who serve in government? For our part, if in the past, as our critics have said, we have at times been insensitive to, and have misunderstood, regional interests and aspirations—and none of us on the federal scene is without blame—then we too should intend to amend our ways. Certainly the new government intends that each and every region of the country will feel justly served. New communication methods will be attempted to better understand regional aspirations. Within each region we want to encourage initiative and promote enterprise.

What should we ask of honourable senators? I believe we have an important challenge and responsibility, particularly in the present electoral circumstances, to be a voice for regional interests in Ottawa and a voice for the national interests in our home province. Current circumstances have, of course, already affected our proceedings in this chamber in that ministers of the Crown are once again among our ranks in this present Parliament. Honourable senators will agree, I believe, that the arrangement worked well during the last Parliament when another party formed the government.

This is an important time in the history and evolution of the Senate itself as a national institution. We too must help look for ways to express, as fairly as possible, the will of every part of Canada, and make every part of Canada feel that it is represented in at least some way.

The Throne Speech made a pledge to western members of Parliament that this government was prepared to co-operate fully in helping them with the task of representation. There has been some criticism of that statement by the government. I regret that very much.

Senator Murray: No, it was not that statement; it was the next one.

Senator Perrault: May I say, however, that one of the methods of communication—certainly so far as the province of British Columbia is concerned—will be consultation with the opposition. I have already invited members of the Progressive Conservative Party to sit down with me, as British Columbia's cabinet representative, to discuss how we can better represent the needs and interests of our province, whether in the House of Commons, the Senate or the cabinet. I must say that the response so far from the official opposition has been very encouraging. I intend to do the same thing with members of the New Democratic Party. That certainly does not rule out, by any means, consultation with Liberals or other interests.

No one questions the fact that members of the opposition have been freely elected in western constituencies; and, in my view, no attempt should be made to alter that fact or make it appear differently. However, we all have work to do for our regions, wherever we serve in Parliament, and it will take the combined resources of all parties to do a good job in that direction.

I want to comment on a statement made this afternoon by the Deputy Leader of the Opposition. I have a great deal of respect for Senator Roblin. I refer to his statement to illustrate how an issue can be employed as gasoline might be employed irresponsibly to run a fire into a conflagration. The honourable senator made a statement this afternoon about an alleged federal government commitment to help build a western grain facility in Prince Rupert. The suggestion was that somehow the present federal government had reneged on that promise. The suggestion was that we had withdrawn a commitment which had been made originally by a Conservative government.

I wish that the honourable senator had bothered to determine the facts before he made his speech, because his conclusions are completely wrong. I must say that members of his party and other opposition parties have used the same misinformation in the province of British Columbia. They have been parading around that province inferring that the alleged Liberal project cancellation is another example of the federal government's insensitivity—further proof that this government does not like the province of British Columbia or the west. The charges are false, of course, and I know the honourable senator

will be pleased to stand up and admit that falsehood when he knows the facts.

Let me say here that the federal government is going to keep its commitment to help establish and bring into being a grain terminal at Prince Rupert and has never reneged on that promise, and it will not renege on the promise to play its part. That promise was made originally by a Liberal government prior to May 1979. The commitment is to play the lead and pay most of the $43 million needed to help bring the infrastructure portion of the facility into existence.

Meetings are being held in Ottawa today to attempt to finalize arrangements. Surely it should have been possible for the Conservative Party to have made itself aware of the facts before Senator Roblin spoke in the Senate today. Why irritate the situation in western Canada and cause unnecessary anger in the people in the west. What is the motive? And the New Democratic Party has done precisely the same.

Senator Smith (Colchester): Everybody is wrong but you.

Senator Perrault: Let me put this on the record, and if the honourable senator wishes to dispute the facts, let him stand up and do so. It was a Liberal government that conceived the Prince Rupert plan in the first place, in co-operation with a broad consortium of western grain firms, including three private companies and something like four or five co-operatives, as well as at least two provincial governments. Prior to the election in May of 1979, Liberals had done an extensive amount of work on their own, and with the consortium, to bring this development into being.

● (1550)

Senator Asselin: Give us evidence.

Senator Perrault: In May of 1979 a new government came to power. Certain conversations were held between the new minister and the consortium and others. In fact, it might have been possible even to see on-site work beginning at Prince Rupert during the construction season last year, but the action taken by the Conservative administration at that time failed to bring this about because Mr. Mazankowski, the minister responsible, said that he wanted to review the proposal.

It is regrettable that time was lost in 1979 on this crucial western development. The present government is determined to get it going this year. The Honourable Jean-Luc Pepin—

Senator Murray: Would the Honourable the Leader of the Government permit a question?

Senator Perrault: May I complete my statement, and then honourable senators may question me all they wish?

The Honourable Jean-Luc Pepin, and our Senate colleague, the Honourable Senator Argue, met in Regina on April 3 with the representatives of the consortium, and at that meeting public concerns about the user-pay concept and the rumoured withdrawal of federal funds from the project were laid to rest. Why was it impossible for the Progressive Conservative Party of Canada to determine those facts?

The ministers also met with representatives of the Saskatchewan government to invite that province again to make a contribution towards the construction of this facility—a contribution similar to that being made by the Provinces of Alberta and British Columbia. As yet there has been no final reply from Saskatchewan, but it is to be hoped that the province will want to become involved in this development, which will have a major beneficial impact on Saskatchewan's grain economy.

The result of patient Liberal negotiation with western governments has led to an agreement which at the present time will see over $4 million contributed by the Province of British Columbia, over $4 million contributed by the Province of Alberta, and possibly up to $4 million by the Government of Saskatchewan. Another $13 million will be directed to a wharf. It is yet to be determined whether the consortium will build that wharf, or whether it will be built by the National Harbours Board. In total, however, present plans are that there will be a substantial direct contribution by the Government of Canada. We regard this project as one of undoubted national importance.

So why is it that this issue has been used as an example to illustrate the alleged callous disregard of western interests by the federal government? It is an allegation unworthy of the honourable senator, who should have known the facts.

Senator Smith (Colchester): Don't be a hypocrite.

Senator Perrault: Hopefully the negotiations which are under way today with the National Harbours Board will result in a favourable announcement very shortly.

Another example of this opposition method of playing the alleged grievances of the west almost like a Stradivarius violin, was Senator Roblin's statement concerning tar sands development. He stood up and very self-righteously cited this important matter as another example of Liberal government insensitivity. Where does the tar sands agreement stand? Rapid hikes in world oil prices have made returns to the tar sands operators even more lucrative than they had imagined, exceeding all estimates. The fact is that the federal government has not said yet what the eventual price is to be. This is to be negotiated, and will be negotiated fairly, to make sure there is a fair return for those people who invest their money in tar sands development, and a fair and realistic price for all concerned. That price is to be negotiated between the federal government and the companies. The federal government does believe that our domestic price should be more closely reflective of the domestic costs of production.

The senator went on to say that we have paid too high a price for Mexican oil. In fact, until our own sources of supply can be accelerated and brought on stream, our intention is to protect the vulnerable import-dependent regions of Canada. Yes, and we are concerned about the Atlantic provinces of Canada, Honourable Senator Smith—

Senator Smith (Colchester): You had better be.

Senator Perrault: —and that is why we have moved in this direction.

Mexican oil is a secure supply. We must pay a price for security, and that security is designed to help the oil-insecure

regions of this nation. Yet again our energy actions are attacked and cited as another example of Liberal government indifference to the west. I think it was unworthy of the honourable senator to cite these two examples.

Senator Smith (Colchester): It is easy to talk. What we want is some action.

Senator Flynn: You are very confused.

Senator Perrault: The prime motivation of most of us, when we enter public life, is a strong desire to accomplish something and to make a contribution to the welfare of our province, our region and our country. I am confident that this attitude is common to us all in the Senate, and to the members in the other place. I know that in this age of cynicism it is fashionable in some circles not to believe that parliamentarians are trying to do a good job, the very best job that they can, but it is true, and I hope the work of this Parliament will help to demonstrate our *bona fides* to those Canadians who may be sceptical about us still.

Surely all of us share a fundamental belief about our country and its people. Surely we share a conviction that we can trust each other, and that while our system of parliamentary democracy functions basically upon the will of the majority, that majority can always be trusted to respect and protect the rights of minorities. We all talk about the cultural and regional mosaic which makes up this country, and almost by definition Canada is a land of minorities. In a national sense those who speak the French language form our largest and most visible minority. In Quebec the anglophones are the minority. Canada's native peoples, once the sole inhabitants of this continent, are now one of this nation's most active minority groups. Regionally, Atlantic Canadians and western Canadians make up minority segments of the total national population. These facts are part of the nature of this country.

Things change from time to time; people move, minorities shift and grow; and our demography is a dynamic thing. As we look at our own personal situations we may find ourselves in the majority for certain purposes and from one point of view, and in a minority for other purposes and from another perspective. So respect for minority interests and the protection of minority rights is important to each and every one of us.

Speaking as a westerner and as a Liberal, honourable senators, you will understand that I have considerable familiarity with minority positions, including, I must say, political minority positions. I believe it to be unfortunate that too many of us in this country look at our vast collection of minorities, and at the cultural, linguistic, ethnic, regional and social diversity of Canada, and throw up their hands in dismay, as if this diversity were something negative, an impediment that we cannot overcome. Far from being an impediment, I believe it is one of our most endearing and, I hope, one of our most enduring assets. It should be regarded as one of our greatest national treasures, a national resource unique to Canada.

Looking at the situation with cold logic, this country of ours might seem to be a rather unlikely accomplishment. There are all sorts of factors naturally at work that tend to pull us apart. We have the difficult part of the North American continent to contend with. We have a vast, rugged geography and a very difficult climate. The natural physical lines on a topographical map of this continent seem to run north and south, while we are striving to build a country east and west. We have a small and complicated population beginning with the native peoples, and then the founding settlements of French and English, all of which have since been enriched by the addition of virtually every race, creed, colour and religion to be found anywhere on the face of the earth. All of this is spread out rather sparsely along some 5,000 miles of very vigorous American border.

• (1600)

You can hardly imagine a more difficult or illogical set of circumstances out of which to try to forge a country but, in fact, we have forged one, and I think the very best in the world. It proves that nation-building is more than a matter of mere logic; it is an accomplishment of the heart and spirit and it is a never-ending process.

The issue we face today with the separatist threat in the province of Quebec, and with the strong feelings of alienation in certain other regions, is whether we have in the 1980s an adequate measure of the kind of will and ingenuity demonstrated by our forefathers more than 100 years ago when they determined that they would begin the formal nation-building process of this country. How did they achieve it? Well, with a lot of hard work and goodwill and, no doubt, large measures of good fortune as well; but the most important factor was their willingness to listen to each other and to understand; their basic sense of fairness, justice and tolerance; and their preparedness to respond to each other and to take the kind of action needed in any given set of circumstances for a particular group or region within this country, not necessarily because that action was in the narrow self-interest of some comfortable majority, but because that action was right for the kind of Canada they wanted to build.

Our challenge today is whether we still have the will to make Canada work. I know that you worry about this, and I worry about it—all of us worry. Are we willing to listen and understand? Do we want to be fair and just and tolerant? Are we prepared to respond positively to each other and take steps required to build an even greater country for the future? Most of us believe Canadians want to answer these questions with a resounding yes. If the answer were otherwise, I wonder how we in this generation would be able to live with ourselves and with the judgment of history.

Here we had handed to us from a great heritage a wonderful country—young, vital, rich and diverse; challenging, yes, but so richly blessed among all the nations on the face of the earth. Surely we will not have to admit to the rest of the world, to our children and to history, that we just could not make it work with all of our resources, human and otherwise, with all of our advantages and good fortune; that with all that we have got going for us, we, of all nations, could not make it work.

Perhaps we have just had it too soft. Nation-building is not easy. Perhaps we have lost some of our perspective in terms of

time. This land is still very young. A hundred years is not a long time in which to build a country and, in reality, the building in a big, diverse, rambling, changing land like this can never come to an end. It is always a dynamic process, and the achievement at any given point will always be a fragile thing to be cherished and nurtured.

In this Parliament, honourable senators, as members of this chamber and as people who are here to represent the regional mosaic of this vast complicated country, I hope that our constant objective will be to ensure that the actions of the central institutions of our parliamentary democracy are always directed towards the ever-present nation-building of Canada, towards the renewal of our national spirit and our national will to share a common destiny; towards the kind of country where all Canadians, east, west, centre and north can feel at home and truly fulfilled.

Seventy-five years ago, Sir Wilfrid Laurier uttered his famous phrase about the twentieth century belonging to Canada. In many respects, history has already proven him to be correct. There may be some clouds on our horizon now in terms of Canadian unity, but in the two decades remaining, let us do our part to remove them so that Laurier's vision of twentieth century Canada can be completed—strong, vibrant, tolerant, fair and united irrevocably.

The Speech from the Throne is only the framework to be fleshed out as Honourable Senator Roblin was well aware when he spoke—and I know that he has written many Speeches from the Throne himself—but let us build that framework into a parliamentary record this session which will be a real contribution to nation-building.

Hon. Senators: Hear, hear.

Hon. Lowell Murray: Would the Leader of the Government now permit a question concerning the government's commitment to the Prince Rupert terminal?

Senator Perrault: Yes.

Senator Murray: Would the minister confirm, as Senator Roblin has requested, that the $43 million commitment made by the previous government is now back in place? In other words, is the government withdrawing the announcement by the Minister of Transport on March 27 to the effect that the new government is not committed to the $43 million scheme of the previous government; that there will be no grant from the present government for that purpose; and that the present government would prefer a scheme to allow the government to recover development costs—in other words, a return to the Otto Lang user-pay policy? Is that announcement made by the Minister of Transport a couple of weeks ago now, to borrow a word from the Nixon White House, inoperative?

Senator Perrault: The situation with respect to Prince Rupert is this: The federal government has assumed the leadership and the prime responsibility of bringing together the funds necessary to establish the infrastructure. It is estimated that those funds will total something like $43 million. Part of the funds will be contributed by the western provinces; part of them may be contributed on a user-pay basis for a certain section of the wharf required for the movement of certain materials and certain grains; but the federal government in the ultimate, through, as things stand now, the National Harbours Board, will be making a substantial grant toward that project.

Negotiations are, as I said, proceeding today, but the present plan involves a significant portion of that coming in the form of a grant. May I suggest to the honourable senator that the essence of this proposal varies not one whit from the agreement that was originated by a previous Liberal government and supported by the former Conservative government. At no time did the Conservative government ever propose an outright $43 million grant for the purpose of establishing this critical grain facility in northern British Columbia.

I ask the question again: Why was it not possible for Conservative critics to contact the Ministry of Transport or the National Harbours Board and get the facts before irresponsible charges were spread all over western Canada, which served to upset a great many people in the west?

Senator Flynn: Why did the minister not deny the statement?

Hon. Duff Roblin (Deputy Leader of the Opposition): Before the motion is put, my honourable friend invited me to acknowledge my fault, and I hope I may have the privilege of the Senate to respond to his invitation. I regret to tell him that I am unable to do so, not because I am without fault, since I am sure I make mistakes—and it may very well be that in the course of a long speech I do make mistakes—but in this particular instance we have asked him whether he will confirm that the $42½ million is available, and he has given us an answer that does not confirm any such thing. He has given a long and involved answer in which he says that the federal government will do something—and that is good; the more they do, the merrier. However, I do not think that under the circumstances, and in view of the statement made by the Minister of Transport which has just been quoted, we on this side need have any feelings of being inaccurate in giving that information which, to the best of our knowledge and ability, was correct.

When my honourable friend is able to rise in this chamber and tell me that the $42½ million has been reinstated, then perhaps I would agree with him that the matter can be put to rest.

As for it being presented to the chamber in an effort to stir up ill will, far be it from me to do that. I think the other parts of my speech indicated that this was merely an illustration of the problems that arise. Certainly, in this respect one would expect that the federal government would announce a change in policy if there were one before now so that we all could know about it. If it has been announced, it has not been made known to me, but naturally that is another matter which I regret. I do not see that the question has been directly answered with respect to that matter.

• (1610)

With respect to oil prices, if my honourable friend expects me to comment on that—though I appreciate the impropriety of reviving the debate and taking a second crack at it—I merely wish to say that in no way can my remarks be interpreted as being an effort to stir up jealousy in connection with the matter, but as a reflection on the whole self-sufficiency oil policy, which is not an Alberta problem but a Canadian problem.

Senator Perrault: Honourable senators, may I point out the source of the government's concern about the manner in which the honourable senator has dealt with the issue of Prince Rupert today. The question was: Will the $43 million be reinstated? The $43 million was never withdrawn. These are headlines which were spread abroad by Conservative members of Parliament. The headline "Uproar breaks on Pepin for abandoning Rupert" is found in the Saturday, March 29, 1980 issue of the Victoria *Times*. The article states:

> A decision by Transport Minister Jean-Luc Pepin to back out of a federal promise to provide funds for a badly-needed grain terminal at Prince Rupert is being roundly condemned.

That is a mischievous statement which is being circulated by members of the opposition in western Canada, members who primarily purport to be representing the best interest of western Canada in the Parliament of Canada. These are being circulated by both Conservative and New Democratic members of Parliament.

Senator Murray: It was circulated by the Canadian Press. If the minister wishes to say that his colleague has been misquoted, that is all he need say.

Senator Perrault: I remind the honourable senator that I am on my feet, and urge him to observe a certain degree of parliamentary decorum.

If the honourable senator is concerned about the facts of this matter, let me remind him that the National Harbours Board is meeting this week with the consortium to finalize, hopefully, the formal agreement. We hope to see the document signed within one month, and on-site construction work could begin this summer. The total funds expected are $42.5 million. From British Columbia, $4.6 million; from Alberta, $4.1 million; and possibly some money coming from the Saskatchewan government. There are some negotiations to be completed with respect to the cost of the new dock, and this matter is, I understand, under consideration by the consortium and the National Harbours Board. I shall do my very best to make sure that the honourable senator is invited to the opening of this great project for western Canada.

Senator Roblin: I shall be pleased to go.

Senator Smith (Colchester): We hope he does not have to wait too long.

Senator Perrault: You are invited too.

On motion of Senator Macquarrie, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, April 17, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Canadian Chicken Marketing Agency, together with financial statements and the auditors' report thereon, for the year ended December 31, 1979, pursuant to section 31 of the *Farm Products Marketing Agencies Act,* Chapter 65, Statutes of Canada, 1970-71-72.

Report of the Export Development Corporation, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1979, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

Report of operations under the *Export and Import Permits Act* for the year ended December 31, 1978, pursuant to section 26 of the said Act, Chapter E-17, R.S.C., 1970.

Report of the Auditor General to the House of Commons for the fiscal year ended March 31, 1979, pursuant to section 7(3) of the *Auditor General Act,* Chapter 34, Statutes of Canada, 1976-77, together with the Conspectus of the said Report.

Report of Petro-Canada, including its accounts and financial statements certified by the Auditors, for the year ended December 31, 1979, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

Copies of amendment to By-law No. 1 of the Export Development Corporation, pursuant to section 16(3) of the *Export Development Act,* Chapter E-18, R.S.C., 1970.

Senator Flynn: Did I hear something about chickens?

Senator Perrault: Yes. Don't raise any feathers about it, either.

Senator Flynn: Don't get yours ruffled.

Hon. H. A. Olson (Minister of State for Economic Development) tabled:

Report of the Northern Pipeline Agency, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1979, pursuant to section 13 of the Northern Pipeline Act, Chapter 20, Statutes of Canada, 1977-78.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board) tabled:

Report on the Administration of the *Western Grain Stabilization Act,* together with the Report on the state of the Stabilization Account, for the year ended December 31, 1978, pursuant to section 45 of the said Act, Chapter 87, Statutes of Canada, 1974-75-76.

Senator Flynn: Without any comment?

Senator Argue: Without comment.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, April 22, 1980 at 8 o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

• (1400)

Hon. Jacques Flynn (Leader of the Opposition): Speaking to the motion, I wonder whether we are going to deal with the item on the Orders of the Day relating to the Throne Speech when we resume next Tuesday or whether we are going to give Senator Croll the opportunity to speak on his report. If that is not the case, then I wonder whether we shall deal with some of the bills that have been introduced.

Do I understand that it is not necessarily the wish of the government to have the Throne Speech debate concluded on the eighth consecutive sitting day?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, that is our hope, and we hope yours as well. We should like to defer debate on the Throne Speech rather than debating it for eight consecutive days.

Senator Flynn: So can we take it for granted that next Tuesday we will deal with other items?

Senator Frith: That is right, and we hope to proceed with the item referred to by the Leader of the Opposition, the consideration of Senator Croll's report.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

NATIONAL DEFENCE

PURCHASE OF F-18A AIRCRAFT

Hon. Guy Charbonneau: Honourable senators, I put my question to the Minister of State for Economic Development. A representative of the Department of Industry, Trade and Commerce said that the contract for the F-18A aircraft awarded to the McDonnell-Douglas Corporation would create 4,000 direct jobs in Canada, while a representative of McDonnell-Douglas mentioned a number of 22,000 direct jobs.

• (1405)

Can the minister explain the reasons for the discrepancy between the two estimates?

[*English*]

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to look at the details of the question and check them with the Minister of Industry, Trade and Commerce, so that in a day or two I can give you a precise answer.

Senator Charbonneau: I have a supplementary. The spokesman for the Minister of Industry, Trade and Commerce has also estimated that the multiplier effect would create 9,600 to 10,800 indirect jobs, yet on the other hand a spokesman from the corporation mentioned 5,200 indirect jobs. Could the minister explain this discrepancy?

Senator Olson: I will take note of the alleged discrepancy and see if it is really so or whether it is a misinterpretation by one or the other. I will find out whether we are talking about apples and apples or apples and oranges.

[*Translation*]

Senator Charbonneau: Before awarding the contract, I suppose, honourable senators, that the two parties came to a very specific agreement both in terms of direct jobs and economic spin-offs. In view of the figures I have just quoted and if they are correct, can the minister also explain such a discrepancy between the interpretation of the two parties?

[*English*]

Senator Olson: Honourable senators, I will take the question as notice and attempt to get a reconciliation of this alleged discrepancy. One thing must be taken into account, and that is that all the subcontracts are not firm contracts but are required to be competitive. I suppose that leaves some room for discretion.

• (1410)

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have a question for the Minister of State for Economic Development in respect of the F-18A project. I note that the president of the aerospace industry made a statement the other day to the effect that the members of that industry would require governmental support in order to undertake some of the contracts that may arise from the industrial spin-off of the F-18A purchase.

Is the minister aware of that statement, and, if so, does he confirm its accuracy?

Senator Olson: Honourable senators, I am not aware of that statement; therefore, I cannot comment one way or the other on its accuracy. It is, of course, a well-known and well-publicized fact that Canada has had this whole deal, if you want to call it that, under consideration for a long time, and there have been some support programs for various sectors of the aerospace industry so that they will be in a position to compete for some of the contracts that will be let as a result of that purchase.

Senator Roblin: I appreciate my honourable friend's statement, and I concur with it. I am by no means suggesting that it may not be appropriate from time to time to provide support of this nature. But it does raise the question as to whether there are extra costs in connection with the F-18A purchase which have not yet been considered or tabulated. I appreciate my honourable friend's assurance that he will look into this particular matter.

If in the course of his investigation he finds that it is the case—and I suspect he will—that further assistance is to be given to enable firms to take part in this contract, I would ask him to provide us with the criteria on which such assistance would be granted. I am particularly thinking of the ways and means by which firms in this industry in various parts of the country will be assisted or enabled to take some share in these contracts.

Senator Olson: Yes, I shall try to do that; but, of course, it can be a fairly short or a fairly long set of economic benefits that fall out from this particular contract. I suppose it could be argued that the economic benefits, for example, to enhance very significantly the aerospace capability in many fields in Canada would be a longer term benefit and one which is not specifically identified in the contract. But I think the major thrust of this and previous governments is to upgrade the high technology and the capability following that technology so as to be more involved in the space age of the future.

Hon. G. I. Smith: A supplementary, honourable senators. I should like to ask the Minister of State for Economic Development whether he is aware of the capacity of industry in the Atlantic provinces to take advantage of any economic fallout or work, whether of a high technology nature or otherwise, that may result from this contract.

Senator Olson: I think I can answer positively to that inasmuch as the detail that was evolved leading to the signing of the contract in terms of the capability of the entire country to be involved was very carefully looked at.

Senator Smith (Colchester): Perhaps I could ask a further supplementary. I appreciate the fact that the honourable minister assures us that all sectors in the country were carefully looked at, but I would be more happy if he were able to assure us that, in particular, he was aware of the potential in the Atlantic provinces, which was my question.

Senator Olson: Of course, I was not directly involved in either the assessment or the negotiations in connection with this contract, but I feel I can say with some confidence that the people who looked at the total economic benefits that would arise from this contract looked at the capabilities, and the prospects for capabilities, all over the country.

● (1415)

Senator Smith (Colchester): A further supplementary, if I may, and I realize that I must be getting close to the limit. If the honourable minister does not know now, would he give an undertaking to find out what is expected to be the beneficial industrial fallout in the Atlantic provinces from this contract?

Senator Olson: Yes, honourable senators. It is not really a case of my not knowing now with the exception of the competitive requirements for the subcontracts, because I think the information package that was put out by the Department of National Defence on the day the announcement was made does give a strong indication as to where it will probably be. But we cannot be much more specific than that because all the subcontracts have not been signed.

FINANCE

CANADA SAVINGS BONDS—INTEREST RATE AND REDEMPTIONS

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development. Will the minister indicate what steps the government has taken or intends to take to make Canada Savings Bonds competitive with the investment interest rates in the private sector?

There is a second part to the question which I would put as a supplementary. What is the current rate of investor redemption? How many bonds and of what value have been redeemed or cashed in to date this year, and how does that compare with redemptions for, say, the previous two years?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, to reply to this question would obviously require some detailed information which I do not have with me, but I shall take the question as notice and I shall try to get an answer from the Department of Finance.

[*Translation*]

ENERGY

GOVERNMENT POLICY

Hon. Arthur Tremblay: Honourable senators, my question is for the honourable senator who is Minister of State for Economic Development. It has to do with the following excerpt from the Speech from the Throne:

> My Government's energy policy is critical to the success of all its economic policies. Energy policy is as important for Canada in the 1980s as railway policy was in the 1880s. Like railway policy in that earlier era, energy development has the potential to create growth and prosperity across Canada.

Well, we all know that the British North America Act of 1867, undoubtedly for the reasons set out in the Speech of the Throne of 1980, gives Parliament exclusive jurisdiction over railways.

My question is as follows: Does the parallel drawn in the Speech from the Throne between railways and energy and the ensuing general principle in the Speech from the Throne mean that in the process of constitutional reform to which the government is once again committed, it will propose that energy, in 1980 or 1981, like railways over 100 years ago, become an area of exclusive federal jurisdiction?

[*English*]

Hon. H. A. Olson (Minister of State for Economic Development): I am sure that the honourable senator will agree that the present world state of energy supplies, and, indeed, the cost related to those supplies is as important a factor to our economy and that of several other countries as any other factor; indeed, it may be more important.

● (1420)

Perhaps the situation in Canada is that we have enough known energy supplies to supply not only our own needs, as soon as we can bring them on stream, but perhaps something in excess of that. So, as is pointed out in the Speech from the Throne, that means we do regard this as a very high priority and perhaps one of the great opportunities for Canada in the immediate- and long-term future.

But the inference that the federal government intends to take over exclusive and complete control of energy supplies is just not in the Throne Speech, as I see it. It may be that the federal government will have as much to say in the future about the distribution system, like pipelines and other things that distribute energy, but they have always maintained that any pipeline, or even a power line, that is interprovincial requires, of course, jurisdiction by the National Energy Board.

I suppose it was something to the same effect with regard to the railways. We had complete control, or it was in the BNA Act, as to the development and operation of railways, but we did not have control of what those railways hauled.

[*Translation*]

Senator Tremblay: Honourable senators, a supplementary. Am I to understand then that this comparison between what railways meant at the beginning of Confederation and what energy means today is, for all practical purposes, at least in the context of a constitutional reform to which the government is committed, a sort of purely rhetorical comparison?

The other day, when the Leader of the Government answered a question put by Senator Asselin, he sort of took refuge behind the fact that the question was hypothetical. Am I to understand that the Minister of State for Economic Development is taking refuge today behind the rhetoric of the Speech from the Throne? Am I to understand that other parts are also rhetorical in that Speech?

[*English*]

Senator Olson: Honourable senators, I don't think I am hiding behind anything. Perhaps my unrepentant pragmatism

is too simple for honourable members to understand. What is in the Speech from the Throne is quite clear. We regard energy and the processing, development and distribution of energy in Canada as being important now as railways were 113 years ago for the development of this country. What we needed then was a network of railways for the capability of transporting our goods from one region to another so that those economic activities could improve.

Now energy occupies that high importance for what we perceive to be the requirements for the immediate future and even the long-term future. Surely that does not involve anything constitutional. It is getting pretty complicated, at least to my mind, to say that the Speech from the Throne also says that we are going to rearrange all the constitutional jurisdictions with respect to ownership and control of energy resources and all of that. We just think it is important for the whole country.

Hon. C. William Doody: Honourable senators, I should like to ask a supplementary question. I am pleased, indeed, to hear that the Government of Canada now at last has decided to treat the rights-of-way of power lines in the same term of reference, or the same framework, as railways and pipelines. When can we expect that information to be conveyed to the Government of Newfoundland so they can get on with the power grid across Quebec?

Senator Olson: That question has been outstanding for a long, long time, and I hope it is resolved soon.

Senator Doody: Do I take from that that the honourable senator has answered in the affirmative and that it is now the policy of the Government of Canada, or have I misinterpreted the reply?

Senator Olson: What I have said, and I would not want the honourable senator to put any different interpretation on it, is that an application to the National Energy Board for power and gas lines that cross provincial borders does, in fact, come under the National Energy Board.

Hon. Jacques Flynn (Leader of the Opposition): And does that mean, in reply to Mr. Peckford's request, that the government has no intention of invoking any legislative authority or power to try to solve the problem between Quebec and Newfoundland?

• (1425)

Senator Olson: I am not sure if there is an application being considered now, but I am sure that several governments, prior to the present administration, have tried to resolve that problem.

Senator Flynn: Several?

Senator Olson: Yes.

Senator Flynn: I would like you to tell us whose governments they were.

[Senator Olson.]

AIRLINES

APPLICATION OF EASTERN PROVINCIAL AIRWAYS TO EXTEND SERVICE

Hon. Cyril B. Sherwood: Honourable senators, I should like to ask the Leader of the Government if he can tell us where the application of Eastern Provincial Airways to the Canadian Transport Commission, to extend their services from Halifax to Toronto, now stands.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I understand that there may be an appeal lodged by Eastern Provincial Airways with respect to this matter and that some appeal may be made to the federal cabinet.

I will take the question as notice and will provide any information that may be available. I do not know the status of correspondence from Eastern Provincial Airways to Ottawa.

Senator Sherwood: Honourable senators, I should like to say to the Leader of the Government that Eastern Provincial Airways presently serves many short hauls in the Atlantic region. Some of those hauls, of course, are not too viable, and to extend the company's service from Halifax into Toronto would make a vast difference to the company, as well as to the service rendered the various Atlantic communities.

Some Hon. Senators: Hear, hear.

Senator Sherwood: I should like to ask the Leader of the Government if he would impress upon his colleague, the Minister of Transport, the importance of this application.

Senator Perrault: Honourable senators, the honourable senator's question will be brought to the attention of the Minister of Transport and my other cabinet colleagues.

May I say that all of us in government, I am sure, are aware of the fine reputation of Eastern Provincial Airways and of CP Air. I can only give the pledge that the information I promised will be obtained as soon as possible and that the honourable senator's question will be brought to the attention of my cabinet colleagues.

[*Translation*]

CANADIAN BROADCASTING CORPORATION

STATEMENT OF THE HONOURABLE ANDRÉ OUELLET

Hon. Jacques Flynn: Honourable senators, I have a question for the Leader of the Government. In the House of Commons yesterday, pursuing, I believe, a speech he had started the day before, the Hon. André Ouellet launched into a diatribe against the Canadian Broadcasting Corporation, claiming it was infested with separatists. If my memory serves me right, those same charges or allegations were made by Mr. Ouellet a few years ago. An inquiry set up by the former Liberal government found that those accusations were groundless.

My question is therefore: Was Mr. Ouellet speaking on behalf of the government when he made those accusations? Secondly, does Mr. Ouellet or the government have proof that those allegations are well founded?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I am sure that the Leader of the Opposition has on his desk the full text of Mr. Ouellet's alleged remarks, and I would be pleased if he would share it with me.

Senator Flynn: Have you not read it?

Senator Perrault: I am sure the Leader of the Opposition is not basing this series of questions on any fragmentary reports that he may have read in a newspaper or heard on radio or television. I would appreciate it if I were provided with a copy of the minister's text. I have not read the alleged remarks. I do not have a copy of the text, which the Leader of the Opposition apparently does have.

Senator Flynn: I really cannot understand the reaction of the Leader of the Government. The speech was made in the House of Commons. It is printed in *Hansard*, so the Leader of the Government has as ready access to it as I have. I can send him my copy, of course.

• (1430)

The second thing is that I heard Mr. Ouellet's statement on television, and what I have quoted is exactly what he said. He even went so far as to say:

> There is no doubt that if these people had tried to do this in any other country around the world, they would have been socked, they would have been clubbed, they would have been jailed.

And he said they would have been shot. I heard that on TV. That is a rather serious charge.

This information is in possession of the leader. I do not mind his saying, "Well, I will look into it and report," but to say that I am basing my remarks on a text that he has not seen, and to ask me to make it available to him appears to me to be very childish.

Senator Perrault: Honourable senators, that is a rather unfair accusation. I have not had the time to read the speech. It had not been drawn to my attention. I made no accusation against the Leader of the Opposition. I would, however, have appreciated prior notice of the question, which would have given me an opportunity to study the text and perhaps obtain an answer from Mr. Ouellet. If the honourable senator would now tell me the page in Commons *Hansard* where those remarks appear, and the paragraph of concern, I would be very grateful for this kind of direction. Certainly if this is done a reply will be provided.

Senator Flynn: I would have been satisfied if the Leader of the Government had said, "I will take this question as notice, and I will ask my staff to check Commons *Hansard*." But if he wants me to do that—if he has not enough personnel—I will do it for him.

Senator Perrault: At the outset, when the leader asked this question, he did not say that it had been made in the House of Commons.

Senator Flynn: Oh, yes, I did.

Senator Perrault: Well, perhaps that may be the case, but I am sure we do not have to have a cause célèbre as a result of this exchange.

Senator Flynn: That is what I am suggesting, and that you should not react the way you do. Just take it as notice, and don't get excited every time I put a question to you.

Senator Perrault: Who is getting excited?

Senator Flynn: You are much too excitable.

[*Translation*]

EMPLOYMENT AND IMMIGRATION

OCCUPATIONAL TRAINING FOR ADULTS

Senator Arthur Tremblay: Honourable senators, my question this time is for the government leader. It concerns once again an excerpt from the Throne Speech. Let me quote that excerpt:

> There will be an increased effort to develop critical trade skills so as to better prepare today's labour force for tomorrow's jobs.

Since that part of the Throne Speech refers to today's labour force rather than tomorrow's, which would have meant the young people being trained in our secondary schools or colleges and might have raised very specific problems, I feel I can safely state that the program referred to is called Occupational Training for Adults. If I am mistaken, the government leader will correct me.

This is both a significant and a broad program, and one that is well known to our Speaker, since he himself was responsible for its inception as the then Minister of Manpower and Immigration, in 1966, if my memory is correct.

Further, this is a federal-provincial program whose implementation required much tact and negotiation throughout the years.

My question is in two parts: first, does the phrase "critical trade skills" imply a value judgment on the non-critical nature of the skills on which OTA has been mainly centered up to now, and if so, on which studies or criteria is that value judgment based?

Secondly, in the choice of the critical trade skills which OTA would now emphasize, will the provinces be involved, and will their involvement be instrumental or secondary?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, this is a good question, and it deserves a full and complete answer. The question will be taken as notice.

HOUSING

INCREASE IN FUNDING UNDER THE RESIDENTIAL REHABILITATION ASSISTANCE PROGRAM

Hon. Jack Marshall: Honourable senators, I have a question on housing for the Leader of the Government. It concerns those citizens of Canada who can neither afford to purchase a

new home nor even think of paying current interest rates. I am wondering if the government is considering increasing the amount of funding to the RRAP government-sponsored program to enable people on fixed and low incomes to repair their present homes and bring them up to a certain standard, with the consequent conservation of energy.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a number of ideas and concepts are under study at the present time with respect to the provision of housing for Canadians. However, more detailed information must await the legislative program which will find its way to Parliament shortly. However, an inquiry will go forward with respect to the specific matter raised by the honourable senator.

Senator Marshall: A supplementary. I do not think it would require legislation. The program is now in effect. It is known as the RRAP program. It is simply a matter of putting more funds into it. This is vital and urgent.

CANADIAN BROADCASTING CORPORATION

STATEMENT BY THE HON. ANDRÉ OUELLET

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have had the help of the whip on this side in finding the page in *Hansard* containing Mr. Ouellet's speech from which I quoted earlier. It is on page 56 of the House of Commons *Debates* of April 15, 1980, in the left-hand column. It is in the only full paragraph there.

If the Leader does not want to take note of it right away, would he indicate to whom I should give the information?

Hon. Raymond J. Perrault (Leader of the Government): I want to thank the Leader of the Opposition for his unfailing courtesy and consideration.

THE ECONOMY

INTEREST-FREE LOANS—PHILOSOPHY OF SOCIAL CREDIT PARTY

Hon. Jacques Flynn (Leader of the Opposition): I have a question for the Minister of State for Economic Development. I put a question yesterday asking what the government had in mind with regard to controlling high interest rates and minimizing their effects. When I listened to him just a few moments ago, saying that he was an unrepentant pragmatist, it brought to mind the fact that he was at one time a member of the Social Credit Party. I can understand that pragmatism would have brought him into the Liberal Party, but I was wondering if the theory of social credit could not perhaps furnish a suggestion for the government's high interest rates. Has the minister thought of suggesting loans without interest to the government?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I think the Leader of the Opposition can rest assured that there have been from time to time certain modifications in the philosophy that he has referred to, and I think that fits well with my unrepentant pragmatism.

[Senator Marshall.]

The Minister of Finance has indicated that he will be working on a program in this respect, but as I said, I think, yesterday, or the day before, I hope senators opposite will not expect me to make announcements on behalf of other ministers. It will be an exercise in futility if they try to do that. The other ministers will run their departments, and I will try to do the best I can in mine.

• (1440)

Senator Flynn: I wanted to be sure the Minister of Finance would not forget the assistance that a former Social Crediter would be able to provide in this area.

Senator Olson: I take it the Leader of the Opposition is now endorsing some of those philosophies, and I welcome that.

Senator Flynn: You did not refer to Social Credit philosophy.

Hon. Robert Muir: I rise on a point of order. In view of the statement just made by the Minister of State for Economic Development—I think this is the second or third time he has said that he is not going to answer for this minister or that minister, and he is not going to make statements—I would ask him: To whom do we direct questions which do not pertain to economic development or any other subject?

If I remember correctly, during the last short session here, questions of every variety were posed by the present Minister of State for Economic Development to any one of the ministers in the Conservative government who sat on that side. I should like to know if the minister is going to sit there like Charlie McCarthy and not answer any questions other than those relating to his own particular little bailiwick.

Hon. Raymond J. Perrault (Leader of the Government): I just want to say on behalf of the government that every effort will be made to co-operate with members of the opposition who wish to direct questions to this side. I gave a pledge yesterday that I would meet with the Leader of the Opposition and discuss with him the direction that questions might well take in the chamber, and that will be done.

Senator Olson: Honourable senators, may I speak to the point of order? I think the honourable senator wants to be fair. I did not say that I was going to answer in this chamber for ministers who are obviously in the other place. I will take notice of those questions, but let us be fair; I am not going to make announcements for and on behalf of other ministers.

Senator Muir: Further on the point of order, honourable senators, and just for clarification, I think the present minister should not be so adamant, and should not state his decision with such great authority. After all, he has only been in his present position for a short time, and he should not get carried away by a sense of his own importance.

As a little old coal miner from Cape Breton, all I want to know is to whom we direct these questions. Is the Minister of State for Economic Development going to respond constantly that it has nothing to do with him? Now he has clarified the situation by saying that we can ask him any question at all, and, if he has not got the answer with him, he will get it for us.

Senator Olson: That was a great speech, but there was nothing new in it.

Senator Muir: I should like to have your answer.

THE CABINET

MINISTERIAL RESPONSIBILITY IN THE SENATE OF THE MINISTER OF STATE FOR ECONOMIC DEVELOPMENT

Hon. Lowell Murray: I should like to ask the Minister of State for Economic Development whether his mandate is essentially the same as that described in this place by his predecessor some months ago; that is to say, the co-ordination of the policies of the various government departments that are concerned with economic matters.

Hon. H. A. Olson (Minister of State for Economic Development): Yes, it is essentially the same. I think different interpretations were put on that by different senators. I fully admit that I was trying to outline the parameters of that, and I succeeded to some degree.

Of course, there have been some changes even in the evolution of the so-called "expenditure management control" which, I think, in abbreviation, is referred to as the "envelope system". That has changed somewhat. I would acknowledge here that we regard that as an important improvement, and we are going to continue using it. That is in addition, of course, to the economic development functions that were outlined at the time my predecessor, Mr. Andras, assumed that ministry, which I think was in 1977. I am not saying we are going to continue it in exactly the same way, but we think it is a pretty good idea, and we are either going to keep it the way it is or with some modifications. We are going to continue the principle of that form of expenditure management, and, I might say, I am the chairman of that committee.

Senator Murray: That being the case, and in terms of the business of the Senate, the minister has no objection if questions relating to all matters of fiscal and economic policy are directed to him?

Senator Olson: No, I do not, with the reservation that I mentioned before, that the other ministers will be making announcements for and on behalf of their departments, and as soon as I am sure they have made those statements I will be glad to explain them here.

NATIONAL DEFENCE

PURCHASE OF F-18A AIRCRAFT

Hon. G. I. Smith: I should like to direct my question to the Minister of State for Economic Development. Although it relates to the previous question and arises out of his answer, I do not suggest we treat it as a supplementary.

The minister said that he felt the information I was seeking had been evaluated very carefully, and had been made public with the document which was issued by or on behalf of the government at the time of the announcement of the purchase of the new fighter aircraft. I wonder if that is the document which I received along with a number of other documents purporting to explain that contract; a document which was once confidential, and which is now marked in handwriting "Declassified by order of the Minister of Industry, Trade and Commerce, 10 April 1980". I just want to ask the Minister of State for Economic Development if that is the document he told me contained the careful evaluation, including the information I received.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not think I can answer precisely whether it was that document or whether it was the complete communications package explaining industrial benefits that may develop all over the country, but more in some areas than others mainly because they are where the aerospace industry has been up until now. However, it is my opinion that there was a rather complete communications package—that is, as complete as it could be—along with the announcement. Whether what the honourable senator has in front of him is the complete package or only part of it, I am not quite sure, but I would be happy to check and make sure that the honourable senator has the complete information which has already been made public. I shall send any information which is missing to the honourable senator's office.

Senator Smith (Colchester): I thank the honourable minister, but just by way of further explanation of what I have here, it is a package labelled as being a full package, and I have examined it with care.

The reason for my inquiry about the Atlantic provinces arose out of these documents because, as far as I can see, the benefits are analyzed on the basis of what the benefit will be to two particular provinces of Canada, and all the rest of the provinces are lumped together under the terminology "rest of Canada." Using that sort of breakdown or index, there is no way one can tell how much is expected to flow to Atlantic Canada.

Senator Olson: I agree with that general assessment, but I expect that you cannot identify from that document where every one of the industrial benefits will flow, even in respect to Ontario and Quebec, because many of those sub-contracts are not let.

Hon. Duff Roblin (Deputy Leader of the Opposition): I should like to ask a supplementary question relating to the argument advanced by Senator Smith (Colchester). In the province of Manitoba we have a mature and sizeable aerospace industry, and I must say that like Senator Smith I was somewhat upset to find no reference to that in what I have read so far in respect to the distribution of this work.

I do not know whether my honourable friend can answer the question now, but I am very anxious to have him tell me what the estimates are respecting work of this kind in Manitoba. I think we have about 10 per cent of the industry in that province, and I hope that a proportionate amount of work is earmarked for Manitoba at the present stage of negotiations which are, admittedly, not completely solid, but are an indication of expectations.

• (1450)

Senator Olson: I will take that question as notice along with the other, and try to gather more information for you. I have to add some words of caution by saying that the final details of the benefits cannot be identified right now.

Senator Roblin: I find that answer hard to accept. It turned out to be quite practical to say how much would go to Ontario and how much would go to Quebec, even though a big argument seems to be brewing on how the figures were arrived at. If it is possible to do it for those provinces, why is it not possible to do it for Manitoba?

Senator Olson: I think it is just as possible to do it for Manitoba as for the others. Again—and I do not wish to leave any misunderstanding about this—what is contained in that information is the best estimate that can be made now of what the distribution will be.

Senator Roblin: All I am asking for is the best estimate for Manitoba.

INDUSTRY

ASSISTANCE TO SYDNEY STEEL CORPORATION

Hon. Robert Muir: My question is for the Minister of State for Economic Development. Yesterday, as reported at page 34 of *Hansard*, Senator Smith (Colchester) raised the question of possible financial assistance for the Sydney Steel Corporation. Senator Smith mentioned that assistance had been promised by the Liberal Party during the last campaign and, indeed, over the months and years prior to that, yet nothing has occurred. His question was a legitimate one and the minister kindly replied that he did not have the time to address himself to the specifics of that problem, and concluded by saying:

—so I suppose that is all the answer I can give today.

Honourable senators, I now ask the minister whether he will take it upon himself to ascertain, as soon as possible, just how soon some possible financial assistance might be forthcoming for the Sydney Steel Corporation so that a continual breakdown of operations does not persist there. There are currently 3,200 people employed by Sydney Steel Corporation, so this is a serious situation. This is recognized by the minister's colleagues in cabinet, so I am wondering whether he could check to see if anything is moving, or will be moving shortly, on that.

Hon. H. A. Olson (Minister of State for Economic Development): I will take that question as notice in the context it was offered.

FOREIGN AFFAIRS

CUBAN REFUGEES—CANADIAN INVOLVEMENT

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government. Recent media reports indicate that some 5,000 to 10,000 Cubans who took refuge in the Peruvian Embassy have no home to go to. Is the Leader of the Government aware whether that country, in the past 24 hours, has indicated it is prepared to take, or extend hospitality to, those people?

Hon. Raymond J. Perrault (Leader of the Government): There has been a great deal of discussion with respect to Canada's responsibilities, if any, in regard to those people. I hope I can make a statement next week on this subject.

AGRICULTURE

CHICKEN IMPORT QUOTAS—CANADA-UNITED STATES AGREEMENT

Hon. Jacques Flynn (Leader of the Opposition): I have a question for Senator Argue, who has a tendency to be forgotten. I would not like that to become a habit. He tabled, if I understood correctly, a report on the importation of chickens. No? Well, certainly someone tabled that report today.

Senator Frith: I did.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): It was tabled by the Leader of the Government in the Senate; not by me.

Hon. Raymond J. Perrault (Leader of the Government): I tabled the report of the Canadian Chicken Marketing Agency.

Senator Flynn: What did you table, Senator Argue?

Senator Argue: The report on the administration of the Western Grain Stabilization Act.

Senator Flynn: In any event, since Senator Argue showed some interest in that subject during the last Parliament, I wonder whether the minister has any comment on the report, and whether he could tell us what direction he thinks the government could go in regard to the importation or exportation of chickens.

Senator Argue: I think the whole question should be reviewed again. I notice that the former Minister of Agriculture, the Honourable John Wise, in a statement made after the election and after the new government was set up, recommended to the new government that it go to Washington and renegotiate that chicken quota. That says to me that Mr. Wise admitted that the negotiations he made were wrong and that Canada accepted far too high a quota.

I believe that the Minister of Agriculture is looking at it and my inclination would be that a further effort should be made to work it out in the interest of Canadian producers.

Senator Flynn: To improve the improvement.

Senator Argue: It was a bad quota to start with; a very bad one.

Senator Frith: The report does not say anything about why the chicken crossed the road.

Senator Argue: I thank you for your question.

[*Translation*]

OFFICIAL REPORT

Hon. Martial Asselin: Honourable senators, before we proceed to the orders of the day, I should like to make a correction in *Hansard* which I consider important.

At page 43 of the official report, in the French version, I am reported as having interrupted the speech of the Leader of the Opposition.

Senator Frith: What date?

Senator Asselin: April 16, 1980, yesterday. I am reported as having interrupted the speech of the Leader of the Government—

Senator Frith: What page?

Senator Asselin: Page 43; by saying:

Speak about horse races.

I never said that. I never, honourable senators, talked about horse races yesterday.

Indeed, the speech of the Leader of the Government was already hard enough to take without my introducing horses into it.

I want, of course, this correction to be duly noted and the officials asked to delete entirely that remark in both the French and the English versions.

Senator Flynn: You do not mean that his speech was hairy?

Senator Asselin: No, no, I did not mention horses.

[*English*]

Senator Perrault: You would like to scratch your entry, would you?

[*Editor's note: p. 43 corrected accordingly.*]

TRANSPORT

MASTER PLAN FOR AIRPORTS IN ATLANTIC REGION

Hon. Jack Marshall: I should like to ask the Leader of the Government in the Senate if he would look into the publication of a report on the master plan for the future of airports in Atlantic Canada which was completed at the end of 1979 but, as a result of the election, was delayed. I wonder if he would find out from the Minister of Transport if the report is now ready, and when it will be produced, because it concerns many in the Atlantic region.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I shall be pleased to do so.

[*Translation*]

THE SENATE

WINDOWS IN CLERESTORY OF CHAMBER

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, just before the Orders of the Day are called, with regard to the problem raised by Senator Choquette yesterday about the sunrays that are troubling our friends on the other side, the Gentleman Usher of the Black Rod told me that the matter was discussed with the appropriate authorities of the Department of Public Works. It is hoped that the problem will be solved in the next few days, by next week, possibly before Wednesday afternoon.

[*English*]

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from yesterday consideration of His Excellency the Governor General's Speech at the opening of the First Session of the Thirty-second Parliament, and the motion of Senator Rousseau, seconded by Senator Hays, for an Address in reply thereto.

Hon. Heath Macquarrie: Honourable senators, I am delighted to have an opportunity to address myself to this important item on our agenda, namely, the Speech from the Throne. I want to assure the Leader of the Government that my placement here has nothing to do with strategy of following him or preceding him, if we have any strategy of following him or preceding him. If we have any strategy at all, it has not been vouchsafed to me, but noting that Senator Roblin and Senator Perrault spoke yesterday, it would appear that the Conservative strategy is to have a couple of big guns followed by a small one, so here I am.

The debate was well begun by Senator Rousseau and Senator Hays. I did not have the opportunity of knowing Senator Rousseau before, but her utterances were wise, helpful and timely. I am a little less enthusiastic about the Speech from the Throne than she was, but I commend her for her utterances. I think her whole speech was a credit to the noble profession to which she belongs, and which I think is one of the greatest.

● (1500)

Senator Hays, the seconder of the motion for an Address in reply, is a friend of mine from earlier days in the House of Commons. We never got so well acquainted that he offered me a drink of sillabub, but I am told, given its ingredients, that a poor little guy from the Maritimes is better away from such potent danger. Senator Hays made a wise and pragmatic speech, ending up on a wholesome and optimistic note, which I applaud.

I am honoured to have the opportunity of being the second speaker in this debate from this side, following Senator Roblin. I am proud to be Senator Roblin's colleague in this chamber. I spent a few years of my life in the keystone province of Manitoba, and I know why he is regarded as one of the great provincial premiers that this country has produced. Indeed, I think his reputation is so secure that I may now divulge that he once asked me to be one of his colleagues in that great province. I think he can stand the strain of that being told now. Only the strong sentimental ties with my beloved native province allowed me to turn down the opportunity of close political association with a man whom I hold in the very highest esteem.

Honourable senators, on the last day of the Thirty-first Parliament I had the pleasure of expressing birthday felicitations to the then Speaker, Senator Grosart. His tenure in that office was, alas, short, but the record of his performance was not scant. He fulfilled, in fullest measure, the high traditions of a presiding officer in a great deliberative assembly.

I follow these recollections and reflections with a hearty salute to the present occupant of the Speaker's Chair. I was in the House of Commons when he arrived; I was there when he left; and I was happy to become his colleague in this illustrious chamber. He is a sensitive and compassionate man, with a courageous and consistent devotion to Canada, and I wish him well in his important task.

Hon. Senators: Hear, hear.

Senator Macquarrie: Honourable senators, in making my maiden speech in this chamber last October, I complimented the then opposition for taking seriously their duty in the Question Period, interrogating the excellent ministers then in office. Senator Perrault, with his usual informality, asked:

Would you like to sit over on this side?

And I replied:

Some day I may be there, but not for a while.

Well, honourable senators, it has been a much shorter "while" than I had expected. If a Presbyterian may give reference to such a line *sic transit gloria mundi*.

As Senator Flynn noted the other day, we Conservatives generally find ourselves in the opposition. One might say we are a rightist party, normally residing on the Speaker's left.

I consider myself a lucky man to be only 60 years old and to actually remember living through three Tory governments. Usually, of course, I am in a minority, and quite often in a minority within a minority. From my present location, as I look at the benches across, and the benches to my left and to my right, I am reminded of just a bit of one of Tennyson's poems that I read years ago:

Cannon to right of them
Cannon to left of them,
Cannon in front of them
Volley'd and thunder'd.

I said, honourable senators, that I recalled only a "bit" of that poem. We are not here as a Light Brigade. This happy band is not of that category at all. Rather, we plan to fight again and win the day, toughened and tried once more by the strains and stresses of adversity. If I am seen peering across the way with some difficulty, it is because of the clerestory light, and not that I think the horizon is so far removed for a victory for our party.

Some Hon. Senators: Hear, hear.

Senator Macquarrie: I am neither dispirited nor discouraged. A Progressive Conservative must have a great deal of faith, and even more hope. It also helps if he has a good memory. I can well recall as a young boy when in 1935 an election resulted in the return of R. B. Bennett and a magnificent host of 38 colleagues. Earlier in the province of Prince Edward Island we had an election, the result of which was 30 to zero for the Liberals. Eventually—and, my God, how eventually—the Progressive Conservative Party did regain office. For much of that interval, reigning supreme was Mackenzie King who, in 1930, bewailed that he and his party were in the valley of humiliation—far too shallow and far too short a valley, I thought it was.

It is my pleasant task to congratulate the ministers sitting in the Senate. The government leader is an old friend. As well as being a colleague in this house, he was a colleague in the other place. He is a genial, hardworking man; a conscientious man. As government leader in the Senate he has sometimes made mistakes; but when he does, he does so with flair—and I appreciate flair in anything.

His two colleagues from the Senate in the ministry, I am proud to call friends. Senator Flynn the other day, in talking to them and about them, noted that the bearded one was now unbearded, and vice versa, and he remarked on a change of face. I thought he had actually said a "change of faith", for while it is true that they both went to Damascus, they went by different routes. They have now arrived in a promised land of sorts, if I may mix the Old and New Testaments together. But they are good parliamentarians. When they erred in the past, it was because of misguided judgment, not from ill-intentioned wrong.

I followed very carefully—being a senator, I was not numbed—the post-election performance of the Liberal Party in respect of its response to its complete shutout in the great western provinces. There were alarums and excursions, speculation and anxiety, and a feverish search for a solution. Manitoba's Liberal members were sent on safari—a sort of two musketeers, because there were not three. They sought a solution; they sought advice. There seemed to be reluctance to appoint senators as full-fledged ministers.

That attitude, I thought, was a denigration, both to the Senate and to the west. In the agony about the kind of representation—and really what they were concerned about was party representation—there was here all along this chamber which, by its very nature, is representative, a magnificently representative body made up of people from the professions, former provincial premiers, former ministers, men of substance, and poor people like myself. We have here in this chamber a broadly representative group.

But now we find that many senators have been passed over. There are many fine senators from the western provinces, capable and competent of being cabinet ministers. I had the privilege for many years of sitting across from cabinets, so I know what I speak of when I say there are many senators who could make good cabinet ministers, either by comparison or absolutely.

I was surprised that there was a tendency to demur on this course. I cannot understand why more senators were not appointed. The great province of British Columbia has only one minister. Terrible; terrible! As good as that minister is, the government leader cannot take the place of three or four. The great province of Alberta, one minister! What is wrong with the rest of the senators from Alberta? I expected at least half a dozen ministers to be appointed from this illustrious chamber. If I were a senator from that part of the country, I would be wondering what I lacked. I know what I lack. I lack the party

label and I lack the geography, to say nothing of other things. The government is surely not showing sensitivity to western aspirations by limiting these great provinces to but one minister, sometimes called a minister of state—and there is a little nuance there, too, that might bear looking into.

• (1510)

Senator Roblin, in his most excellent speech delivered yesterday, addressed himself to the text of the Throne Speech and, as Senator Muir knows, that is not always done in Throne Speech debates. But it should be done, no matter what type of Throne Speech. When I was first asked about my reaction to the Throne Speech, with my usual candour I said that I had seen worse. And, indeed, there are aspects in it which I commend.

One of the glowing jewels of the Clark government's record was, in my opinion, the Freedom of Information Bill, and I urge the present government to move on that, and to move quickly to put it in place. I would further suggest that they call into close and constant consultation the father of this enlightened measure, a very distinguished former parliamentarian, Mr. Gerald Baldwin. He could be helpful to them. Furthermore, I think that in honour of his contribution to this important field, the field of freedom, down through many years, it would be a noble gesture if he were appointed to the Privy Council of Canada.

Hon. Senators: Hear, hear.

Senator Macquarrie: I was pleased to note the three paragraphs entitled *An Active Foreign Policy*. One refers to a commitment to increasing the ability of NATO to do its job. Now, honourable senators, was it a year or was it lives ago that the party then in office once actually planned to take us out of NATO, but settled instead for diminishing and cutting in half our military contribution? I remember in another dispensation moving in 1971 a foreign policy debate in the other place, which in an almost unprecedented way actually continued for two days. That motion called on the then government—which is now once again the government—to reassert its relations with our traditional allies. But I do not ever fault anyone for a late conversion. I welcome it late or soon.

The paragraph on disarmament does not evoke strong sentiments or give me the impression that much will change. Canada has always played a major role in the constant search for genuine world disarmament. I well recall the great work of the Honourable Howard Green at the Geneva conference and subsequent meetings. Then came General Burns, a distinguished Canadian in war and in the search for peace, and then George Ignatieff, an ornament to our diplomatic service. Now we have the son of our greatest diplomat of all. Geoffrey Pearson, the son of Lester B. Pearson, serves as a special adviser on disarmament, and I think he does well. If designating him as an ambassador will be helpful, of course it will be welcomed, but somehow I think that nomenclature is not really the major issue here.

Sombre as it must be on international matters—and that is, alas, a sound judgment—the Speech cites the travails and tensions on the national scene. It says, "In every part of Canada there are forces which are driving us apart rather than bringing us together." This is true. But it is not new. Throughout its century-long history the unity of the Dominion of Canada has been based on the interplay of the centripetal forces drawing us together and the centrifugal forces tearing us asunder. And the test of statesmanship down through the years has been to maintain and sustain the supremacy of the former. To hear some in the press and public today, the tensions in Confederation began in the last few years; that before Premier Lévesque and Premier Lougheed all was serene, secure and steadfast. Nothing could be further from the truth. We have had threats before and threats galore. The voters of New Brunswick—and they were the only ones who were asked—when they were asked to vote for Confederation voted no. And that wily old Nova Scotian, Charles Tupper, did not even ask the legislature, let alone the people, because he had a good idea that the answer would be no.

And on Dominion Day in 1867, Nova Scotia sent up 19 members to the House of Commons, and 18 of them were anti-Confederates. The same day the legislature elected 37 members and 35 were anti-Confederates. And one of the other two poor lads died before he ever took office.

Senator Donahoe: One was my great-grandfather.

Senator Macquarrie: His great-grandfather! It appears that even God was against Confederation at that time.

Little Prince Edward Island, wise, thoughtful and canny, stayed out as long as possible. It became financially extremely difficult. In 1866 Premier Pope said that 99 per cent of the Islanders were against Confederation. Never was there a Gallup poll so indicative as that. When eventually the Island came in, the local politicians said, "We have sold our noble little ship and now she stands stripped of all the glory with which for 100 years she was adorned." And a poet denounced the politicians in a song which has become quite popular this last few years, and I note that with some interest:

> With dishes fine their tables shine
> They live in princely style
> They are the knaves who made us slaves
> And sold Prince Edward Isle.

Over in New Brunswick, surprisingly enough, they came out with more biblical inspiration, and one of their leaders said:

> When I forget my country so far as to sell it for Confederation, may my right hand forget its cunning; and if I do not prefer New Brunswick as she is, to Canada with all her glory, then let my tongue cleave to the roof of my mouth.

They were not enthusiastic, honourable senators; they were clearly not enthusiastic. But one could go on with many references to deep-seated agonizing and hostility from all the areas which eventually comprised the dominion of the north, as Professor Creighton described it.

Senator Donahoe: Nova Scotia said she was sold for the price of a sheepskin.

Senator Macquarrie: A sheepskin, yes. I am one of those, honourable senators, who use the word "Dominion" because I think one of the greatest men we have produced was Sir Robert Borden who was the architect of our independence, and he presided over, in large measure, the change from colony to Dominion. Although unthinking people say, "You cannot use 'Dominion' because it means subservience," they are quite wrong. It meant a very great forward step from a subservient status to a magnificent harbinger of one of the great organizations of the world, the Commonwealth of Nations. And if I were allowed by the rules to take note of his presence in the gallery I might say that a very distinguished Canadian who used to adorn this place and who has adorned literature and who has been a controversialist all his life, Dr. Eugene Forsey, is another person who knows the meaning of the word "Dominion" and uses it, and I could not be in better company if I tried.

Hon. Senators: Hear, hear.

Senator Macquarrie: But I mention these things, honourable senators, not as part of a history lesson, although we ignore our past at our peril. As a Conservative I try to learn from the past and not be a reactionary who is bound by it. But I do make reference to it for a couple of reasons. The first surely is that the act of bringing the country together, these disparate and distant and not enthusiastic colonies, into a new political entity, was a truly great exercise in statesmanship, for which we Canadians have been always too reluctant to give credit and always too hesitant to get enthusiastic about.

● (1520)

I used to teach courses in the university about nationalism and the great nation-builders, Cavour, Mazzini and others, but I think, considering the task that Sir John A. Macdonald and his associates faced, they take a noble place with any one of them. It was a terribly difficult task, and surely it was far more challenging to put this country together than it should be to keep it together.

Secondly, we must ask why, in an era of the most sophisticated communications technology, Canadians seem not to be able to dialogue together. We have the technology of communicating but do we communicate? *The Two Solitudes*, alas, has not been overborne by the passage of time since the distinguished author wrote that book. We are technologically unified but emotionally more separated than ever before.

Why is the noble creation of our forefathers in danger? Why are we in a position where, after generations of being together, we can even conceive of the departure of one of the original parts of what is truly a great country? What has happened?

Several years ago the present Prime Minister told Canadians that separatism was dead. I wish he had been right, but, alas, not so. I have never pretended to understand the nuances of Quebec's social and political life. Many anglophones would make the same confession. But for the past decade and more distinguished Quebecers have been at the helm of national affairs. So we must ask what things were done or were left undone. It is a serious, ominous question.

I was interested in the exchange between Senator Asselin and the government leader in the Senate about the Prime Minister's indication of what would be the case in a "no" vote or a "yes" vote, and I think, had I been the prime minister, I would have replied pretty well as he did. But one cannot pose a question to an electorate and assume that the answer will go the way one desires. It could be "yes". And while no one wishes to talk about the results thereafter, we must in fact think about them. I cannot help but think about the possibility. I do not want it, but I cannot remove it from the realm of possibility. It would be blindness to do so.

On that I feel very much as Burns must have felt when in that warm, revealing poem *To A Mouse* he said:

> Still thou art blest, compared wi' me!
> The present only toucheth thee:
> But, och! I backward cast my e'e
> On prospects drear!
> An' forward, tho' I canna see,
> I guess an' fear!

So there must be a sense of disquiet, and I think it is tremendously important.

I don't quite agree with what the Leader of the Government said in the chamber yesterday that national unity is the one issue, truly the one real issue. I do not think it is, but I think it is certainly the most important. There are other issues, of course; economic issues of enormous gravity.

Yet we are always traumatized, I think, in the national scene as to how we react to the situation in Quebec. I feel it is enormously important, and yet it is awkward if someone else sets up the premise upon which I must demonstrate my feelings. I don't believe that the result of the referendum *per se* is all important. No matter which way the vote goes on May 20, that will not end this situation of great significance. Perhaps we are, in dramatizing that particular day, not rendering a good national service. Yet, if we want to—and I think we must because there is an educative role for politicians; we are not just representatives—if we want to demonstrate that, I think we are impelled to comment and to feel that it is something of utmost seriousness.

There are aspects of the whole matter that trouble me. I would do a great deal—I do not know what I wouldn't do—to make this Canadian family more unified. I am again referring to one of my heroes in this country. I think, as does Dr. Forsey, that the British North America Act was a pretty good piece of legislation. Some people stood it on its head, which doesn't do anybody much good, but it has worked extremely well.

I am not so narrow-minded in this view that I would not change the B.N.A. Act, but I am a little upset when I read of people saying that anything at all goes so long as we can bring about the defeat of the "yes" side, that they would establish a

country in which there would be no more national institutions than in a loose alliance of semi-sovereign states.

That, I think, is distressing. If we can seek to find a formula for the linguistic and social discontent of one part of the country, or the disquiet of one part of the country, by saying that all of the units can take the same thing, what do we have left?

I have seen, I think, far too much diminution of the central government; far too much expansion of the powers and prestige of the provinces. One hears that the provinces want undisputed control of this, and undisputed control of that. I am concerned that solutions to social problems will benefit Canadians of every sector on a national basis. I do not want to see a situation in which a rich province can mount a fine medicare program leaving us to wonder what will happen to the sick people in the poor provinces. Is poverty to be the sole ingredient of our patriotism?

These are matters we must address ourselves to. You never really find a campaign utterance that gains the attention it deserves, but I thought the most important thing that the then Prime Minister Mr. Clark said during the federal campaign was in his Spruce Grove speech in Alberta when he spoke about the absolute, essential need of having a careful look at what should be done in this country in reference to jurisdiction, when he spoke about the Rowell-Sirois report as a sort of example of the scope, not the resolution but the scope, of the problem.

The sad part of all this is that while we might say the provinces are equal in constitutional power, they are vastly different in economic strength.

Confederation, honourable senators, is many things and everyone here could describe what Confederation means to him, but one thing surely is essential and that is that it is a sharing of the advantages and disadvantages of the natural resources of the regions.

I liked an aspect of the Prime Minister's remarks which I read in the *Globe and Mail*. Since our rules forbid us to refer to the debates in the other house—

Senator Flynn: No.

Senator Macquarrie: Yes, I thought they did, Senator Flynn. I am referring to the situation where he used a word that has almost dropped out of existence, and that is the word "patriotism". We all cherish our provinces, or communities; but our founding fathers were right when they saw the proper, and, indeed, I believe the essential, priority in the federal state, which is that the whole is greater than the parts and, indeed, the sum of the parts. If we do not feel this in our hearts and express it in our institutions, the true north, strong and free, will not long endure; nor will a loose alliance of quasi-independent provinces be a worthy or even respectable successor.

• (1530)

The situation is extremely delicate. The people of the other nine provinces are very much part of the whole question in Quebec today. Yet, while they are part of the question, they cannot be, nor should they be, a part of the debate.

I read of an Alberta minister saying the other day that Canadian political leaders in the nine provinces are walking on eggs for fear of playing into the hands of René Lévesque. In my view, a national referendum would be an horrendous thing. It would put us into a confrontation that we could do nicely without.

Of course, we end up by saying that Quebecers must make their decision. But surely most of us in this chamber, or in the nine provinces—indeed, in Canada—believe that any Canada without Quebec would be a pale and weakened development of the great entity which our political forefathers brought forth. Surely it would be a supreme lack of faith, in them and in our country, if we should fail in 1980 to retain that which under very adverse circumstances they wrought in the period from 1864 to 1867.

I have no special claim to being a great Canadian, but for years I represented Prince Edward Island, the cradle of Confederation, where it all began, and I do not want to live to see the dreams of those men shattered or diminished; nor do I want my children to live in a time with fellow Canadians who are unable to sustain what the people of an earlier day were able to build.

We must fulfil our destiny as a strong, united country. Let us not lose faith. I have never been afraid, honourable senators, in making a speech, to call upon the words of someone who has expressed it more nobly. John A. Macdonald was reputed to be a crafty, canny politican; but he was much more, and he showed it in the few words which he uttered in the House of Commons the year before he died—indeed, it was less than a year. He said:

> If I had influence over the minds of the people of Canada, any power over their intellect, I would leave them this legacy: Whatever you do, adhere to the union. We are a great country and shall become one of the greatest in the universe if we preserve it. We shall sink into insignificance and adversity if we suffer it to be broken. God and nature made the two Canadas one. Let no factious men be allowed to put them asunder.

Hon. John J. Connolly: Honourable senators, may I first congratulate His Honour the Speaker on his appointment to the Chair of this chamber.

Mr. Speaker, all of us in this chamber who know you—and all of us do—are fully aware of your distinguished career as a minister of the Crown and, before that, as a leader in the trade union movement in this country, which has meant so much to Canada. I am thinking particularly of your dedication to, and your self-sacrifice for, the promotion of a truly noble Canadianism, a Canadianism in which you envisage the participation of people from all the provinces, and more particularly from your beloved province of Quebec. You have always wanted the people of Quebec to play their full part in Confederation. We are honoured by your appointment as Speaker of the Senate.

Hon. Senators: Hear, hear.

Senator Connolly: May I also say of Senator Grosart's short term—too short a term, really—in the Chair, that he was an excellent Speaker. He was so because of his dedication not only to the Speakership and its traditions but also to a continuing and at all times pervasive interest in the proceedings of this house. He is a worthy member of the community of Speakers who have occupied the Chair, and he is part of a fine tradition.

Since I did not speak on the Address in reply during the last session, I should like to say to Senator Lapointe how much her charm and grace brought lustre to the Speakership, and, in my experience, brought it to a high water mark both within and without the chamber. Senator Lapointe was a fine Speaker and is a great lady.

Hon. Senators: Hear, hear.

Senator Connolly: I also wish to pay my deep respects to the Leader of the Government and the Leader of the Opposition. I have never been a leader of an opposition, but I have had the responsibility of leadership on the government side and I know the kind of sacrifice that is involved by those two honourable gentlemen in the conduct of their duties. Not only have they assumed those duties, but they have occupied their position for so long that I wonder about their capacity to endure. We are indeed their debtors and we owe much to the kind of dedication they bring to their work.

What I say of the leaders, I say also, in proportionate measure, of their deputies and their whips.

Hon. Senators: Hear, hear.

Senator Connolly: Senator Macdonald is, of course, an old hand and an old friend in this house, and it pleases me greatly—as I am sure it pleases all of us—that he is going to continue to be the whip on the other side.

Hon. Senators: Hear, hear.

Senator Connolly: I also welcome Senator Frith to his new duties as the Deputy Leader of the Government. I am pleased too that our genial friend from Newfoundland, Senator Petten, is still the whip on our side. I am sure that the two representatives from the Atlantic provinces will get along very well.

Honourable senators, we have just listened to a magnificent speech from our friend from Prince Edward Island.

Senator McIlraith: From the Island.

Senator Connolly: From the Island. I can only say to Senator Macquarrie that in my earlier days in this house—I do not want to pose as an ancient, although I am fairly ancient—I used to hear such speeches on occasion. However, those occasions have become fewer and fewer. It warms the cockles of my heart to hear senators talk so warmly and so feelingly about some of the great people of the early days of this country, quoting some of their sayings and recounting some of the things they did.

We have to remind ourselves constantly that if we are going to make a success of our provinces and our country, we have to stand on the shoulders of the ancients. The ancients in this country are not that ancient. We are, after all, only a little more than 100 years old. But it is addresses like Senator Macquarrie's, I think, that give us all a great lift, a great inspiration, and I would hope that we would have a good many more, not only from him but from other members of the chamber.

• (1540)

I am now going to take a leaf from his book. He said that when one participates in the Address in reply to the gracious Speech from the Throne, one should refer to something in the Speech, at least, to justify the taking up of the time of the chamber. I do that now, in deference to Senator Macquarrie, and say that the words in the Speech that particularly justify my standing here today are as follows:

> —my Government will revive the process of constitutional reform.

Honourable senators, lost in the turmoil of the general election of this last winter was a judgment of the Supreme Court of Canada which was issued on December 21, 1979. It is a judgment that is most significant in the history and development of Canadian constitutional affairs. It arose from a reference by the Government of Canada in November 1978 to the Supreme Court at the instance of the Special Joint Committee of the two houses of Parliament on the Constitution. The reference concerned the legislative authority of the Parliament of Canada in relation to the Upper House.

It was alleged by the government in the reference that the authority for Parliament to abolish the Senate arose from a provision in clause 1 of section 91 of the British North America Act. That clause, as amended, was passed by the Parliament in the United Kingdom in December 1949. That amendment conferred upon the Parliament of Canada the right to amend the Constitution of Canada, with certain exceptions.

Shortly, the court was asked to say if the Parliament of Canada could alter its own establishment by substituting for this chamber, the Senate, another body as proposed by Bill C-60.

The court found that the words "the Constitution of Canada" do not mean the whole of the B.N.A. Act. They mean the Constitution of the federal government as distinct from the provincial governments, and in matters of interest only to that government, namely, the federal government. The court further found that the powers to amend the Constitution of Canada given by section 91 of the B.N.A. Act were not intended to include the power to eliminate either the Senate or the House of Commons.

Furthermore, the court found that section 91 confers authority to legislate in respect of matters within that section—that is to say, in respect of federal matters—"upon the Queen, with the advice and consent of the Senate and the House of Commons." In short, in answer to the first question in the reference, the Supreme Court has held that the Parliament of Canada alone cannot delete any reference to the Upper House or Senate, as those references are found in the B.N.A. Act,

and that it alone cannot abolish either the Senate or the House of Commons.

Honourable senators, I think most people thought that this had always been the law. But now it has been confirmed by the highest court in the land, and the decision is binding on governments and the Parliament of Canada.

The second question to which the court directed its attention, and which is referred to in the judgment as paragraph (f) of question 2, was as to "whether bills approved by the House of Commons could be given the force of law after the passage of a certain period of time, notwithstanding that the Upper House had not approved them." This, too, was a proposal of Bill C-60.

The court found that a provision of this kind would seriously impair the position of the Senate, because it would permit legislation to be enacted without the consent of the Senate. For this reason the court found that Parliament cannot impair the role of the Senate in that process; that is to say, in the legislative process prescribed by clause 1 of section 91 of the B.N.A. Act.

Honourable senators, it was the introduction in the House of Commons of Bill C-60 in 1978 which gave rise to the reference, as I have said. Bill C-60, *inter alia*, proposed to replace the Senate with a body to be called the House of the Federation. That proposal, if implemented, effectively would have put all ultimate power over federal legislation in the House of Commons. The new second chamber's right to amend bills, should the Commons not concur, was to be abolished. In such circumstances Canada, for practical legislative purposes, would then have had a unicameral federal legislature. In addition, the composition of the proposed new house would have been dominated by appointees of the 10 provincial authorities. The decision of the Supreme Court calls a halt to both propositions.

It is not too much to say that the court's decree has had the effect of preserving, for the time being at least, the parliamentary system as we know it in this country. Henceforth, no government, regardless of how firmly it controls the House of Commons, can abolish the Senate without the Senate's concurrence, or, as matters now stand, without the legislative intervention of the Parliament of the United Kingdom, where the B.N.A. Act, in this area, alone can be amended.

There is a procedure available in Canada whereby such amendments to the B.N.A. Act can be achieved. That procedure is called the "joint address" from the Parliament of Canada to the Parliament of the United Kingdom. In this procedure the Senate must play its part; but then, so must Westminster. In most cases, today, the concurrence of the provinces would antedate the whole exercise of the joint address.

● (1550)

Honourable senators, the validity of the court decision to which I have referred is well reasoned; it is clear; it is extremely well written; it cites the essential precedents without being heavy or burdensome to the reader. It was the unanimous view of the eight judges who sat. It is not appealable. It is a pronouncement of historic significance.

All this is not to say that constitutional reform in federal matters in Canada is unattainable, nor is it to say that prospects for Senate reform have been frustrated. It means simply that such substantive changes in the British North America Act, when they require action by the Parliament of the United Kingdom, must carry the concurrence, not only of the House of Commons but as well of the Senate.

From my own experience in this chamber, and particularly in the Special Committee of the Senate on the Constitution, I am convinced that senators are as anxious as any group or groups or individuals to support the work of reform. I am equally sure that senators, who are probably as expert as anyone else in the requirements for an effective second chamber in Canada, would prefer to see the process of reform conducted within the proven structure of the parliamentary system as we know it. It would be tragic for a country like Canada, with its great potential, to embark upon a plan which would trade the basic elements of its federation—like the Parliament we have now, but reformed—for some untried, experimental establishment. The Canadian federation has been made to work. With prudence and goodwill, a renewed federalism can continue to preserve and develop the heritage of Canadians for the greater well-being of existing and future generations.

I believe this can be best achieved in the Canadian federal state by preserving the institutions of the parliamentary system—a system that has a proven validity and which has been tested in war and in peace both here and elsewhere.

Honourable senators, the cry for change is ever present in the body politic, particularly in respect of representative institutions. This is because society, and the people and institutions which comprise it, are dynamic. New inventions, new requirements, new aspirations and new standards are constantly evolving in the social cauldron. There is not always a standard to test the excellence or the appropriateness of new plans, but there must be a standard. Change for the sake of change is hardly a suitable test. Popular demand or *vox populi* may not necessarily be *vox dei*! Modern people are easily persuaded of the value of revolutionary concepts. Such ideas are sensational and, in the hands of the populist, or the demagogue, with the superficial slogan and the available media, they propagate themselves. This is not fanciful. This has happened and we see it happening.

To build upon tested institutions is the part of prudence and wisdom, and I think it has better promise of ultimate success. There is a maxim on the walls of our Speaker's chambers. It is chiselled into the wood panelling for permanency. It reads *Aude sapere*—Dare to be prudent—and it is addressed to legislators. To be prudent is not always glamorous, eye-catching, or popular, as is the desire to destroy.

The word "reform" is badly used in so many contexts. There is a difference between regressive and progressive change. Real reform must be progressive. I apply this thought to proposals

for the reform of the Senate. Most, if not all, of the schemes for Senate reform, whether in position papers from outside Parliament, or in proposed legislation like Bill C-60, or in the speeches of politicians, or in articles of columnists, have been written by students or scholars, sometimes semi-scholars, commissioned or self-appointed, to produce a result which is popular, sometimes demagogic, and which will offer inducements to groups perceived to be their beneficiaries. Sometimes the test—and it seems to me in most of these papers this is the case—is: "Can the scheme be sold? Think not of its value once it is in place. Worry about that later."

Most of the schemes for Senate reform have centred around the idea that this house should have a higher profile in the area of regional representation. With that we can agree. However, that view must be balanced against the representation which the regions of this country have in the House of Commons, in the cabinet, in the provincial legislatures, and at the federal-provincial conference.

In passing, may I observe that the regional representation provided by the Senate, to which Senator Macquarrie has already referred, was powerfully and authoritatively recognized by Prime Minister Clark when he brought into his cabinet, to supplement the shortfall of his supporters from Quebec in the House of Commons, two of our distinguished colleagues, Senator Flynn and Senator Asselin. As ministers and as senators, they distinguished themselves and brought honour to this house. We are all conscious of that. I would add that Mr. Clark's appointment of our former colleague, Senator de Cotret, to this house, and to a senior portfolio in the cabinet, showed not only an understanding of the structure of Parliament, but it gave Senator de Cotret a forum for helpful, even brilliant, activity.

I am equally pleased that the present Prime Minister, Mr. Trudeau, for the same reason, has in his cabinet Senator Perrault, Senator Olson and Senator Argue as spokesmen for British Columbia, Alberta and Saskatchewan, from which provinces he has no supporters in the House of Commons. I wish these colleagues well in their new duties. Both of these events are a mature development in a Canadian parliamentary tradition.

● (1600)

Without a Senate constituted as it is, our parliamentary tradition and our parliamentary institutions would have been sadly deficient. The Senate has been a salutary safety valve—not always to be used just as a safety valve, but available in emergencies.

Honourable senators, earlier I alluded to the fact that the recent schemes for Senate reform, or some of them, have been ill advised. To concentrate on the need for regional representation through the Senate to the exclusion of the other functions of this chamber, in my view, is a defective approach. To propose that all or the controlling numbers of an upper house be appointed by provincial governments or legislatures in my view, is to ignore the federal responsibility. Provincial governments and legislators have local and provincial matters as their main concern.

[Senator Connolly.]

Legislators in the federal Parliament must match their concerns and activities to the national requirement. They must reconcile their concerns about the effect of national policy upon their home areas in the light of the national need. It is the welfare of Canada as a whole which must guide their decision.

Provincial appointees to a second chamber would be expected to be provincial spokesmen, locally partisan, and perhaps even almost agents of provincial authorities. In a federal system, such a proposal is not sound. Short of an elected upper house, which the Commons would never tolerate, the federal authority must retain the power of appointment to the upper house; indeed, to all the principal elements of the federal establishment.

In addition to Bill C-60, there have been several other proposals for constitutional change involving the Senate. They all have a common denominator. Whether they propose an upper house called the House of the Federation, the House of the Provinces, or any other name, as I have said, they confer upon the provinces the power to appoint to a new kind of second chamber of this Parliament, but they also remove from that upper chamber the effective power to amend bills. If these suggestions are designed to give provinces effective influence over federal legislation, they fail. If they are an attempt to remove power from the federal authority, they have the opposite effect.

I say this because by eliminating the right of the second chamber to amend bills, they make the government of the day—that is to say the executive—supreme. Under these proposals, through its whips, the government can control the House of Commons and give the ultimate decision for all legislation that goes through that chamber to the Commons and to the government. This does not augment provincial influence over federal legislation. It promises to add only another forum for the expression of provincial discontent. I should think that the federal-provincial conference, properly constituted, is a more telling agency for the effective expression of provincial concerns.

In this day, with the demand for a new federalism, there may well be areas of federal jurisdiction which would be more appropriately occupied by the provincial legislators and vice versa. When areas of jurisdiction as between federal and provincial authorities are to be adjusted—and unquestionably they must be adjusted—trade-offs must be made in the reallocation of the heads or parts of the heads in sections 91 and 92. That is a matter for an intergovernmental conference. The dismemberment of the Senate will not achieve it.

To confer upon the provinces the power of appointment to some upper chamber—some kind of upper chamber which is no more than a debating society—may seem like a concession to the provinces, but it does not help any province realize any of its aspirations in respect of power-sharing. It would not give a province a single additional iota of influence over federal legislation. In real terms the so-called new voices on Parliament Hill would signify nothing. The proposal is misleading. It is a red herring. It diverts attention away from the trou-

blesome trade-offs involved in readjusting all or part of the federal and provincial powers found in Sections 91 and 92 of the British North America Act. That is the area where fundmental constitutional change must be made, where a major restructuring of the Constitution is to be achieved.

Honourable senators, it is one thing to say that federal and provincial powers should be reallocated so that both can legislate in their own new spheres, but it is quite another thing to say that the provinces should actively participate in the federal legislative process. It is doubtful that Canada or Canadians would want a unitary state or even an approach to one. Canada is too diverse in too many ways for that kind of establishment. But it is consistent with the structure of a federal state that there should be an intergovernmental body which can influence the guidelines and the policies of all the governments in the federation. Such bodies should not have legislative authority. The federal-provincial conference can be made that kind of body. Stripped of the opportunity to provide periodic political posturing, its purpose should be to achieve a consensus and, above all, it must avoid the balkanization of the country.

I should like to say something now about appointments to the Senate, because throughout the history of our Confederation every Prime Minister has used as his first test of eligibility for a senatorship the matter of party allegiance. Lately that practice has been modified and there are now more members of this chamber who do not qualify on that ground than ever before. However, it is amazing how well the old system has delivered highly qualified men and women to the Senate. People who were summoned here developed expertise and, indeed, developed positions of authority for themselves in the many sectors of national life where Parliament intervenes. Prime Ministers, indeed, have had the good fortune and good sense to pick good people.

But I think there should be a new formula devised, in law or in convention, whereby, when an appointment is to be made, the Prime Minister, in consultation with the Leader of the Government in the Senate, should have as his primary consideration the requirement in the Senate, and especially in its committees, for persons with a capacity to perform the duties of the office. Committee work especially, as we all know, is becoming more demanding in energy and expertise as time progresses.

● (1610)

In my more than 25 years in this chamber, I have seen the number of people in the opposition benches dwindle, making the task of sustaining debate and manning the various committees most difficult for the members of the opposition, and particularly for its leader. Therefore, I hope we can develop a convention—or a provision in law, if necessary—whereby the Prime Minister of the day, when the numbers comprising the official opposition in the Senate fall below one-third of the total number of seats, can fill every second vacancy among government supporters from any province with a supporter of the official opposition. I think his choice might best be made from a panel of five names which the Leader of the Official Opposition in the other place would be required to submit within 30 days of the occurrence of a vacancy. All appointments, I think, should be made within 90 days after the vacancy occurs.

I say the Prime Minister of the day should be required to fill every second vacancy in the seats allotted to a province in such manner because, political life being what it is, every Prime Minister is under pressure from his party in respect of Senate appointments, as well as many other types of appointments.

Honourable senators, I say nothing now about other changes which should be considered in connection with Senate reform—matters such as the length of tenure, the age of retirement, the right of the Senate to amend financial clauses of bills other than bills of appropriation, or even the need for increased representation from the four western provinces.

Thus far, I have dealt with four points: first, the recent decision of the Supreme Court of Canada on the reference; secondly, the role of the Senate as representing the regions of Canada; third, the retention by the federal authority of full control of appointments to federal parliamentary institutions; and, fourth, the problems presented by the inadequate representation of opposition party members on the opposition benches.

I should like to deal briefly with a fifth point; namely, the right of the Senate to amend bills, except, of course, appropriation bills, which come here from the House of Commons. I exclude bills of appropriation because, by tradition, the House of Commons has always held the power over, and responsibility for, the public purse, and that is as it should be.

May I first attempt to dissipate the legend of the horrible consequences of the Senate's veto. The veto power is commonly understood to mean the right of the Senate to defeat or refuse to act upon a bill passed by the other place. "Veto", in this case, means the rejection of a whole bill on the ground of principle or of politics, or both. "Veto", thus understood, is distinguished from the Senate's power to amend certain clauses of certain bills.

It is commonly put about that the Senate can reject any bill that comes before it; that the Senate can therefore frustrate the will of the elected representatives of the people; that the Senate is a sword of Damocles hanging over every legislative proposal of the House of Commons. I suppose, except for appropriation bills, technically, that is true. Literally, that may be true. But the threat is more imaginary than real. Senator Forsey, an acknowledged authority on the institutions of Parliament, has told us that in over 40 years the Senate has not rejected an entire bill, and is unlikely again to do so. The word "veto" is a bogey; it is misleading and unreal, in our time.

But the upper legislative chamber of a Parliament must have the power to amend bills if it is to have a valid legislative function. To deprive it of this power is to reduce it to the status of an impotent debating chamber. In our open society, we have no problems in providing for the exchange of views outside of Parliament—in meetings, study groups, the press and the media generally. But both houses of Parliament must

be more than meeting houses for the debating of views. Their function is to enact specific laws—laws which bind the people.

Honourable senators can easily provide their own examples of improvements to legislation which have resulted from Senate amendments or proposed Senate amendments, and, indeed, so can the well informed observer of parliamentary affairs. Changes of the kind that we make here are seldom newsworthy, nor indeed is the searching, exhaustive cross-examination that the Senate committees give to bills. But they have their effect upon the quality of legislation and upon those who prepare and draft the bills, and that may be even more important. Senators, as part of Parliament, must have the amending power of a legislative body.

Finally, honourable senators, there is a further common denominator in most of the proposals for parliamentary reform, and that is to give the upper chamber a special concern for regional, minority, cultural and linguistic rights. I do not propose to discuss this field of activity at length, but a few basic facts, I think, should be remembered.

In our parliamentary system it is not the function of either house of Parliament to establish policies and programs and to provide for their funding and administration. That is the function of the government. The upper house and the lower house can debate the rights and wrongs of a policy; they can approve or criticize programs, their administration and their financial aspects, but only the government can initiate them effectively. Debates and committee reports may move the government in a given direction, but action by the government is a condition precedent to the establishment of a program in the regional and cultural fields, as in any other field of government activity.

To confer upon an upper house a special concern for such matters would be an empty gesture. It would have no more authority than would a study group. The government alone has the final, the practical, solution for such issues in its own hands. Only when the government's purpose is determined does Parliament begin to play its part.

It is superfluous for me, and I am sure for all of you, to say that such is the essence of responsible government. It is the government which must answer to the electorate for its actions. To attempt to confer upon an appointive chamber authority for regional and cultural policies while retaining in government alone the power to establish and administer programs for their implementation is neither realistic nor practical.

● (1620)

Moreover the regional, minority, and linguistic groups affected would have no recourse if they were dissatisfied with either the action or the inaction of this appointed second chamber with these endowments of power or alleged power. And the government would disclaim responsibility for the failure of the upper house because of the special authority conferred upon it.

Honourable senators, a renewed federalism in Canada is obviously an important requirement. The provinces seek it; the regions seek it; the federal authorities acknowledge it to be a national goal. To achieve it, federal and provincial jurisdictions must be redefined.

But the goal of a renewed federalism is to assure the achievement of a greater national coherence and national unity. To promote and assure this purpose the federation must have a competent national Parliament. I hope that the views on one aspect of this problem which I have treated today will be helpful.

Hon. Senators: Hear, hear.

On motion of Senator Macdonald, for Senator Murray, debate adjourned.

THE LATE HON. JOSIE D. QUART

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, before any other business is dealt with and before the Deputy Leader moves the adjournment of the Senate, I must inform you with the deepest of regret that our dear colleague, Senator Josie Quart, died suddenly today in Quebec City. She had returned to Quebec yesterday, and apparently was quite well this morning. But she suffered a stroke about noon. I would suggest, because of the suddenness of the news, that tributes be delayed until Tuesday next.

Honourable senators will be able to obtain particulars as to the funeral arrangements from the office of the Speaker, from my office or from that of the leader. They will also be able to get information as to the arrangements made for colleagues to attend.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, might I propose that those of us who are here should stand and observe a moment of silence out of respect for our dear departed colleague. I do not know if there is a precedent for this, but it seems to me to be a good idea to establish one in the case of an announcement of this nature made while we are sitting.

The senators rose and stood in silence.

Senator Frith: Honourable senators, I move that the Senate do now adjourn out of respect for our late colleague.

Motion agreed to.

The Senate adjourned until Tuesday, April 22, at 8 p.m.

THE SENATE

Tuesday, April 22, 1980

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

THE LATE HONOURABLE JOSIE D. QUART

TRIBUTES

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, it was with sadness and surprise that we learned last Thursday of the passing of our colleague, Senator Josie Quart who had attended the opening of the first session of this legislature. She was in the Senate Tuesday and Wednesday. She had returned to Quebec City to attend a meeting of the "no" committee. She was in high spirits when she got up Thursday morning and about noon, she had a heart attack and died a few minutes later.

I met Senator Quart almost 50 years ago, not in my early youth, but let us say in my teens when I spent my summers in Château-d'Eau with one of my uncles and where the Quart family also had their residence. All her children were my friends.

Afterwards, I followed her career. She had always been a very active person mainly within the Conservative Party, especially during the 1945-1957 crisis when she relentlessly kept the flame alive.

[*English*]

Honourable senators, she was colourful, gregarious, good-natured and friendly, and could usually be encountered hurtling down a Senate corridor on her way to yet another sitting of some Dave Croll committee or other. But she always had time for a few pleasant words. Did I know, she once asked, why there was an increase in the sale of water-beds? The answer was because people thought it would be cute to fuddle duddle in a puddle. And off she was again, the irrepressible Senator Josie Dinan Quart, no ordinary octogenarian, on her way to remind a bunch of parliamentarians that their deliberations were about real people with serious problems, and that this fact should not be lost sight of as they cerebrated their way up an ivory tower.

They all loved her because she refused to take herself seriously. But perspicacity and an ability at plain-speaking were by no means the extent of Josie Quart's God-given gifts. This incomparable lady could defuse even the most acrimonious exchange with a disarming comment calculated to bring participants back to a realization of the fact that nothing of any value could be achieved in an atmosphere of animosity.

● (2010)

She was a gem who could be counted on for a superlative effort in anything she undertook. Her capacity for work was boundless and her enthusiasm contagious. She was forever involved in a multiplicity of undertakings.

Her contributions to society through all the activities she initiated, the groups she led, the causes she espoused, have served to make this country, and in particular the province of Quebec, a much better place to live in.

This was an uncommon lady to whom much was given in the way of talent, and from whom much was received in the way of service. The community she served was in no way restricted by geography. Her concern was for the community of man. She sought its general betterment, and in that she achieved a degree of success that was remarkable.

We should thank Providence for having given us Josie Quart. She leaves behind a world better for her having lived in it. She had charm and she had grace. She was witty, personable and intelligent. She was, as she would say, a typical Tory.

To her family and the many friends who will also miss her, I offer, on behalf of the Progressive Conservative Party that she served so selflessly, my most heartfelt condolences.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, to underline and echo much of what Senator Flynn has said, I should say that I did not know Senator Quart too well, but I did know her family and, in particular, her son Gerry. I thought so highly of Senator Quart that I find it difficult to acknowledge that she was a typical Tory. However, in the circumstances, I am prepared to say even that.

She did have a remarkably rich life matched so well by the richness of her personality and the sheer enjoyment one experienced, by simply being in her presence, no matter what was being discussed.

Senator Quart could be likened to Wordsworth's Happy Warrior who:

> —while the mortal mist is gathering, draws
>
> (Her) breath in confidence of Heaven's applause.

Senator Quart's grandson delivered the eulogy at a touching and beautiful ceremony at St. Patrick's on the Grand Allee. Some members of the Senate were present. The service and, in particular, the music were particularly beautiful.

In the eulogy delivered by her grandson, he opened and closed with what I think are very appropriate words:

> Her life was a rich tapestry and we shall miss her.

Hon. Daniel A. Lang: Honourable senators, if I may be permitted to add my brief tribute to the late Senator Quart, I should be happy to do so.

I was first introduced to the Quart family on my appointment to a rusty, rather salt-scarred Corvette when I served in

the Royal Canadian Navy during World War II. My introduction to the Quart family was through an officer who was already on that ship, namely, Josie's son, Gerry Quart.

I should say that in those days, and in the darkest days of the Battle of the Atlantic on the Newfie-Derry run, there were no Maritimers, no Quebecers, no Ontarians and no western Canadians. In fact, there were just Canadians. On the funnel of that ship, we, like everyone else, painted the maple leaf. Josie Quart would have approved.

• (2015)

When I came to this place and met Josie, she knew of my wartime friendship with her son, and I think because of that she may have taken more than her normal warm interest in me as a colleague in the Senate. However, over all of us she cast the glow of her enthusiastic and optimistic nature.

To her large progeny—children, grandchildren and great grandchildren—we extend our deepest sympathy. We here know how important they were to her and what joy they were to her. We will sadly miss her.

[*Translation*]

Hon. Renaude Lapointe: Honourable senators, six years ago, when Mr. Robert Stanfield presented Senator Quart with a magnificent parchment making her a life member of the Progressive Conservative Association, he reminded us that our dear Josie had started in politics at the early age of 9, well before women in Canada ever had their voting rights.

In 1918, after women were granted those rights in Ottawa, Josie founded the South Quebec Women's Association, the first of its kind with a federal charter.

Later on, her outstanding work as President of the Ladies Auxiliary of Military District No. 5 won her the Decoration of Member of the Order of the British Empire.

Josie also distinguished herself as a Canadian delegate to the United Nations Commission on the Status of Women and attended in that capacity the sessions held in Geneva, New York and Buenos Aires in 1958, 1959 and 1960.

A member since 1960 of a dozen special Senate committees and the Joint Committee on the Constitution, she also took an active and helpful interest in all women's associations and all good causes for which she was approached.

In peacetime as in wartime, the life of Josie Quart was an endless series of activities within charitable and philanthropic organizations that would really be too long to list. Her lively character won her the friendship of all and her absence will be deeply felt not only by her large and beautiful family but by her second family in this chamber because everywhere she happened to be during the 60 years of her career, she has always been the darling and the life of the party.

[*English*]

Hon. David A. Croll: Honourable senators, I knew Josie Quart well. From the first time we began making committee studies of a nature that concerned her, she served on our committees. She served on the Committee on Aging from 1962 to 1966; on the Poverty Committee from 1968 to 1971; and on the Committee on Retirement Age Policies from 1977 to 1980.

• (2020)

Last Tuesday we called a meeting of the group together for the purpose of organizing speaking assignments in the house. She asked for ten minutes in which to make her contribution here. She was constant in her attendance at meetings, and you could always depend on her. She had a feeling for the poor and the needy and she made it her business to let us know that equality for women was one of the most important things we could deal with.

I remember particularly one occasion when the Poverty Committee was sitting in Quebec City. Senator Edgar Fournier was in the Chair. Senator Quart's grandson came before the committee. He was a bright young fellow and his views were a little different from the views which we had in the committee. I was sitting beside his grandmother so at least she could tell me what they were saying. She enjoyed it immensely. I got to know the boy pretty well after that, and, as I say, he was a fine boy. But this was one of the things that gave her pleasure.

She contributed a great deal, quietly and in her own way. She made it her business to be present when it was necessary for her to be present and the Senate and the country is poorer for losing her.

Hon. Duff Roblin: Honourable senators, I trust that I may be allowed to join in these tributes to our late colleague Senator Josie Quart. She was one of those invincible personalities of whom it can truly be said that once one knows her, one will never forget her. I think we would describe her in some circles as "la grande dame du parti progressiste-conservateur dans la province de Québec," but there was no one political party nor indeed was there ever one province that could contain Josie Quart.

She had those virtues which we are now inclined to describe as old-fashioned patriotism. Some of the people who use that term may not mean to be very complimentary by it, but I certainly mean to be complimentary by it. She had a vision of the country, a love of the country, a knowledge of the country and a desire to work for the country, a desire which could not help but impress those who worked with her in her various fields of endeavour. We think of her perhaps as a party politician in this house, and that, of course, is true, but her work for the blind, her work which has been mentioned with respect to the status of women in the province of Quebec, and her interest in the activities of the United Nations gives some idea of the scope of her activities and her contribution to our Canadian scene.

I think she would be pleased to hear some speak tonight of her family, because there was nothing of which she was more proud than her family. Her five children and her even larger number of grandchildren whom I happen to know are spread across this country from Vancouver to Montreal and Quebec. They gave her a contact with the nation which was unique, and she epitomized those family virtues which I for one respect and admire.

She was a merry person, never down-hearted, always able to take the high road in whatever she had to do and in the views she had to express. She made friends with everyone who met her. I know that I express what all of us here feel, the hope that our words of appreciation and of condolence will be conveyed to the members of her family.

● (2025)

OFFICIAL LANGUAGES

REPORT OF COMMISSIONER TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table the report of the Commissioner of Official Languages for the calendar year 1979, pursuant to section 34(2) of the Official Languages Act, Chapter O-2, R.S.C., 1970.

HER MAJESTY THE QUEEN

BIRTHDAY FELICITATIONS

Hon. M. Lorne Bonnell, seconded by **Hon. Nathan Nurgitz,** moved:

That the Senate of Canada, being honoured this week to observe the happy occasion of the birthday of Her Majesty Queen Elizabeth the Second, do, through the Speaker of the Senate, convey to Her Majesty its warmest regards and good wishes.

Motion agreed to.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Department of Supply and Services, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1979, pursuant to section 12 of the *Department of Supply and Services Act*, Chapter S-18, R.S.C., 1970.

Report, dated December 1979, of the Law Reform Commission of Canada entitled "Advisory and Investigatory Commissions", pursuant to section 18 of the *Law Reform Commission Act*, Chapter 23 (1st Supplement), R.S.C., 1970.

Report of Eldorado Nuclear Limited and its subsidiaries, Eldorado Aviation Limited and Eldor Resources Limited, including the consolidated financial statements certified by the Auditor General, for the year ended December 31, 1979, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Statement of the Chartered Banks of Canada showing Revenue, Expenses and Other Information for the financial year ended October 31, 1979, pursuant to section 119(1) of the *Bank Act*, Chapter B-1, R.S.C., 1970.

List of shareholders in the Chartered Banks of Canada as at the end of the financial years ended in 1979, pursuant to section 119(1) of the *Bank Act*, Chapter B-1, R.S.C., 1970.

List of shareholders in the Montreal City and District Savings Bank as at October 31, 1979, pursuant to section 101(1) of the *Quebec Savings Banks Act*, Chapter B-4, R.S.C., 1970.

Report of the Superintendent of Insurance for Canada, Volume II, Annual Statements of Property and Casualty Insurance Companies, for the year ended December 31, 1978, pursuant to section 8 of the *Department of Insurance Act*, Chapter I-17, R.S.C., 1970.

Report of the Superintendent of Insurance for Canada, Volume III, Annual Statements of Life Insurance Companies and Fraternal Benefit Societies, for the year ended December 31, 1978, pursuant to section 8 of the *Department of Insurance Act*, Chapter I-17, R.S.C., 1970.

Report of the Superintendent of Insurance for Canada on Trust and Loan Companies for the year ended December 31, 1978, pursuant to section 8 of the *Department of Insurance Act*, Chapter I-17, R.S.C., 1970.

Report of the Anti-dumping Tribunal for the year ended December 31, 1979, pursuant to section 32 of the *Anti-dumping Act*, Chapter A-15, R.S.C., 1970.

List of Commissions issued under authority of section 3 of the *Public Officers Act*, during the year ended December 31, 1979, pursuant to section 4 of the said Act, Chapter P-30, R.S.C., 1970.

Statement of all bonds registered at the office of the Registrar General of Canada for the period October 18, 1977 to December 31, 1978, pursuant to section 32 of the *Public Officers Act*, Chapter P-30, R.S.C., 1970.

Capital Budget of VIA Rail Canada Inc., for the year ending December 31, 1980, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1980-900, dated April 3, 1980, approving same.

Report of the National Energy Board for the year ended December 31, 1979, pursuant to section 91 of the *National Energy Board Act*, Chapter N-6, R.S.C., 1970.

Reports of the Department of Veterans Affairs and of the Canadian Pension Commission for the fiscal year ended March 31, 1979, pursuant to section 8 of the *Department of Veterans Affairs Act*, Chapter V-1, and section 4(2) of the *Pension Act*, Chapter P-7, R.S.C., 1970, including reports of the Pension Review Board, the War Veterans Allowance Board and the Bureau of Pensions Advocates for the same period.

Report of the Canadian Transport Commission for the year ended December 31, 1979, pursuant to section 28(2) of the *National Transportation Act*, Chapter N-17, R.S.C., 1970.

Report on the administration of the *Public Service Superannuation Act*, for the fiscal year ended March 31, 1979, pursuant to sections 36 and 49 of the said Act, Chapter P-36, R.S.C., 1970.

Report of the Task Force on Retirement Income Policy 1979 entitled "The Retirement Income System in Canada: Problems and Alternative Policies for Reform", Volumes 1 and 2, together with a Summary of the Report, issued by the Department of Finance.

Hon. H. A. Olson (Minister of State for Economic Development) tabled:

Agreement, dated October 23, 1978, between the Government of Canada and the Ford Motor Company of Canada Limited, respecting the Essex V-6 engine plant.

• (2030)

QUESTION PERIOD

THE CABINET

MINISTERIAL RESPONSIBILITY IN THE SENATE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government: I wonder if he is now prepared to make a statement, promised last Tuesday, as to the field of responsibility of each of the ministers sitting in the Senate.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I had sought an opportunity to discuss this matter with the distinguished Leader of the Opposition this afternoon. I left a message at his office. As yet it has not been possible to schedule that meeting. Perhaps time can be found tomorrow.

Senator Flynn: I tried to reach you by phone. You were unavailable.

FINANCE

INTEREST RATES—SERVICING OF NATIONAL DEBT

Hon. C. William Doody: I have a question for the Minister of State for Economic Development. Due to the large increase in federal borrowing requirements as a result of yesterday's back-door budget, can the minister share with us the government's expectations as to the degree to which interest rates can be expected to be stimulated by this increased borrowing?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the Minister of Economic Development does not speculate on those things. The Minister of Finance makes some forecasts from time to time, which I think he dealt with yesterday. If he was not ready to deal with the matter yesterday, he will be as soon as he has studied the situation.

Senator Doody: I have a supplementary. Can we assume, then, that all the pragmatism of yesterday is unrepented and that we can now get back to hard facts? Perhaps the minister can tell the Senate what percentage of the revenues of the Government of Canada is now dedicated to servicing the national debt?

Senator Olson: Honourable senators, if the honourable senator will read carefully the speech made in the House of Commons this afternoon by the President of the Treasury Board, he will receive some enlightenment, because the main estimates were tabled there. There are some changes—in fact, an increase in the neighbourhood of approximately $1 billion, before any of the programs that were announced by this government during the election campaign, has been taken into account. A major portion of that amount, of course, is additional costs of servicing the national debt.

Senator Doody: I have a further supplementary. I have not had an opportunity to read the document referred to by the minister, and obviously I am not in a position to comment on his reply. Perhaps he can tell us how large a percentage of revenue can be dedicated to debt servicing before the credit rating of a country, or the level of services that the public can expect to have, are affected. Is there a limit? Is 18 per cent the amount that can be safely carried, or is it 20 per cent or 25 per cent? Is there a level or limit?

Senator Olson: The honourable senator is obviously asking me to speculate. My view is that we were asked for factual information, and a reply to that question would not be in that category.

Senator Doody: I have a further supplementary. With respect, I do not think the subject of my question is at all speculative. There is a basic rule of business management that says how large a percentage of one's income can be dedicated to servicing a debt before one flips over. That is the point of my question.

Senator Olson: The speculation that I have heard in the past is that different people hold different opinions on what the level ought to be in respect to the GNP. The honourable senator is not even going that far, but if he does care to be more specific and call it income, or GNP, or whatever it may be, I can assure him that he is not going to get me to speculate about that tonight.

Hon. Lionel Choquette: Honourable senators, evidently "speculation" is a word that is going to be used by the cabinet ministers from now on. It is the easiest way out of any question that might be embarrassing to them. We have heard a lot about "speculation" and "speculative" and I hope we will not hear too much more along those lines.

Senator Olson: Honourable senators, I did not detect any question in that speech. It seemed to me to be an admonition rather than a question.

Senator Doody: Would the honourable senator care to speculate as to whether or not we can expect to have answers to some of these questions during this session?

AGRICULTURE

EFFECT OF HIGH INTEREST RATES

Hon. Orville H. Phillips: Honourable senators, I would like to direct a question to the Honourable Senator Argue, the Minister of State or Secretary of State—I have difficulty getting the proper title, and if I err in that, sir, I ask your forgiveness.

All honourable senators will recall with admiration and respect the honourable senator's tenure as chairman of the Standing Senate Committee on Agriculture, his efforts on behalf of the beef producers of western Canada, the potato producers of Kent County, and so on. May I now remind him that all of the basic producers are in difficulty because of the exorbitant and record high interest rates which this government has achieved in a period of only two months.

Senator Perrault: Is this a speech?

Senator Phillips: No, it is not a speech. It is a review of some facts. I am merely trying to help Senator Argue out. I know you are rather envious of him because he has been given responsibility and you have not. If you do not mind, I would like to continue my question.

As I was saying, before the Minister of Irresponsibility interrupted, all the basic producers of this country, whether they be beef producers, wheat growers or potato growers, are in difficulty because of the exorbitant interest rates. Can the minister tell us what recommendation he has made to cabinet for the relief of the agricultural industry so that they will no longer have to pay these exorbitant rates?

If I may, honourable senators, I would like to point out that today I had a number of farmers from Prince Edward Island in my office, and they were saying that if they want to get a loan from a bank they must have a contract to sell to a corporate industry, and then they are required to pay interest of from 18.5 to 20.5 per cent. I would very much appreciate if the honourable senator would be kind enough to tell us what recommendations he has made to the cabinet.

● (2040)

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I thank Senator Phillips for his question. With some of his preamble, of course, we can all agree, namely, that high interest rates today constitute a burden on many industries in the country, including the agricultural industry. There are methods in place that, in fact, have given producers the advantage of lower interest rates. The Farm Credit Corporation, for example, issues loans at interest rates lower than the prevailing bank rate in the country.

In my position as a minister, I am not at liberty to say what recommendations, if any, I have made to the cabinet in this regard. However, I can certainly say that I understand the difficulties which result from high interest rates, and I am sure the government also shares my concern. This question has been given attention and will continue to be given attention.

Senator Phillips: Honourable senators, I am disappointed that the honourable minister has not yet made a recommendation to the cabinet. I have been associated with him both in the House of Commons and in this chamber for more years than I like to admit publicly—it is close to a quarter of a century. I would hope that with his expertise and his knowledge he will soon be in a position to make a recommendation to cabinet and advise this chamber of his recommendation.

My supplementary, honourable senators, deals with the Standing Senate Committee on Agriculture of which the honourable minister used to be such an effective chairman. Would he recommend to the Senate that the Agriculture Committee study the difficult situation which has arisen because of high interest rates which adversely affect the agricultural industry. I should also like to know if he would agree to appear before that committee as an expert on the adverse effect of the present high interest rates.

Senator Argue: In reply, I may say that in my judgment the Standing Senate Committee on Agriculture has performed well in the past and has provided a useful service to agricultural producers. My anticipation is that that committee will continue to play an important role. Obviously I have no control over that committee, but I would hope that it will be active in studying many of the very sensitive problems affecting the agricultural industry.

In my experience as chairman of that committee I can say that almost without exception—excluding perhaps a minor amendment—proposals and recommendations brought by that committee to the Senate asking for power for the committee to function have been approved by the Senate. I express the hope, as a member of this house, that the Standing Senate Committee on Agriculture will continue to play that role and bring recommendations to the Senate. The Senate can then decide whether the committee will be given particular powers.

I would certainly be happy to appear before that committee on invitation. I do not really think I can appear in the role that Senator Phillips has suggested, namely, that of an expert on interest rates, but I would be happy to appear before that committee in my present capacity. I am sure that all honourable senators will co-operate with that committee so that it may continue to be effective and, perhaps, increase its effectiveness.

Senator Phillips: Honourable senators, I thank the honourable minister again for his statement. After I have had an opportunity to study the *Rules of the Senate*, I intend to introduce a motion recommending that the Standing Senate Committee on Agriculture study this matter. I anticipate the honourable minister's support in that regard.

I just want to make it clear—and I am sure that the honourable minister understood this from my previous question—that it applies to the broad spectrum of the agricultural industry in Canada. Does he agree in that regard?

Senator Argue: I agree with that.

ASSISTANCE FOR FARMERS

Hon. Nathan Nurgitz: Honourable senators, my question hopefully comes within the responsibility of Senator Argue. Last night the Minister of Finance took what was considered by many to be a fairly heavy slap at Canadian farmers when he cancelled provisions for the transfer of capital gains and farming assets to RRSPs. With farmers already suffering from recent high interest rates, could the Minister of State for the Canadian Wheat Board tell us now what programs he expects the government to bring forth which would assist the beleaguered farmers in Canada?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): That is an announcement of government policy. That announcement will be made when the policy is ready to be made and the government decides it will be made, and I am not in a position tonight to announce any new government policies.

Senator Nurgitz: Is any thought being given to any provision that would at least partially meet the kind of relief that farmers received under the other proposal?

Senator Argue: All I can say is that agricultural policies, generally, are under consideration and when some conclusions have been arrived at as to new policies dealing with agriculture, and if it is in the agricultural field specifically, I expect the Minister of Agriculture will make that announcement. If it is something more of a financial policy, I expect the Minister of Finance will make the announcement. I do not expect I will be making it.

THE ECONOMY

DEVELOPMENT OF BASIC INDUSTRIES

Hon. Orville H. Phillips: Honourable senators, my question is to the Minister of State for Economic Development. As he is, I am sure, well aware, the basic industries of this country such as farming and fishing are most important to economic development. Would he please explain to this chamber how he sees today's exorbitant interest rates contributing to that development?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have nothing to add to the reply that Honourable Senator Argue has already made.

● (2050)

Senator Phillips: Honourable senators, I am sorry to hear that the minister's answer is as bankrupt as his bankrupt policy. Surely he can tell us how he expects a farmer to pay 20 per cent interest on the money he must borrow for fertilizers, insecticides and other farming necessities. I would point out that the farmers of this country borrow $1.5 billion per year from the banks for the purposes I have outlined, namely, to purchase fertilizer, insecticides and so on. That is only half of the amount needed; the other half they are able to provide themselves. Will the minister explain to us how having to pay 20 per cent interest on $1.5 billion per year is helping the development of the agricultural industry?

[Senator Argue.]

Senator Olson: I repeat that the government has given this matter a great deal of consideration. No one can deny that it is a hardship, not only for farmers but for fishermen, for people renegotiating mortgages on their homes, and for small, medium and, indeed, large businesses. I thought Senator Argue had expressed the views of the government, and said that this matter is under advisement. When we get directly to agricultural policy, or financial policy dealing with agricultural producers, we do not have an announcement to make tonight. We will certainly obtain one as soon as it is made by the Minister of Agriculture or the Minister of Finance, and I can assure the honourable senator that we will get that answer to him as quickly as possible.

AGRICULTURE

ASSISTANCE FOR FARMERS

Hon. R. James Balfour: I wish to ask Senator Argue a question supplementary to that asked by Senator Nurgitz. Could Senator Argue indicate to us what were the specific policy considerations that the government implemented when they cancelled the exemption from tax of capital gains on farming assets transferred to RRSPs? Was it a question of equity? Was it a question of revenue? Specifically why was this measure put into place?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I do not have those reasons at hand. I do not know if the explanation has been provided. I would be happy to take that question as notice, and if I can ascertain by research whether or not some reasons or explanations were given I should be happy to provide that for him.

Senator Balfour: I am sure the farmers of Saskatchewan would be extremely interested in a response of that kind.

Senator Murray: Is the minister suggesting that the decision announced by the Minister of Finance last night was not really a government decision taken by the cabinet collectively, but was rather a personal decision on his part?

Senator Argue: Not at all.

POTATO MARKETING

Hon. Orville H. Phillips: Honourable senators, I should like to address a question to the Leader of the Government in the Senate. I am sorry I cannot describe him as having any specific responsibility. I have often disagreed with the Prime Minister, and I disagree with him in not giving the Leader of the Government in the Senate any responsibility. I do not for one moment think that the Leader of the Government in the Senate is irresponsible. I am sure he is quite capable of taking responsibility if he were given the opportunity.

The Minister of Agriculture made an announcement concerning a marketing agency or marketing board for eastern potato producers. Could the Leader of the Government in the Senate tell this chamber the difference between a marketing agency and a marketing board; and could he also tell us when

we can expect further details rather than the half-page announcement issued by the Minister of Agriculture?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, despite my vast experience in agriculture in the province of British Columbia, I nevertheless feel that under these circumstances I must ask my distinguished and learned colleague, Senator Argue, to explain the nuances of the difference between agricultural boards and agencies. I think this is the kind of collegial approach to the sharing of responsibility that we now have on this side of the Senate.

Senator Phillips: It is a convenient method of passing the buck, isn't it, Senator Argue?

Senator Flynn: He refuses the buck.

Senator Roblin: Where does the buck stop?

FOREIGN AFFAIRS

RENEWAL OF NORAD AGREEMENT—REFERENCE TO PARLIAMENT

Hon. Heath Macquarrie: Honourable senators, when they stop passing the buck, perhaps I can put my question.

I should like to ask the Leader of the Government a question about the NORAD agreement, which is due for renewal in the very near future. Assuming that the government will agree to the extension of this practical and now popular accord originally signed by the government in office in 1958, will there be any reference to a parliamentary body of this important aspect of Canada's diplomatic and military commitment, and what form will such reference take?

Hon. Raymond J. Perrault (Leader of the Government): The honourable senator is, of course, quite right in surmising that the subject of an extension of the NORAD agreement is a matter that is now under discussion. I must, however, take the essence of the question as notice. I do not as yet know the plans for a discussion or debate in Parliament on that subject. I have mentioned before that it may well serve a very valuable national purpose to have a full debate in the Senate on the subject of foreign policy. I know the Honourable Senator Macquarrie, with his extensive background in external affairs and foreign policy, might wish to be an active participant in just such a debate. This is a suggestion that I offer at this time, which I know enjoys the support of many honourable senators.

"AFGHANISTAN AND THE OLYMPICS"—STATEMENT BY SECRETARY OF STATE FOR EXTERNAL AFFAIRS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators are aware, of course, that today in the other place the Secretary of State for External Affairs, the Honourable Mark MacGuigan, made an important statement on the subject of Afghanistan and the Olympics. If honourable senators see merit in the proposal, perhaps this statement could be appended to today's *Debates of the Senate*. It is an important statement and it may be a valuable document for reference purposes to have on our own record.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of statement see Appendix "A", p. 87*)

• (2100)

FINANCE

STATEMENT BY MINISTER—ECONOMIC DEVELOPMENT OF ATLANTIC REGION

Hon. G. I. Smith: Honourable senators, I should like to direct a question to the Minister of State for Economic Development. My question has to do with the omission from last night's "mini budget" of certain provisions included in the Honourable John Crosbie's budget. These provisions were of special concern to those interested in development in the Atlantic provinces. One of the omissions was the abandonment of the special incentives concerning construction of new fishing vessels, and another had to do with special arrangements with reference to new investment by firms beginning, or prepared to begin business, in those regions. That has to do with tax incentives, and so forth.

Is the minister aware of the reasons which compelled the government or persuaded the government to drop these badly needed provisions for the assistance of development in the Atlantic region, a region for which I heard him express some sympathy the other day?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, if Senator Smith has not seen the communiqué sent to his office by the minister, or if he has not read it yet, I can read part of it to him. There is one paragraph which deals with his concern. The minister stated:

> I am also not now making provisions for private corporations to be given tax contracts for investing in particular regions of the country. The Department of Regional Economic Expansion has considerable flexibility under existing legislation to support regional development. These mechanisms will naturally be under review, prior to the expiry of the legislation next year.

I assume that is the answer the honourable senator was seeking.

Senator Smith (Colchester): I thank the minister for referring me to the statement. It just happens that I had an opportunity to read it. However, that did not tell me the reasons why the government decided to drop these helpful provisions.

The question I am asking the minister is: What are the reasons, or are there any? The reasons are not given in the statement.

Senator Olson: Honourable senators, I think they are there, although I would not like to read them here now. Further on in the statement the Minister of Finance did explain the limitations of expenditure and the problems associated with them, not only for this program but many other programs as well.

Hon. Jacques Flynn (Leader of the Opposition): Did you speak of limitations of expenditures?

Senator Olson: Yes.

Senator Smith (Colchester): I did not note any limitation of expenditures. The budget deficit for the current year appears to be, from reading his statement, very much larger than had been anticipated. In fact, I think those are the words he used, or nearly the words he used.

Senator Olson: Honourable senators, if Senator Smith (Colchester) looks carefully at the communiqué, the minister's speech, or the comments made by the President of the Treasury Board in the House of Commons today, I am sure my honourable friend will find a complete statement as to the reasons. I am not suggesting he would agree with them, but they certainly are there.

Senator Smith (Colchester): Reasons for what, may I ask the minister? Surely it can't be reasons for reducing the expenditure, because, as just pointed out, it has been greatly increased.

Senator Flynn: By $2 billion.

Senator Olson: Honourable senators, both ministers pointed out that there have been some obvious increases in the service charges for the national debt and, indeed, increases in a number of other areas. With the fiscal responsibility being displayed by this government, obviously some programs will have to be postponed.

I thought Senator Smith was asking me if there were some explanations in the two statements for that, and I suggested to him that there are. He may not agree with them, but they are there.

Senator Smith (Colchester): I thank the minister. I have now elicited from him that questions are speculative; that questions are hypothetical; and that questions relate to policy which will be announced at some vague time in the future, if ever. Further, I am told that if I refer to statements which have been issued by somebody else I might find the answer. I am beginning to suspect that it would be much simplier for the minister to say that he does not know the answers to the questions. This would save everybody's time.

Senator Olson: Senator Smith may wish to do that, and he is free to do that. If he were to do that he would be expressing another opinion with which I would disagree.

Senator Flynn: Why would you? It is quite obvious you do not know the answer.

TRANSFER OF CAPITAL GAINS ON SALE OF FARM ASSETS TO REGISTERED RETIREMENT SAVINGS PLANS

Hon. Lowell Murray: I should like to refer back to questions asked by Senators Nurgitz and Balfour concerning the transfer of capital gains on the sale of farming assets into RRSPs.

In view of the fact that the Minister of State responsible for the Wheat Board, who is Saskatchewan's representative in the federal cabinet, has confessed that he does not know the reason the decision was taken and will undertake some research to find out, I wonder whether the Minister of State for Economic Development, who is Alberta's representative in the federal cabinet, could give us an explanation as to why the decision was taken—or was he kept in the dark, too?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, it is not a matter of being kept in the dark. The Minister of Finance gave a brief explanation in his statement to the other place yesterday. He said that the provisions for transfer of capital gains on farming assets to RRSPs were going to be considered, along with other measures, in more detail. He said:

> I want to consider these and other measures in more detail, particularly in light of a wide discussion about the role and importance of taxation of capital gains. Therefore, I will be bringing forward a discussion paper on this subject.

Senator Murray may not agree with the answer, but that is a crystal-clear answer.

Senator Murray: You are both satisfied?

Hon. G. I. Smith: That he does not intend to do anything. It would take less words to say that.

GOVERNMENT BORROWING—EFFECT ON EXCHANGE VALUE OF CANADIAN DOLLAR

Hon. C. William Doody: Honourable senators, my question is for the Minister of State for Economic Development. The borrowing requirements for the fiscal year 1979-80 are around $10.4 billion. For the fiscal year 1980-81 it is anticipated that they will be somewhere in the area of $11.7 billion. The Crosbie projection and budget of a few months ago anticipated considerably less than that, namely, $8.2 billion.

In view of these horrendous amounts of money and the anticipated increase in borrowing necessary to achieve the budgetary expectations outlined last night, I wonder what the Government of Canada feels the impact will be on the value of the Canadian dollar during the coming months?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators with the greatest of respect, I have to tell you again that I am not going to speculate on the value of the Canadian dollar or what interest rates might be. When forecasts are made in this respect, they will be made by the Minister of Finance with support and advice from officials in his department. If and when I do know these forecasts—and I do keep up with these matters—I will be prepared to inform the Senate of them.

As I said before, if honourable senators think I am going to speculate on matters that are clearly the responsibility of the Minister of Finance, they are wrong.

Senator Doody: A supplementary question for the Minister of State for Economic Development. Is it possible the minister is telling us that the Government of Canada arrived at these incredibly large numbers, these huge decisions of last night, without any anticipation or projection as to what effect they

will have on the dollar or what effect they would have on interest rates? Is it possible that these decisions were arrived at in complete ignorance of these possibilities?

• (2110)

Senator Olson: Honourable senators, I am sure that the Minister of Finance and his advisers took all of those things into account, and very seriously took them into account.

Senator Smith (Colchester): Is the minister telling us that all of these decisions were taken by the Minister of Finance without consultation with his colleagues in the exercise of collegial responsibility which the Leader of the Government was just talking to us about?

Senator Olson: No, that is not so. Given the content of the question and the manner in which it was put, the Honourable Senator Doody was asking me to speculate on it, and I am not prepared to do so.

Senator Doody: A supplementary, honourable senators. If my manner has disturbed the honourable minister in any way, I apologize to the Senate and to the very tender pride of the minister. I am sure that, as the session progresses, things will toughen up and tighten up, and we will become more congenial.

The point I was trying to get at—and I have obviously not expressed it very well—is whether or not the decisions arrived at and announced last night in the "budget" were decisions arrived at by the cabinet in concert with the Minister of Finance speaking last night on behalf of the government.

On the basis that the minister was speaking on behalf of the government, I assumed—and perhaps I am wrong—that his cabinet colleagues would be familiar with the reasoning behind the programs and policies that were enunciated last evening. If that is incorrect, then I stand corrected.

Senator Olson: Perhaps you do stand corrected. I think it ought to be clear that the matters dealt with in the economic statement made by the Minister of Finance are obviously matters that the entire government takes responsibility for. There is no doubt about that. If there is a question as to effects, such as the value of the dollar and a number of other things, I would be glad to take it as notice.

I apologize for misunderstanding the honourable senator's question in the first instance. I thought he wanted me to speculate, or to give my opinion on some of those things.

I should comfort him by saying that I do not have a thin skin. I do not feel any annoyance at all. Indeed, if I were on the other side of the house, I might be doing precisely what he is trying to do now.

An Hon. Senator: You have.

NATIONAL DEBT—COST OF FINANCING

Hon. Orville H. Phillips: Honourable senators, the Minister of State for Economic Development, in replying to a question from Senator Smith (Colchester), stated that the increased deficit was due, in large part, to the high cost of financing the national debt.

Would the honourable minister explain to this chamber how it is we are faced with increased costs in financing the national debt when the Liberal Party campaigned against increased interest rates and, in fact, promised lower rates? According to the Liberal campaign platform, we should have a lower deficit and lower interest rates.

There is a rather strange contradiction, and I am sure it is a difficult one to explain, but I would love to hear the honourable minister try to explain it.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I think it is something of an exercise in futility for one party or another to make some of these claims. It is a bit like the kettle calling the pot black. It seems to me that the opposition made similar statements respecting interest rates leading up to the May 22 election. However, when faced with the responsibilities of office, they were making the same speeches that were made by the government they defeated.

I do not recall that the Liberal Party made any promise that it would intervene in the market to force interest rates down. I am sure we did not say that. We did remind the government of the day, however, when we were in opposition, that it had made certain promises with respect to interest rates which, when faced with the responsibilities of office, it was unable to keep.

There have been statements made on both sides while in opposition with respect to that specific item. However, when one takes office, one finds that there are a number of other factors involved.

Senator Phillips: Honourable senators, I followed the election campaign from the sidelines, shall I say, and certainly the fact of high interest rates was used continually to condemn the previous government. Now the honourable minister states that after a six-month period there is a difference, to the point where he no longer thinks it is that important.

Did the minister ever read the Liberal campaign platform promise on interest rates and, if so, would he relate it to today's high interest rates?

Senator Olson: Honourable senators, the only thing I can add to what has already been said in respect of this matter is that I not only read it, but accept full responsibility for being part of the committee that designed it.

Senator Phillips: You should be ashamed, but I admire your honesty.

FISCAL POLICIES—GOVERNMENT SPOKESMAN IN SENATE

Hon. Duff Roblin: Honourable senators, I appreciate the difficulties that my honourable friend the Minister of State for Economic Development has in reconciling his position on the government side these days with the position he took when on this side of the house, and I recognize his excuse that circumstances alter cases and that—

Senator Perrault: Explanation; not excuse.

Senator Roblin: It sounded like an excuse to those of us on this side. In any event, I recognize that. While I am not prepared to condone it, I am prepared to overlook it for the time being. But what I want to ask the minister is this: Does he not recognize that he has some responsibility to explain in this house what the policy of the government is in these important public matters?

We are told that he cannot give us the answer here; that some other minister is going to do so. But somebody, I think, should be expected to explain the government's financial policies in this chamber. To try to fit together the gleanings from the speeches and press releases is exceedingly difficult.

I am very much interested in the point raised by Senator Doody in respect of debt management. What is the policy of the government on debt management? How does it relate the fact that it is going to have to borrow more money than ever before in the history of this country to the general economic structure in which it is trying to operate? Is the minister prepared at some point to make a statement explaining how he relates the amount that he has to borrow to the problems of the Canadian dollar?

Surely some preparation was made to deal with these problems in advance of this "semi budget" or whatever it is that was brought down last evening. Someone has estimated what the Canadian market will bear in respect of providing this financing; someone has an idea as to whether or not any of it will have to be borrowed abroad. Surely somebody has considered whether there is any room left for the private sector in the Canadian financial markets when these demands are met, and someone has to consider of what relevance the fact is that the deficit is going to be 25 per cent or more of the budget, with interest costs rising to 15 per cent of our national expenditure. Those are all matters of high policy.

● (2120)

Perhaps in the Question Period we cannot elicit answers, but my honourable friend gives me the impression that he does not intend to provide any answers. He says if we expect him to speculate or, if we expect him to deal with hypothetical questions, we are not going to get anywhere. Well, perhaps not, but I would ask him whether he would be prepared at any early date to come to this chamber and to lay before us the fiscal policy of the government, and, as far as I am concerned, the policy with special reference to financing the government debt.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, it seems to me that the answer to that question is clear. Senator Roblin has said that "someone is going to do this and someone is going to consider that" and so on. The answer is, "Yes someone is going to do it, and it is going to be the Minister of Finance, not me."

It is pretty clear from the statement of the minister who has the major responsibility for considering the fiscal framework as well as from that of the President of the Treasury Board, that the fiscal framework even for fiscal 1980-81 has not been fully considered and determined by the Minister of Finance or by the government as a whole. I would tell the honourable senator as clearly as I can that I and my colleagues will undertake the responsibility of bringing those projections into this house. But when I am asked to do the job of the Minister of Finance—and it does not matter whether I am asked from 20 different angles—I will tell you that I am not going to do it.

Senator Roblin: With due respect, honourable senators, we are not asking any gentleman on the other side to do somebody else's job, but we are saying we have responsible government in this country, and we are saying that we have a majority party in the Senate, and we are saying that there are three cabinet ministers representing the government sitting here. Now we must look to them, I suggest, for the elucidation of government policy, and I ask my honourable friend if he is prepared to undertake that responsibility.

Senator Olson: Honourable senators, I said that my colleagues and I will bring those answers and those explanations and the fullest information possible into this house as soon as the Minister of Finance and the President of the Treasury Board have made them on behalf of the government to the other place or in public statements. They will all be brought in here. But it seems to me you are asking us to lead, and we are not the responsible ministers to take those leading roles. That seems perfectly clear to me.

Senator Roblin: It is becoming clearer and clearer to me as well, honourable senators. But I take it from my honourable friend's statement that he agrees with me that he has a responsibility to present government policy in this house.

Senator Olson: Yes, but not leading other ministers' responsibilities.

Hon. G. I. Smith: Honourable senators, perhaps if the honourable gentleman cannot reconcile his party's campaign promises with what happened last night, his memory will at least extend to that collegial but very poorly authored document which we heard His Excellency read the other morning in which it was said:

> My Government will reduce the federal deficit in a planned and orderly manner—

How would he reconcile that with the increase in the deficit which the Minister of Finance announced last night, the very first time he spoke about this problem?

Senator Olson: Certainly, honourable senators. The Minister of Finance said that he is not prepared now to set the fiscal framework for even fiscal 1980-81 because he has not had time to consider all of the implications. He went on to say a few other things about the importance of the national energy policy, the oil import compensation costs and a number of other things that are involved in this package. I am sure my honourable friend would not expect this government, after the short period of time it has been in office, to come forward with a total responsible fiscal policy, when friends opposite and their colleagues in the other place were in office right up to and including the budget speech on December 11, and they could not tell us what the position was going to be with respect

to a very large item in that budget, namely, the energy policy, and the prices related to that policy.

Senator Smith (Colchester): If the honourable gentleman can confuse a few days with 50 days in office, then I must admit that he can do some fancy confusing work with figures. But all I asked him was how you go about reducing the deficit by increasing it.

Senator Olson: It seems to be fairly simple to me. The honourable gentleman, of course, wants to confuse things still further. Whatever was there on March 3 or 4, when this government took over, was there. We could not change that. And one of the things that has been pointed out over and over again was the massive increase from December 11 in two very important sectors, one being the debt service charges and the other being the oil import compensation payments. We had no control of that. Would you want us to refrain from acknowledging that that is part of the expenditure?

Senator Smith (Colchester): You would have been far more frank with the people if you had acknowledged that at the time you were asking them to believe something else.

Hon. Orville H. Phillips: Honourable senators, I have a supplementary question to that asked by the Deputy Leader of the Opposition. In reply to that the honourable minister stated that he had no responsibility for economic policy. Will he explain to this chamber why he is as irresponsible as the Leader of the Government in the Senate?

Senator Frith: The question apparently is directed to the Deputy Leader of the Opposition.

Senator Phillips: It was based on his question. Could I please have an answer to my question? Why is the Minister of State for Economic Development—I am never sure of his function—but why is he as irresponsible as the Leader of the Government in the Senate?

Senator Olson: I don't think either one of us is irresponsible.

THE CABINET

Hon. G. I. Smith: I wonder if the Minister of State for Economic Development could tell us whether there is a committee or some other organization within the cabinet called the Policy and Priorities Board or Policy and Priorities Committee?

Hon. H. A. Olson (Minister of State for Economic Development): I think I would take that question as notice. I am not sure. I have not checked out the rules at this stage, and it may be that there is more public information available. I say that very sincerely. But from the experience I had ten or 12 years ago when I was in the cabinet the last time, the composition of cabinet committees and indeed the assignment of work within them was not considered public information.

● (2130)

Senator Smith (Colchester): I have no objection whatever to the minister's taking it as notice, but I should like to ask him also, if he is prepared to answer the question eventually, to indicate to us the members of that Board and what its duties are, so we know who is formulating the policy which may or may not have some influence upon the cabinet as a whole.

Senator Olson: I cannot give the honourable senator that kind of undertaking, because I have not the authority to do so. But the honourable senator can take it from me, even tonight, that the whole cabinet takes responsibility for all of the decisions that are made by all of the committees.

Senator Smith (Colchester): I am not talking about who takes responsibility. I am talking about who makes policy for which you poor fellows have to take the responsibility.

Senator Olson: The full cabinet takes the responsibility and, indeed, makes the policy.

Senator Smith (Colchester): So the honourable gentleman is, in any event, going to take the question as notice, serious notice, and give us an answer, or some reason why he cannot give an answer.

Hon. Raymond J. Perrault (Leader of the Government): Of course, honourable senators are aware that the previous government on no occasion announced the makeup of various cabinet committees, unless the honourable senator is willing to share that list now *ex post facto* with the members of the Senate.

Senator Smith (Colchester): I don't know that it was ever asked to give the list. I am simply asking if there is such a body and, if so, what it does and who belongs to it. If the honourable gentlemen opposite, upon reflection, feel that they do not wish to disclose the names or existence of such a committee, that is up to them.

Hon. Orville H. Phillips: Honourable senators, perhaps I misinterpreted the question Senator Smith put, but for clarification I should like to ask the Leader of the Government in the Senate a question concerning the committees on which the three members of the cabinet serve, and concerning the responsibilities of those committees. I do not think that intrudes on cabinet secrecy.

For instance, it should be common knowledge what committees the Honourable Senator Perrault serves on, and, after seeing the television news in which he blasted the local Liberal executives, I am sure they, too, would like to know what committees he serves on. So would I. I would also like to know what cabinet committees the Minister of Economic Development serves on. I have a sneaking suspicion it is very few.

Then, of course, there is my honourable friend the Minister of State for the Canadian Wheat Board, and in his case I may find, in answer to my question, that he serves on the fisheries board. I don't know.

In other words, I should like to know specifically what cabinet committees the three Senate members, who are deified within that specific cabinet circle, serve on.

Senator Perrault: The honourable senator is demonstrating an insatiable thirst for information this evening. I can only say that the information which he has requested is not available,

and has never been made available by any Government of Canada; nor will it be made available on this occasion. But it can be said that those members of the Senate who have positions of cabinet responsibility are fully occupied from dawn to dusk in the public interest of Canadians.

Senator Phillips: Do you mean that the Prime Minister has not told you what committees you serve on? He has not told the Minister of State for Economic Development which committees he serve on—or the Minister of State for the Canadian Wheat Board? Surely it is time, honourable senators—or honourable ministers, I should say—it is about time you asked the Prime Minister exactly what cabinet committees you are on. Will you do that, and let us know?

NATIONAL DEFENCE

PURCHASE OF F-18A AIRCRAFT

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have an answer to Senator Charbonneau's question of April 17, when he asked if the minister could account for the discrepancy between spokesmen for the Minister of Industry, Trade and Commerce and McDonnell Douglas with respect to the number of indirect jobs generated by the contract?

The reply is as follows:

> It is extraordinary if two economists ever agree on the ratio of direct to indirect jobs created by a project such as the NFA.
>
> Officials of the Department of Industry, Trade and Commerce used a multiplier of 2.4 to 2.8: that is to say, 1.4 to 1.8 indirect jobs per every direct job generated.
>
> The number of direct jobs generated—prorated on an annual basis—is 4,000. Using the above formula, this will result in 5,600 to 7,200 indirect jobs for a total of 9,600 to 11,200 jobs, direct and indirect.
>
> I am not in a position to explain or defend figures provided by McDonnell Douglas if, indeed, they are at variance with our own. Perhaps the variance is the result of a misinterpretation by the press of the McDonnell Douglas figures.

I also have the answer to a question put by the Honourable Senator Duff Roblin, when he asked if the Minister was aware of a statement made by the President of the Air Industries Association of Canada to the effect that the members of the industry would require government support in order to undertake the F-18A contract work. He wanted to know if the minister confirmed its accuracy and what criteria would be used by the government.

The reply is as follows:

> The government has a range of industry assistance programs already in existence which can be of benefit to the aerospace industry as well as other sectors. They include such programs as DIPP, the Defence Industry Productivity Program; EDP, the Enterprise Development Program, and RDIA, the Regional Development Incentives Act.
>
> The honourable senator has not correctly understood the contract with McDonnell Douglas. Any assistance provided through the above programs to aerospace firms carrying out NFA offset work is not "extra" costs; rather, through DIPP and other programs, the government is covering the startup costs of companies carrying out specific contract work for McDonnell Douglas.
>
> In terms of specific criteria of assistance programs such as EDP and DIPP, I would refer you to my colleague the Minister of Industry, Trade and Commerce under whose direction these programs are administered. Suffice it to say, in the administration of these programs as well as in the negotiation of the NFA contract, our goal has been to advance the technological capability and volume of Canadian business.

Honourable senators, I have a reply to another question by Senator Charbonneau, again on April 17, when he asked if the minister could explain the discrepancy between statements made by a representative of the Department of Industry, Trade and Commerce and a representative of McDonnell Douglas with respect to the number of direct jobs generated by the NFA contract?

As you can see, the question is slightly different from the one I answered before, because what I read before related to indirect jobs and this answer relates to direct jobs. The answer is:

> I stand by the estimate of officials of the Department of Industry, Trade and Commerce that activities generated through the NFA contract will provide between 60,000 and 70,000 person-years of direct work over the life of the contract.
>
> The contract is over a 15-year period, prorated on an annual basis. That means about 4,000 direct jobs per year and that is a very conservative estimate of what might ultimately turn out to be as high as 5,000 jobs per year.
>
> We are not in disagreement with McDonnell Douglas as to the projected overall number of direct jobs to be generated by the contract.
>
> The contract is of a long-term, competitive nature with the result that some of these figures, in any event, cannot as yet be predicted with complete accuracy.
>
> In order to get the best possible deal for Canada, our federal negotiators invariably estimated conservatively potential benefits accruing from the two contending packages. This may account for the difference between the two figures quoted by the honourable senator.

FINANCE

CANADA SAVINGS BONDS—INTEREST RATE AND REDEMPTIONS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a written reply ready for the Honourable Senator Doody respecting the question he

asked about the redemption and competitive factor of Canada Savings Bonds. The answer is rather lengthy and if honourable senators agree I will place it on the record as having been read.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Senator Olson: Senator Doody asked:

> Will the minister indicate what steps the government has taken or intends to take to make Canada Savings Bonds competitive with the investment interest rates in the private sector?

He then asked this supplementary question:

> What is the current rate of investor redemption? How many bonds and of what value have been redeemed or cashed in to date this year and how does that compare with redemption for the previous two years?

The reply is as follows:

> The present redemption trends with respect to Canada Savings Bonds are being carefully monitored by the government. No decision has been taken to improve the yield on outstanding issues, all of which presently pay 12 per cent in the year ending November 1, 1980, and 10½ per cent each year thereafter to maturity either through a cash bonus payment at maturity or at the time the bond is redeemed.
>
> While the present level of Canada Savings Bonds redemption is considerably higher than normal, any decision with respect to a change in the yield on these bonds would have to be taken in consideration of the best interests of the taxpayers as well as the holders of Canada Savings Bonds. In view of the very high level of interest rates presently prevailing, a yield adjustment on Canada Savings Bonds would be very costly to the government and might well exceed the cost of substituting other forms of government debt to offset the loss of funds now occurring as a result of Canada Savings Bonds encashments.
>
> In response to the honourable senator's supplementary question regarding the current rate of investor redemption and how many bonds and of what value have been redeemed or cashed in to date this year, I wish to state that to date in the calendar year 1980 gross Canada Savings Bonds redemptions have been about $1.3 billion. Over a similar period in the calendar year of 1979 and 1978 gross Canada Savings Bonds redemptions were about $975 million and $355 million respectively.

INDUSTRY

ASSISTANCE TO SYDNEY STEEL CORPORATION

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have an answer to a question posed by Senator Muir on Thursday, April 17, related to SYSCO. The question was:

> Will the minister indicate just how soon some possible financial assistance might be forthcoming for the Sydney Steel Corporation?

The reply is as follows:

> I wish to assure the honourable senator that the Government recognizes the importance of employment at SYSCO to the economy of Sydney, Cape Breton, in particular and to Nova Scotia and the Atlantic Region.
>
> Since 1977 the Government of Canada, through the Department of Regional Economic Expansion, and the Government of Nova Scotia have provided joint funding in an amount of $27 million for projects relating to capital work and equipment at SYSCO as well as for business planning studies. These business studies were aimed at seeking means of developing a self-sufficient steel industry for Cape Breton.
>
> This government reaffirms its willingness to discuss viable future options for Sydney Steel with the Government of Nova Scotia and with management of Sydney Steel Corporation. We are awaiting further information from the Government of Nova Scotia and management at SYSCO. Meanwhile, officials of both governments are continuing discussions.

● (2140)

ASSISTANCE TO AEROSPACE INDUSTRY

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I ask a supplementary question of the honourable the minister respecting government assistance to the aerospace industry? I take it from what he read that there are no new programs envisaged as being necessary in that connection?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, there are no new programs that are being designed. I would want to examine the question more closely, but there may be some additions under existing programs such as have been described. I am not certain that all that was under way has been completely approved and announced.

It is not a new program, but it may be an extension of a program such as DIPP or RDIA, but no new specific programs for that fighter aircraft acquisition.

Senator Roblin: I thank the honourable the minister. My feeling is that some of the current programs will be developed to the point where one might say that this really is a new concept or a new aspect of the matter we are pursuing. I would appreciate any information that can be obtained.

My second question, which I believe was involved in my first, is: What will be the cost of this, because while these various programs may have been in place for some time, obviously when a new program of this magnitude is introduced, I suspect it will alter the financial contribution and will be much greater than would otherwise be the case.

What new money, under whatever program, will be found by the Government of Canada to help the aerospace industry in this connection?

Senator Olson: I believe I understand the implications involved in the question, and I shall try to provide a reply.

Senator Roblin: Thank you.

TWO-PRICE WHEAT ACT

BILL TO AMEND—ORDER STANDS

On the Order:

Second reading of the Bill S-6, intituled: "An Act to amend the Two-Price Wheat Act".—(Honourable Senator Argue, P.C.).

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I ask a question in connection with Bill S-6? When is it the intention of the government to proceed with the debate on this bill?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I cannot answer that question specifically, but if the honourable senator will ask it tomorrow, Senator Argue, who has just left the chamber, may be able to enlighten him.

Senator Roblin: Perhaps the honourable the minister might ask him.

Senator Olson: Yes.

Order stands.

RETIREMENT AGE POLICIES

REPORT OF SPECIAL COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the report of the Special Committee of the Senate on Retirement Age Policies, entitled *Retirement Without Tears*, tabled in the Senate on Tuesday, April 15, 1980.

Hon. David A. Croll: Honourable senators, my first words must be of congratulation to His Honour the Speaker. I knew His Honour for many years when he was associated with the labour movement. He was recognized for being always dedicated to the union. He served the movement well for many years and since then has held many important positions. We mortals play many parts during the course of our lives, and Senator Marchand has had wide experience and has done well. We look forward to his leadership in the Senate in his capacity as Speaker, and I congratulate him on his appointment.

I wish also to pay tribute to Senator Grosart, who held the office of Speaker of the Senate for much too short a time but who nevertheless enriched that office during his tenure. He was faced with an unusual situation, with three honourable senators holding cabinet positions, and there is no doubt that he controlled the Question Period extremely well. He is a traditionalist, a student of parliamentary procedure, and he made some innovations. It can fairly be said that it was a good year for Senator Grosart and for the Senate while he was in office.

[Senator Roblin.]

Referring now to the report of the Special Committee of the Senate on Retirement Age Policies, I cannot emphasize too clearly that the report is the result of the dedication of the members of the committee. The report, entitled *Retirement Without Tears*, is a human document. It is not one that has been spewed out by a computer. It is the product of the members of that committee.

The special committee recommended the abolition of mandatory retirement based on age, the doubling of the Canada Pension Plan benefits, and the extension of the system to cover six million housewives. The committee also proposed ways of improving the position of mobile workers.

Honourable senators found on their desks today a study entitled *The Retirement Income System in Canada*, which was made by some very competent public servants. This document is of considerable comfort to the members of the committee, because it repeats what we said. It may say it better, and perhaps more often—"Here are the alternatives, and you choose". And we chose them. We knew the alternatives.

Quoting from the press, the Montreal *Gazette's* headline is: "Retirement grim if pensions go unprotected, says report", and the Ottawa *Journal's* headline is: "Pensions mean poverty, grim report reveals." The report to which I have just referred is an excellent one and worthy of honourable senators' attention. It supports us in almost every respect.

None of the recommendations contained in the report of the special committee will involve any cost to the government, either provincial or federal. It will not cost the government a penny or a nickel—not even a plug nickel. The workers' premiums will be money that will be saved. It will be invested, it will be indexed, and from it will come pensions and other benefits. It is a form of non-inflationary savings. The employer's contribution will be less than that paid in any other western country.

• (2150)

Here are some 36 recommendations. I would like the permission of the house to have them appended to today's *Hansard*.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For recommendations see Appendix "B", p. 89*).

Senator Croll: What I particularly wanted to get across to this house, and to the country, is that this is not just another report. I do not say it is any better than other reports that have been presented, but in politics timing is vital, and the report indicates, as you will realize from what I have told you about the report presented by the government authorities, that the committee, so to speak, is "with it". We are presenting a report to the Senate, but it deals with more than just the problem of compulsory retirement and pensions. It opens the door to a more just society.

Let me just draw a picture for you. The 1950s were dedicated to the youth of this country. They were the fellows who said you couldn't trust anyone over 30, and that anybody over 40

ought to be shot, or something like that. Of course, when they turned 40 they cooled down a bit and joined the world in the ordinary way. The 1960s in this country were years dedicated to the civil liberties movement. We devoted our time to that and made considerable progress. I am sure you remember that well. The 1970s were devoted to the rights of women, and great progress was made in that area.

As for the 1980s, you remember the Prime Minister's words when he took office. He said, "Welcome to the eighties." What I am suggesting is that we now lead the way in that respect, and indicate that the 1980s are for the aged. We have already had some indication of that. On the back burner in this country at the present time there are problems which affect the aged very intimately—the need for increased income, adequate pensions with universality, the ratio of workers to pensioners, medicare and the assurance that it will continue and on a basis of universality, and finally, selectivity in pensions, so that people can pay for their own pensions. The Speech from the Throne indicated that one of the first things we will deal with is income for the aged. There was also provision for dealing with pensions and the right to work.

The time for dealing with the problems that the elderly face is now. They must be dealt with now. Old age is not something that has been newly invented; but it has been newly discovered because of the remarkable rapid changes in the mix of our population. A 65-year-old man can expect to live another 13 years, and a 65-year-old woman 18 years. This is due in large measure to the advancement in medical knowledge, and in this respect, of course, medicare, in its broadest concept, has served us remarkably well. We must see to it that this service remains available to the rich and the poor alike on an equal basis, and that it remains for all time on a universal basis. We hear talk of deterrent charges, but that always adversely affects the poor. I am one of those who believes in universality. I would rather have abuse than non-use of medicare.

The post-war baby boom will soon become the geriatric boom—the elderly population bulge—that will affect us in every respect. Retaining the retirement age of 65 means that a large part of the population will have to be supported by those who are working. Already perhaps three-quarters of our pensioners are living in poverty. We must not allow retirement and poverty to become synonymous. We must see to it that old age is not an affliction for its possessor, nor a burden to anyone else. After all, nothing happened to you or me when we reached 65. The day after that birthday we were just as good as the day before. It is hardly an excuse to use the calendar.

Retirement policies in Canada are inadequate, have been discriminatory and sometimes cruel, and mandatory retirement based on age is an infringement of human rights. It is a myth that old people lose their intelligence and physical capacity upon attaining the magical age of 65. The process of aging is not the same for all individuals. We concluded that the abolition of mandatory retirement is a badly needed social policy in Canada.

Given the statistics of today's society, the awakening to the quality of life for seniors cannot come too soon. At the present time over 2 million, or 9 per cent of the Canadian population, is aged 65 or more; 65 per cent of the single people and 11 per cent of married couples are living on incomes below the poverty level established by Statistics Canada.

● (2200)

I came across a statistic that I think will be new to you and of interest. When the Senate was asked by the Economic Council to study poverty, the ratio of poverty across Canada was 22 to 24 per cent. Family poverty is now at 11 per cent. This is due to women joining the labour force and the lower birth rate. We are also deriving great benefits from important social services such as medicare, which is now available to the people of Canada.

Two out of three Canadians who are 65 years or more do not have access to job-related pensions or the Canada Pension Plan. There is a complete new number of "young old" in this country, and they demand some recognition. The edict of retirement at age 65 has created a new stratum in our society. We do not have a bed of juvenile delinquents, but a bed of growing-old delinquents. Perhaps the best expression used in connection with compulsory retirement was given by Dr. Hans Selye, the founder and president of the International Stress Institute in Montreal, when he said, "It's just fine as long as it doesn't interfere with my work." We must not allow retirement and poverty to become synonymous.

The first question dealt with by the committee was, naturally, mandatory retirement. The question of compulsory retirement, usually at 65, is far from simple. It has become embedded in personal practices, especially pension policy, that any sudden change creates problems. On the other hand, many people are not ready to retire at 65. Their health is good and their minds are clear. They are productive members of society, and to force them into retirement is wilful waste which we cannot afford. What may have been suitable for the industrial and commercial world 50 years ago, when management relied on the calendar to assess personal usefulness, is unacceptable today. We cannot afford the waste involved in the loss of skilled and industrial capacity. In the near future it is expected that there will be urgent demands for skilled workers. Even now we have to import some of our skilled workers. It will be both prudent and essential to preserve our present skilled workers intact as part of our human capital.

One thing has emerged clearly, and that is that retirement is a complex subject. This was confirmed by witnesses who provided expert testimony to the committee over a period of months.

The report I tabled in this chamber the other day is a distillation of many hours of hearings and deliberations by a group of distinguished senators. "Distinguished" is the proper word, for they worked harder than any group I have ever been associated with. The report also reflects the views of a great many specialists.

In one sense this report may be looked upon as the last of a trilogy. First there was the report of the Special Senate Committee on Aging in 1966, which recommended the reduc-

tion of the age limit from 70 to 65. This was accepted by the government, and it augmented that with the guaranteed income supplement. Together they made a considerable contribution. It is well to note that 50 per cent of those receiving the old age pension are receiving the guaranteed income supplement. That supplement is based on need, which means there is a great need which we have not met.

Senator Hicks: What was the percentage?

Senator Croll: Fifty per cent.

Senator Hicks: Half?

Senator Croll: Yes.

Then, in 1971, we had the Special Senate Committee on Poverty. It is interesting to note that we sold 26,000 copies of that report, and we are still selling 1,000 a year. It is a recognized textbook in universities and high schools, and wherever sociology is taught. The needs of the poor have earned a place on the agenda. In addition to that, the report established a poverty line which has been updated from time to time, circulated, and given recognition. This is so realistic that it is being used by active bargainers in arbitration proceedings.

There has been a continual commitment by the Senate to the less fortunate in this country who, by now, must be aware of our interest and concern. If anyone is unaware of our concern for the poor and retirees, I remind them that in the last 17 years we devoted three years to the study of aging and achieved good results; three years to the study of poverty; and two years to the study of retirement policies and pensions.

A day or so before the report was placed before you, the government was already dealing with two of the subject matters on which we placed greatest emphasis—more money and pensions, and how they affect people generally. For eight out of the last 17 years we have studied these problems in depth to the benefit of the poor, the old and the needy people of Canada, which is all to the credit of Parliament and particularly to the Senate. Substantial progress has been made, but I would be the first to admit that there are still unattained goals.

In the present report there are recommendations concerning both the next century and the next year, and they are often intertwined. That is why I am trying to get across to the people of Canada that the 1980s are for the aged.

The steady increase in the number of Canadians over 65 raises some new problems and necessitates some new approaches. Not only do the elderly have their specialized needs in society, but society also has many demands to make upon the elderly, who are sources of wisdom, understanding and tradition.

The attitude of the elderly to retirement is undoubtedly changing as economic conditions and opportunities change. We are not immune to the changes that are occurring in other parts of the world. For example, the change in the law in the United States, extending the mandatory retirement age to 70, has some spill-over in this country. This is evident in the new collective bargaining agreement of the automobile industry which increases the age of compulsory retirement to 70. The master agreement which covered all automobile manufacturers in the United States also applied to Canadian workers. Therefore, the United Automobile Workers agreed to the retirement age of 70 in accordance with their agreement, and they are bound by it.

• (2210)

At one time there was a rough rule of thumb that one-third of those reaching the age of 65 would keep on working, one-third would retire before the age of 65 and one-third would retire at the age of 65. This is no longer true. It is indicated that now nearer 50 per cent want to stay on. Certainly freedom of choice would lead to better and more fruitful lives for the elderly. The contention that doing away with mandatory retirement will keep the young people out of jobs was refuted by the young, and proved by all possible information to be untenable. We heard evidence from a student group who said, "We are not for mandatory retirement. We will get our jobs in due course." They took the same attitude in the United States, and we heard something about that. However, now and again the old argument was brought up.

I am now going to refer to the Gallup Poll, if any honourable members opposite still believe in the Gallup Poll. The Gallup Poll of March 15 asked this question:

> Some companies insist on a person retiring when he or she reaches the age of 65—regardless of health. Do you think this is or is not a good idea?

In 1966, 49 per cent thought it was a good idea; in 1973, 43 per cent thought so; today 35 per cent think so. Those who thought it was not a good idea comprised 47 per cent in 1966, 52 per cent, in 1977, and 59 per cent today. There are always some "don't knows", but they comprise a small percentage. This is what is interesting. Of those between the ages of 18 and 29 today, 30 per cent thought it was a good idea; 65 per cent thought it was not a good idea, which is almost twice as many in that age group. In the age group from 30 to 49, 34 per cent thought it was a good idea; 59 per cent thought it was not a good idea. Of those over 50 years old, 40 per cent thought it was a good idea and 53 per cent thought it was not a good idea. Therefore, that contention, whatever merit it once had, just did not hold up.

The title *Retirement Without Tears* was not chosen by chance but for a very good reason. Far too many of our older citizens suffer during their retirement; far too many see their dignity eroded; far too many cannot afford even the bare necessities of decent old age. Those of us who served on the special committee over the last two years do not have to be told how difficult it is for many people to grow old. The tough question was: What can be done about the situation?

In looking at this question of post-retirement income the committee noted one problem that was a source of great concern, and it had to do with private pension plans. The coverage of private pension plans is inadequate, and all too often the amounts of private pensions are small. According to a survey conducted by Health and Welfare Canada relating to the income of those over 65 in 1975, 74 per cent of the elderly

unmarried men and 60 per cent of elderly couples got no private pension based on previous employment. I am told that has not changed. It is even more revealing to note that only 13 per cent of 1975 incomes of elderly couples over 65 years of age came from private pensions; 52 per cent came from social security; 13 per cent from private pensions and 35 per cent from personal savings. It is not that the head of the household did not wish to provide for his wife and children. He did the best he could. He was constantly striving against a system, and in the end he was beaten by the system.

So far as it affects family pensions, the system needs at least altering at the present time, and our recommendations would alter it so that never again will people be able to come before an audience like the special committee and talk about 680,000 women and close to 500,000 men who are receiving supplementary assistance, and many thousands more who are not receiving anything at all, and are not eligible.

For those who are careless and less thoughtful of their families, who try to save money by avoiding survivors' benefits, we want to make it impossible for them to do it again. The disparity is not acceptable. It makes it difficult for elderly people and couples, and doubly difficult for widows. The number of poor old women in this country is scandalous. Often in the social welfare departments they are referred to as the four Ds—divorced, disabled, deserted and deceased husbands. In 1978 there were roughly 680,000 women and close to 500,000 men receiving the guaranteed income supplement. This is a situation that demands immediate and sympathetic attention. Part of the problem is that in the past women have been discriminated against in the labour market, and their participation in the private pension system suffers as a result.

Another dreary feature of private pension plans is that a number of them permit husbands to eliminate survivors' benefits from the pensions. This is guaranteed to impoverish a lot of widows. One expert witness explained the reason. Few employees take the option to provide for pension benefits in their pension plans. He said, frankly, "When a male is retiring and his pension is not too good to start with, he is not going to reduce it by 40 or 50 per cent; he is going to gamble on his future." What the witness neglected to say was that he was really gambling with the future of his wife, or his widow.

There is doubtless a role for private pensions, but they seem to offer little to people with average or slightly above average incomes. There is a very strong argument for relying exclusively on the public pension system and other forms of public income in support of those earning less than roughly $20,000 a year. The basic weakness of private pensions is the lack of coverage and the inadequate protection against the inroads of inflation.

• (2220)

It is interesting to know something of the history of the Canada Pension Plan. There were 12 members from the Senate on the joint committee. Senator Flynn, Senator Denis and I are the only ones now in the Senate. Parliament was anxious for a pension plan of some kind and the Senate was very supportive of this measure, but it could not be effective until two-thirds of the provinces, containing two-thirds of the population, had approved it. Ontario was the key and Ontario was reluctant to enter into it. The insurance lobby was very heavy. They did not want the government to enter into the field, and they brought as much pressure as they could on the Ontario government. For a while, we were not sure that Ontario would go along, but finally a compromise was reached. We would accept for the present a minimum pension which would require a very low personal contribution, and this would give the private industry an opportunity to augment it. They would step in and fill in whatever was necessary so that it would become meaningful.

Well, here we are 14 years later, 14 disappointing and lost years later, and we have no more time for this waiting game. We must do something now. We can set down without difficulty some of the ingredients of a good pension—honourable senators understand that as well as I do—setting aside some of the difficulties relating to funding and investment. From the point of view of a pensioner, the desirable features are, first, liberal vesting rules, but private pensions cannot give that; they give 40 years of age and 10 years service. They cannot give universality or nondiscrimination; they do not have complete portability; they can give tax deductibility, yes, but they cannot give indexing and other protection against inflation. Mandatory survivor benefits can be bought, but they come with the Canada Pension Plan. So, I say that, with the exception of the tax deductibility feature, many private plans, almost all of them, are deficient in comparison with the public pension plan.

There has been a great deal of talk about registered retirement savings plans. They are a very good investment, but they have their shortcomings compared with the public pension system. In the first place, poor people have not been buying RRSPs. They are being bought largely by those in income brackets above $20,000 a year. The public pension system has the advantage of being not only indexed, but there is no front end loading on it. More than that, it is locked in so that a person is not able to spend his savings irresponsibly when he feels he ought to be having a holiday instead of a pension.

When the Canada Pension Plan was introduced it was clearly intended that it be supplemented by the private pension system. No attempt was made to squeeze out the private sector at that time. That was quite a while ago, and I repeat, private pensions have not made the progress they should have made in the intervening years. Sixty per cent of the labour force is still not covered, and of the remaining 40 per cent a disappointingly small fraction ever qualify for full pension—it is estimated that it is not more than 5 to 10 per cent. How many draw bits and pieces it is difficult to find out. For this and a number of other reasons there is a serious question as to whether the private pension industry should not withdraw from the medium and lower income areas, and leave that field to someone who can service it more effectively. There are some things that the government can do better than anyone else, and this is one of them. We proved this with the Canada Pension Plan.

A great deal depends on the steps the private sector is willing or able to take to improve and liberalize several aspects of the private pension. One essential feature is to provide better vesting rules. In this context, vesting means that the employer's contribution to the pension fund belongs to the employee when certain conditions are met. Usually the employee has to have worked with the same employer for 10 years and be 45 years of age. Whether there is any immediate vesting under the pension plan, we recommended vesting within a year.

These rigorous standards put private pensions beyond the reach of the ordinary Canadian, particularly those with interrupted work histories. Canadians on an average change jobs four to five times in their lifetime. The suggestion that pensions in the private sector are inadequate is not some radical or socialistic notion. Listen to what the industry has to say. A year or so ago, a group of Canadian pension experts established the Private Sector Task Force on Retirement Income Issues which had Mr. James L. Clare as chairman of its Subcommittee on Communications. Mr. Clare is a well-known actuary in Toronto and was quoted in the *Financial Post* of September 22 as having said:

> We know full well that if the private sector doesn't pull up its socks soon, the politicians may say "game over" and impose an enlarged public pension system on Canadians.

One of the weaknesses of private pensions is their inability to cope with the impact of inflation on the real value of pensions. Indexing is no longer a dirty word. It is recognized as a matter of social justice and practical necessity for pension plans to do what is expected of them. In our report, we deal with it as a normal requisite. In testimony and in the deliberations of the committee, a lot of attention was directed to the problem of protecting pensioners from the effects of inflation. Some elementary mathematics showed that when the inflation rate was 10 per cent a year, the real value of a pension would be cut in half in seven years. Our inflation rate at the moment is 9.3 per cent, and it is not likely to slide down too quickly. As a matter of simple social justice, the purchasing power of pensions should be maintained, otherwise the burden of inflation is carried on the backs of the poor and the elderly. This is grossly unfair. Despite this, nearly all private companies have been reluctant to do more than make small adjustments of the order of 2 or 3 per cent a year to compensate pensioners for rising prices.

Equity demands that private pensions have built-in escalation clauses, the same as many labour contracts. If wages are adjusted upwards, when the consumer price index rises, so should pensions. There is a crying need to change despite the doomsayers and the viewers with alarm. Adjustments are now being made on an *ad hoc* basis but they are utterly unsatisfactory. There must be a more formal commitment.

I have alluded to a number of recommendations of the committee and I would now like to describe the most important ones in summary form. All of the recommendations will be covered, but some of the important ones are that the age of compulsory retirement should be increased one year at a time for five years, after which retirement age should be completely flexible and not subject to mandatory rules. Contributions to the Canada Pension Plan and the Quebec Pension Plan should be increased to 8 per cent from 3.6 per cent. This increase should take place over a two-year period, one-half to be paid by the employee and one-half by the employer. Employees and employers should each contribute 1.1 per cent additional for two years. Since the contributions will be roughly doubled, the level of pensions would also roughly double.

• (2230)

The earning ceilings under the Canada and Quebec Pension Plans should be increased to one and one-half times the average industrial wage, or about $20,000 at current rates. Also—and this you will find most interesting—husbands and wives should share equally in any pension benefits under the Canada and Quebec Pension Plans that either spouse earns during the marriage. In other words, each spouse should have a 50 per cent interest in the other spouse's pension benefits earned during the marriage. This would affect between five million and six million married women, who would benefit whether they worked or not. This proposal would be the best method of providing pensions for housewives. If implemented, we would not have applications for the supplement in the numbers we have now.

Honourable senators, over the next little while I should like to give you the general philosophy underlying the report and its recommendations, and to make some specific comments about the underlying demographic problems faced by Canada, as well as a number of specific problems.

From the very beginning, the committee was completely aware that any proposal to solve the associated problems of retirement and retirement income by the major expenditure of public funds would be a waste of time. The committee from the outset was of the view that there should be no cost to the federal treasury, and that is a point stressed repeatedly in the report.

There is a great deal of debate these days on the question of selectivity versus universality. Some belong to one school and some to the other. While the trend today is certainly toward selectivity, those programs already based on the principle of universality are untouchable. No one would think of introducing the principle of selectivity to such programs as old age security or medicare—and I hope we can correct some of the mistakes the government made recently in dealing with medicare. Certainly, the trend today is that the public, the user, should pay more for the services being requested, and that is particularly true with respect to pensions. Pensions represent savings—savings which earn interest and which are indexed and which are eventually returned to the contributor. We need not apologize for insisting that these contributions be made.

The committee also wished to avoid any action that would worsen our inflationary problems. The proposal to increase the levels against the earnings of employees for an extended plan were judged, on the whole, to be anti-inflationary. The increased savings would tend to diminish consumer demand. Although from the point of view of the employer there would

be some impact in terms of labour costs which might lead to higher prices, this impact was judged to be both uncertain and small. On the whole, the committee's proposals appeared to be neutral insofar as inflation is concerned.

Another basic consideration which had a strong influence on the committee's attitude was the impact of the bulge in the population which began shortly after World War II. The so-called baby boom has brought with it a series of major adjustments. First, there was the sharp increase in enrolments in our schools, both elementary and secondary, followed by rapid growth in the number of university students. At the same time, the job market was overcrowded. Unemployment among young people was a persistent problem.

The lack of demographic balance will continue to make its impact felt as we move into the next century. Those born between 1945 and 1950 will reach age 65 between the years 2010 and 2015, and even though age 65 is an arbitrary figure, it is a convenient means of identifying the elderly. It is easy to see that the number of elderly people will grow at a rapid rate over the next 25 to 50 years.

Some people have looked at this fact and reacted in the fashion of Chicken Little. These are what I call the "sky is falling" school of actuaries and demographers—vocal but not very sophisticated. The thing they find so alarming is that the number of elderly pensioners is going to increase considerably in relation to the number of workers, resulting in an intolerable burden being placed on the shoulders of the taxpayers in terms of the cost of pensions and the other costs of looking after the elderly. This presumes that those pensions will be funded from general tax revenues and not from the savings of the pensioners. Thus, we have dire predictions about government pension funds going bankrupt. Every now and then someone spouts off about that sort of thing.

The best authority I know of in this country on pensions is the President of the Mercer organization, a gentleman by the name of L. E. Coward. There isn't any better authority on the subject, and I quote from a statement he made to the Canadian Association on Gerontology, as follows:

> I should like to mention one of the strengths and one of the weaknesses of our pensions system.
>
> It is a myth that our pension system is heading for bankruptcy—a dangerous myth which destroys public confidence in our strongest institutions. It is true that the Canada Pension Plan fund will be exhausted in about 20 years if contribution rates are not raised, but it was always intended that they should be raised from their initial very low level. To say that the Canada Pension Plan is going broke is like saying that your car will crash if you never move the steering wheel.

As a matter of fact, the Economic Council recommended that the premium be increased.

The committee was not impressed by these alarmist views of the future, and there are several reasons for its optimism. The first is that there appears to be a clear downward trend in the number of children—or, for that matter, in the whole group up to the age of 17. This is the age group that needed schools with such urgency just a few years ago, and made it necessary to spend billions of dollars on both capital and operating costs for the education system. Now we have come full circle, with the current problem revolving around the closing of schools for lack of pupils. Again, this involves some conjecture. There does not seem to be any reason why the influx of women into the labour market is not going to continue to grow. This may be an important offsetting factor.

Perhaps of greater importance is the number of workers who will continue to work after the traditional age of 65 once the bogey of mandatory retirement is disposed of. Predictions are risky because it is hard to forecast the influence of labour market conditions or the impact of inflationary price movements on people's attitude to working. Even though the committee looked on the future with optimism, it also recognized that the whole matter of retirement income will grow in importance as time passes, and appropriate action should be taken as quickly as possible. If we shilly-shally now the cost of readjustment in the future will be higher than necessary.

● (2240)

I do not propose to describe in detail all the recommendations of the committee, even the main ones, but I do want to comment on two or three which are of special importance in considering pensions.

The proposal to increase contributions to the Canada Pension Plan to a total of 8 per cent of eligible earnings compared to the current level of 3.6 per cent seems to me to be of major importance. How to achieve the suggested increase to 8 per cent was considered in great detail by the committee. There were a number of options available. One was to introduce the increase of 2.2 per cent to both employees and employers simultaneously. But there was a feeling that an immediate increase of this sort might be disruptive. The possibility of imposing the increases at intervals of six months, spread over several years, was examined, and this was rejected because it might lead to administrative confusion and undue delay.

The final conclusion of the committee was that the best approach was to introduce the increase over a two-year period. This would mean an increase of 1.1 per cent to both employer and employee. The advantage of this approach is that the initial increases are relatively small, and yet there would not be a very long delay in reaching the new level of contribution.

I have here a table entitled "Contributions to Public Pension Plan in Various Countries", and it comes from *Social Security Programs Throughout the World 1977*, published by the United States Department of Health Education and Welfare. I ask your permission to put it on the record.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

[*The table follows:*]

CONTRIBUTIONS TO PUBLIC PENSION PLANS IN VARIOUS COUNTRIES

	Insured Person	Employer	Government
France	3.45 per cent	7.70 per cent	none
Germany	9 per cent	9 per cent	subsidy of about 16 per cent of total cost
Greece	4.75 per cent	9.50 per cent	contributes as needed
U.K.	7.75 per cent	8.75 per cent	approximately 18 per cent of cost
Italy	7.15 per cent	16.35 per cent	lump sum subsidies
U.S.	6.13 per cent	6.13 per cent	some special old age benefits
Canada (Present)	1.8 per cent	1.8 per cent	none
Canada (proposed)	4 per cent	4 per cent	none

Senator Croll: There is one figure there that belongs to me. That is the one below the line where I indicate what the present contribution in Canada is and what it is likely to be afterwards. Even though this document will be on record, I should like to read some figures from it. In France the insured person pays 3.45 per cent and the employer pays 7.7 per cent. The government pays nothing. In Germany the insured person pays 9 per cent and the employer pays 9 per cent and the government pays a subsidy of about 16 per cent of the total cost. That comes from the general treasury. In Greece the insured person pays 4.75 per cent and the employer pays 9.5 per cent, and the government contributes "as needed," whatever that may mean. In the United Kingdom the insured person pays 7.75 per cent and the employer pays 8.75 per cent, and the government pays approximately 18 per cent of the cost out of the general treasury. In Italy the insured person pays 7.15 per cent and the employer pays 16.35 per cent, and the government pays lump sum subsidies—whatever is necessary. In the United States the employee pays 6.13 per cent and the employer pays 6.13 per cent, and there are some small benefits paid by the government that are of no consequence. Then in Canada the employee pays 1.8 per cent and the employer pays 1.8 per cent, and the government pays nothing. What we are suggesting here is that the employer and the employee should each pay 4 per cent. We have been getting away with pretty low costs for a long time.

What is even more interesting, honourable senators, is that this country has a view on pensions that most of you could not believe. The Scandinavian countries spend approximately 12 per cent of the gross national product on pensions. In Germany the figure is 9 to 10 per cent, in France 7½ per cent, in Great Britain 9 per cent, in the United States it is 5 per cent, and in Canada it is 3 per cent. Somehow we have always gone cheap on pensions in our country. I had always thought that we were very well insured, but in reality we are not.

Senator Rowe: Does Senator Croll have a breakdown for the Scandinavian countries? I gathered the impression in Denmark last year that it was even higher than the figures he has given.

[The Hon. the Speaker.]

Senator Croll: I am sure those figures have been provided to me.

Once the level of pensions payable increases, the plan will be ideal. I have already said this, but it is worth repeating even at this late hour. One of the most complex issues in the whole field of retirement income is the unsatisfactory treatment of women in the pension system. This is partly due to historical reasons. Not so many years ago the attachment of women to the labour market was regarded as marginal. It is true that many of them did go to work after schooling was over, but this was often for a relatively short time before marriage. Sometimes they were forced by circumstances to go back to work in later years. It was hard for them to build up any pension rights. There was an outright discrimination in some respects. Women often joined pension schemes late and were retired early. Even with the surge of women into the labour market in the last few years they are often in relatively low paid jobs, part-time and non-unionized jobs, and all of this tends to impair their pensions.

One disturbing aspect of the problem of women and pensions is that only 27 per cent of the female workers were covered by private pension plans in 1976, according to Statistics Canada. This compares with 44 per cent of the male labour force. Both figures are dismal. What is worse is the number of unattached women over 65 who have no private pension plan of any kind, and according to data collected by Health and Welfare Canada in 1975, 81 per cent of those women received no pension at all from private sources. For those who did, the average amount was less than $2,000 a year in 1975—not exactly a princely sum.

Even greater difficulty was experienced by housewives who were completely dependent on their husbands and families. The rules of the Canada Pension Plan and the Quebec Pension Plan did not permit housewives to contribute even if they could afford to. One of the basic rules of the plan was that contributions had to be connected with paid work. The result has been that housewives were discriminated against, although it was recognized that they did make a real contribution to the economy, even though it was not the sort of thing that could be added to the gross national product.

• (2250)

The committee considered this problem with some care and concluded that the most promising solution was to give wives a half share of the pensions earned by their husbands under the Canada Pension Plan. The converse was also recommended, because husbands should share equally in pension dollars earned by their wives. That is based on the fundamental notion that marriage is a partnership on earth, even though it is made in heaven. There are roughly 5,625,100 married women in Canada now, and the great majority of them will ultimately be affected by the proposal.

The number of old people is growing and will continue to grow. They deserve better treatment, but there is little doubt that they will have much political clout to demand it for very long. They need help now. That is why the emphasis is on things that we can see with clarity now.

The proposal to expand the pension plan as quickly as practical is merely a recognition for the need for action. If you compare the proposed contributions of 4 per cent for employees, and 4 per cent for employers, with contributions paid in other western countries, Canada does not show up too well. Employers in the United States alone contribute 6 per cent, and I have already indicated previously what employers in Germany and Great Britain and all those other countries contribute. In addition, governments are called on to make significant contributions in most of these countries.

We have been coasting along in this country on the cheap, with employers' contributions fixed at 1.8 per cent since the beginning of 1966, and employees' contributions fixed at 1.8 per cent too. That is nearly 14 years. I was there and I was as much responsible as anyone. Practically everything has gone up, and some things have gone sky-high. So we need to restore some better balance.

The argument that additional costs of business arising out of more generous public pensions are catastrophic is not very impressive. It is hardly credible that an increase in payroll taxes in the order of 2 per cent will prove a financial disaster. Profit levels appear to be quite healthy, particularly in certain segments, and whatever burden there is on business rests better there than on the backs of the poor old people.

The evident fact is that the elderly retired people do not have the market power they need. The big unions and the big companies have it and they can keep an even keel when the waves get high. It is the little people, the old, the retired, who get swamped.

In conclusion, let me quote the closing words of the report of the committee:

> A helpful and compassionate approach is needed but this will only come with public appreciation of the twin problems of retirement and income. Your Committee believes that the subject of this report is a major social issue just as important as Old Age Security and Medicare. It is earnestly hoped that this report will contribute to the understanding of the Canadian people and, in particular, their essential role in building a social structure that will be the envy of the western world. Let this be the first firm forward step in "Retirement Without Tears."

This will come about when we dedicate the eighties to the aged.

Hon. Edgar Fournier: Honourable senators, as Deputy Chairman of the Special Senate Committee on Retirement Age Policies, I should like to make a few brief comments. My remarks will be short owing to the difficulties I have to contend with and have had to for the last eight years.

[*Translation*]

I feel however that I should have failed in my obligations if I did not say a few words in my mother tongue. My remarks are directed to the members of the Special Senate Committee on the Retirement Age Policies as a whole, on their proceedings and accomplishments.

[*English*]

Honourable senators, I was just repeating in French that my remarks will be short and will deal mostly with the responsibilities and functions of the committee, leaving the detail and the content of the report to other members of the group.

The committee consisted of two groups, the Senate members and the supporting staff. The special committee was appointed on December 7, 1977, with Senator David Croll as its chairman.

Our first duty was to find an executive staff which could meet the requirements. We were looking for devoted people who were not guided by the clock and who were not afraid to work long hours. After interviewing several prospects, surely enough we found our staff members through the public service. I may say frankly and honestly that this is a most devoted executive staff; it is beyond reproach.

After the usual or normal amount of squabbling we were allocated some space on the third floor of the Victoria Building, where we worked under the direction of John Desmarais, Ph.D., with the assistance of Warren James, Ph.D., Ted Wilgress, Ph.D., and Miss Catherine Anderson, a member of the Ontario Bar and the Quebec Bar, and Mr. George Coderre, clerk of the committee. In turn, these persons were assisted by two permanent secretaries and six other secretaries. The workload alternated among the secretaries, but there were never more than two at a time, and these were drawn from the permanent staff. At times when mail was rather heavy, when we experienced problems of all sorts, whether personal or otherwise, the work was still done efficiently and all correspondence was promptly looked after.

From December 7, 1977, to date, the Senate committee has managed to function despite many setbacks. For example, scheduling meetings to please witnesses was a major problem. There were other problems such as trying to arrange for senators to attend the presentation of briefs when they were involved with other obligations or activities. It was necessary for senators to read briefs prior to their being presented, and there was the ever-present possibility that the committee could be abolished at any time. Such problems even formed the subject matter of some of our meetings—and tonight is no exception—because there was the real fear that, if the committee did not survive, all of the work it had already done and all of its financial investment would simply go down the drain.

Prior to the first public meeting, 28 briefs on various aspects of retirement were presented in camera to members of the committee by the Research Branch of the Parliamentary Library, and as a result many statistics were studied.

• (2300)

On behalf of the committee, I extend my thanks to the staff of the Research Branch of the Library of Parliament for their contribution.

The first public hearing took place on November 14, 1978. Subsequently there were 24 public hearings; there were 37 briefs presented by various organizations from across Canada; there were eight oral presentations, and 15 briefs were submit-

ted by mail. All went according to schedule and all the hearings were instructive and well received. The committee retained the services of Mr. Jean Baroux as the French language editor, and Mr. Joseph Sacroug as translator.

This was the mechanism which produced our report, *Retirement Without Tears*. The cost involved was far below that of a royal commission.

On behalf of the special committee, may I extend my sincere thanks to Mr. Baroux and Mr. Sacroug, as well as to their staff members, for their devotion and long hours of work in order to meet certain deadlines.

My sincere thanks also go to all members of the committee for their continued interest and effort. I apologize for any inconvenience caused by non-attendance at any of the committee's meetings because of other important meetings being held at the same time.

Senator Croll and I wish to express our thanks to all members of the committee. I am sure they are proud of the work that was done. All of us in time will pass on, but the Senate records will exist in the future.

I should now like to pay a personal tribute to Senator Croll, the chairman of the special committee, who engineered and master-minded the whole operation. At times I have been asked by members on both sides of the house: "How do you get along working with Senator Croll?" Perhaps I can best answer that question with the familiar reply: "Birds of a kind nest under the same roof." We are both early birds, being in our offices as early as 7 a.m. practically every day. Long hours mean nothing to us. I should perhaps add that we do not always agree, but our arguments have always been settled in a friendly manner and in the best interests of the committee. For my part, I always kept in mind Senator Croll's immense experience in both public and political life.

I am sure that many senators have little or no idea of the work done by Senator Croll on behalf of the committee during the past two years. It has been a pleasure and a privilege to work with him and to have had the opportunity to participate in the preparation of the report *Retirement Without Tears*. Never, in all my discussions with my colleagues on the committee and with other honourable senators, did I meet anyone who did not have great admiration for Senator Croll. Not everyone agrees with his politics, but that is to be expected. We all respect Senator Croll and admire him for his many years of devotion to both his province and to Canada.

On April 30 the special Senate committee will present to you, Mr. Speaker, an oil painting of the Honourable Senator Croll in recognition of his devotion to the Canadian people. That painting will place Senator Croll among the many outstanding senators of Canada. I again extend my thanks.

[*Translation*]

I thank you for your kind attention.

On motion of Senator Deschatelets, debate adjourned.

[*English*]

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX "A"

(*See p. 71*)

FOREIGN AFFAIRS

"AFGHANISTAN AND THE OLYMPICS"—STATEMENT BY THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS

The Soviet Union's move into Afghanistan at the turn of the year caught the world by shocked surprise. The depth of international opposition can be measured by the strength of the vote in the Emergency Session of the United Nations General Assembly called to deal with the question in early January: one hundred and four governments cast their votes in condemnation of Soviet action.

That action continues. The Soviet leaders are proceeding to tighten their hold on what was, and has been for decades, an independent neighbouring country.

Such international behaviour cannot go unheeded. The country responsible cannot claim for itself immunity from the consequences of its own freely chosen course of action.

There has been broad agreement internationally that the Soviet action can only be met by concrete measures, adopted by members of the international community as expressions of concern over unacceptable and unjustifiable policies. These measures are not, and cannot be uniform: nor can they themselves secure the withdrawal of Soviet forces from Afghanistan. They do, however, reflect a full range of national reactions which when added together constitute an impressive and deliberate demonstration of world opposition to the Soviet invasion.

For its part, and after the fullest consultation with allies and friends, Canada adopted a broad spectrum of measures under the previous Government which have been reaffirmed by the present Government. Visits to the Soviet Union by ministers and high-level officials have been cancelled. Similarly a wide range of exchanges in education, culture and sport, along with a wide variety of exports of manufactured goods and agricultural products have been halted. Thus, Canadians in a broad spectrum of fields of endeavour—artists, sportsmen, farmers, academics and businessmen, to name a few—have been called upon to make sacrifices in the process of Canada's response to Soviet aggression.

In the framework of the Government's reaction to the Soviet invasion of Afghanistan, one issue has remained undecided: participation in the 1980 Olympic Games, scheduled to be held in Moscow in July. This Government believes that the international situation brought about by Soviet aggression in Afghanistan makes it wholly inappropriate to hold the Olympics in Moscow.

Since taking office, the Government has maintained that it is up to the Soviet Union to create the conditions under which the Games may properly take place. Obviously, such conditions do not now exist. Furthermore, there is no present intention on the part of the USSR to create them. We have said from the beginning that an Olympic boycott would be advisable only if effective. Our policy has therefore been to work actively towards an effective boycott. In the course of the last several weeks, we have canvassed our friends in the Western Alliance and Third World states to determine whether a boycott of the Moscow Olympics would be an effective instrument in displaying our abhorrence of the actions of the USSR in Afghanistan. The Prime Minister took a personal initiative in writing a number of world leaders on the subject. The results of these consultations, coupled with conversations I had with foreign ministers present during the recent independence celebrations in Zimbabwe have convinced the Government that the criteria for an effective boycott are now clearly present. I expect similar announcements in support of an effective boycott by other governments within the next days.

To ask our athletes, who have been training for four years and more for their chance at an Olympic gold medal, to forego that chance is a hard thing for any free country to ask of its citizens. The Government is, however, convinced that withdrawal from the Olympics is the clearest and most effective way available to make plain to the leaders of the Soviet Union that the world condemns the Soviet Union's invasion of Afghanistan and its defiance of international demands for its withdrawal. If as the Soviet Union claims, the 1980 Olympics are a vindication of Soviet policies, then by not participating in those Games, we repeat to the Soviet leadership and the Soviet people that the Soviet Government's actions in Afghanistan stand condemned by the world.

The Canadian Olympic Association has requested a firm indication of the Government's position in this matter. The Government has considered the situation thoroughly. We have decided that the circumstances leave us no choice but to urge the Canadian Olympic Association to inform the Organization Committee for the 1980 Olympics that Canadian athletes will not be participating in the Games. The Government does not intend to use coercion to bring about a withdrawal. It will not revoke passports or take powers to circumscribe the right of Canadians to travel freely abroad. But should Canadian athletes participate in Moscow, they will do so without the moral or financial support of the Government of Canada.

Several nations are actively planning for athletic events in which their athletes can participate as some compensation for not having gone to Moscow. If Canadian athletes, through

their accredited sport governing bodies, make it clear that they wish to participate in such events, the Government will make it possible for them to do so. Moreover, the Minister responsible for Fitness and Amateur Sport will have his officials meet with national sport governing body representatives immediately to determine whatever opportunities may be available, or may be developed, to offset this setback to our amateur athletes and provide alternative competitive forums in their pursuit of excellence.

The Government is aware that the final deadline for acceptance of invitations to the Games is May 24. While any dramatic change in the situation in Afghanistan seems unlikely, the possibility cannot be entirely excluded. The Government therefore intends to continue monitoring the situation closely. It remains up to the Soviet Union to create the conditions in which the Olympics can take place. Should it become apparent that, contrary to present evidence, these conditions are being created, the Government is prepared to reassess the request it is making today.

Finally, Madame Speaker, we ask Canadian athletes and Canadians generally to support this important decision which has been taken in the national interest. We all recognize the sacrifice this represents for our athletes who have trained so hard and for whom we have so much respect. It is, of course, not their fault any more than it is the fault of other Canadians who are also being asked to support Government policies designed to impress upon the Soviet Union that international terrorism in all of its manifestations—whether by armed students or disciplined troops—is unacceptable to Canada. The Government urges Canadian athletes to respect its advice. We are confident that they and the Canadian Olympic Committee will have the national interest at heart and will decline to participate in the Moscow Games in the interest of Canadians and free peoples everywhere.

APPENDIX "B"

(*See p. 78*)

SPECIAL SENATE COMMITTEE ON RETIREMENT AGE POLICIES

RECOMMENDATIONS

Part I

Retirement

The specific recommendations of the committee are:

1. that the progressive abolition of mandatory retirement based on age become a general policy

   (a) by amendments to the rules governing public servants and employees of companies under the jurisdiction of the federal government;

   (b) by similar action with respect to provincial and municipal public servants;

2. that the mandatory age of retirement be increased one year at a time for five years by amending pension plans or retirement rules or conventions and that at the end of five years the concept of mandatory retirement at a particular age be abandoned completely;

3. that all human rights legislation be reviewed to eliminate any loopholes which permit age discrimination because of employee benefit and similar plans;

4. that a policy of flexible retirement become the standard for both public and private enterprises;

5. that amendments to both federal and provincial human rights legislation be sought at the earliest opportunity to minimize the possibility of discrimination based on age.

Part II

Demographic Trends

In this area the recommendations of the committee are:

1. that, in view of the major institutional changes which will result from the explosive growth of those aged 65 and over early in the twenty-first century, planning be undertaken well in advance at every level of government to anticipate the problems of change;

2. that an essential element of this planning should be to ensure that the savings realized in such areas as education because of a declining younger dependent population be used to offset the increased public expenditures devoted to the older dependent population;

3. that appropriate administrative agencies be expanded at the federal, provincial and municipal levels to plan and co-ordinate the programs needed to meet the increased social and institutional demands of the aging population in transportation, homemaking services, housing and nursing homes and other areas of concern to the elderly.

Part III

The Income of the Elderly

The recommendations of the committee are:

1. that for all those 65 and over no action should be taken to diminish the rights and benefits they now enjoy;

2. that, in view of the inadequacies of the private pension system in Canada, contributions under the Canada/Quebec Pension Plan be increased to 8 per cent, one-half to be contributed by the employer and one-half by the employee and the full 8 per cent to be contributed by the self-employed instead of the current aggregate level of 3.6 per cent. This recommendation involves an increase in the total contributions of 2.2 per cent annually for two years. This would mean that employers and employees each would contribute an additional 1.1 per cent per year until the total difference of 4.4 per cent is made up;

3. that employees be permitted to purchase pension entitlement at the new higher level by paying both the employer's and the employee's share for any desired period prior to the introduction of the higher contribution rates, but not to begin earlier than January 1, 1966, provided the employee earned above the required minimum for any prior year to be included;

4. that the increases in the benefits under the Canada/Quebec Pension Plan be phased in over a five-year period dating from the end of the year that the 8 per cent level of contributions is in effect;

5. that the benefits payable to those contributing at the new level be calculated on an actuarial basis for all those retiring before the payment of the higher pension level is fully effective;

6. that the expanded Canada/Quebec Pension Plan be integrated with or added to existing private pension plans at the option of the employers and the employees;

7. that early vesting, i.e. after one year, be introduced in the pension field under federal jurisdiction and that the provinces be urged to adopt this standard in areas under their control;

8. that, as a general principle, contributors to the Canada/Quebec Pension Plan should be permitted, if they wish, to take actuarially reduced pensions beginning at age 60.

Part IV

Retirement and the Economic Climate

The recommendations of the committee are:

1. that the ceiling under the Canada/Quebec Pension Plan (the Year's Maximum Pensionable Earnings) be raised by 50 per cent to 1½ times the average industrial wage, or approxi-

mately $20,000 at current rates, so as to provide workers with a higher level of protection against inflation;

2. that the increase take place in annual increments so that the new level of the year's Maximum Pensionable Earnings is attained by the time the total contribution level of 8 per cent is in effect;

3. that the private pensions system be urged to modify the designs of its plans wherever necessary to protect the long-service employees' pension contributions by calculating pensions on the basis of final earnings or some similar variant;

4. that the provinces and the federal government take appropriate action to require all private pension plans under their jurisdiction to disclose to their participants how their funds are being invested and how they are performing.

Part V

Women and Retirement

The recommendations of the committee are:

1. that the federal and provincial governments and the pension industry be urged to make it obligatory for private pension schemes to provide adequately for survivors;

2. that the reciprocal and equal sharing of pensions under the Canada/Quebec Pension Plan be adopted as the best method of providing pensions for housewives and that the equal sharing of any pension entitlements earned by either spouse during any period of marriage should confirm the fact that marriage has some of the essential qualities of a partnership;

3. that the rules which bar women employed by their husbands in unincorporated enterprises from contributing to the Canada/Quebec Pension Plan be eliminated;

4. that any unfair discrimination against women in the pension field not based on accepted and sound actuarial principles should be vigorously attacked by the provincial and federal authorities responsible for human rights.

Part VI

Special Groups in the Population

The recommendations of the committee are:

1. that, with the introduction of early vesting, the pension benefits of mobile workers under private pension schemes be transferred to the Canada/Quebec Pension Plan;

2. that the fund accumulated by the Canada/Quebec Pension Plan consisting of the pension benefits of mobile workers be managed by a Crown agency consisting of representatives of the insurance industry, financial institutions and pension funds as well as the general public, with the primary purpose of investing the contributions in an efficient manner and protecting the fund against the inroads of inflation;

3. that the benefits that have accrued to individuals be made available to them on retirement in the form of annuities;

4. that the problem of inadequate or nonexistent pensions for seasonal workers be dealt with by creating a special category for such workers under the Canada/Quebec Pension Plan with a premium and payout structure designed to meet the abnormal aspects of seasonal employment;

5. that the appropriate body or bodies provide the public with clear standardized statements of all the conditions attached to RRSPs, including administrative costs, fees for termination and any other aspect of RRSPs relevant to the investor.

Part VII

Assistance for the Aging

The recommendations of the committee are:

1. that increased resources be devoted to homemaking services, particularly by the municipalities;

2. that the federal New Horizons program should be given continued support, that maximum flexibility should be stressed, that efforts should be made to use the skills of the elderly in reaching segments of the elderly population now left out of group activities and that every encouragement should be given to projects involving social services for the elderly;

3. that policy directives should be issued by the appropriate authorities for the purpose of improving employment opportunities of those 65 and over and discouraging the elderly from leaving the labour market;

4. that the retired elderly should organize, protest and show militancy in order to improve their chances of achieving dignity, obtaining higher incomes as well as medical and other services and finding useful work.

Part VIII

Planning for Retirement

The recommendations of the committee are:

1. that both public authorities and private companies should undertake to implement effective pre-retirement programs;

2. that the Canada Employment and Immigration Commission should take appropriate measures to ensure that its offices are better equipped to deal with older workers, including: (a) improved job training facilities; (b) a more vigorous placement program; (c) more advertising of available services;

3. that employers should introduce programs of graduated retirement such as, for example, longer annual holidays or shorter work weeks, for workers approaching the age of retirement.

THE SENATE

Wednesday, April 23, 1980

The Senate met at 2 p.m., Hon. Renaude Lapointe, Speaker *pro tem*, in the Chair.

Prayers.

● (1400)

LIBRARY OF PARLIAMENT

REPORT OF SPECIAL STUDY BY THE COMMISSIONER OF OFFICIAL LANGUAGES TABLED

The Hon. the Speaker *pro tem:* Honourable senators, I have the honour to table the report of the Special Study of the Library of Parliament, dated November 1979, conducted by the Office of the Commissioner of Official Languages.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Canadian Livestock Feed Board for the crop year ended July 31, 1979, including its accounts and financial statements certified by the Auditor General for the fiscal year ended March 31, 1979, pursuant to section 22 of the *Livestock Feed Assistance Act*, Chapter L-9, R.S.C., 1970.

Report of the Department of Regional Economic Expansion for the fiscal year ended March 31, 1979, pursuant to section 22 of the *Department of Regional Economic Expansion Act*, Chapter R-4, R.S.C., 1970.

Estimates for the fiscal year ending March 31, 1981, together with a News Release prepared by the Communications Division of Treasury Board.

Supplementary Estimates (A) for the fiscal year ending March 31, 1981.

Report on Estimates 1979-80.

Document entitled "Statistics Canada Organization Study", completed by Price Waterhouse Associates in February 1980.

Document entitled "Statistics Canada Methodology Review", completed under the responsibility of Sir Claus Moser in March 1980.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board) tabled:

Report of The Canadian Wheat Board for the crop year ended July 31, 1979, including its financial statements certified by the Auditors, pursuant to section 7(2) of the *Canadian Wheat Board Act*, Chapter C-12, R.S.C., 1970.

STANDING COMMITTEES

FIRST REPORT OF COMMITTEE OF SELECTION PRESENTED

Hon. William J. Petten, Chairman of the Committee of Selection, presented the following report:

Wednesday, April 23, 1980

The Committee of Selection, appointed to nominate senators to serve on the several select committees during the present session makes its first report, as follows:

Your committee has the honour to submit herewith the list of senators nominated by it to serve on each of the following select committees, namely:

JOINT COMMITTEE ON THE LIBRARY OF PARLIAMENT

The Honourable Senators Bélisle, Bell, Cameron, Choquette, Fournier (*Madawaska-Restigouche*), Hicks, Macquarrie, Phillips, Riel, Rousseau, Rowe, Sullivan and Thériault. (13)

JOINT COMMITTEE ON THE PRINTING OF PARLIAMENT

The Honourable Senators Adams, Anderson, Bielish, Bonnell, Bosa, Charbonneau, Choquette, Eudes, Fournier (*Madawaska-Restigouche*), Fournier (*Restigouche-Gloucester*), Guay, Lewis, Macdonald, McGrand, Rizzuto, Sullivan, Williams and Wood. (18)

JOINT COMMITTEE ON THE RESTAURANT OF PARLIAMENT

The Honourable the Speaker, the Honourable Senators, Bélisle, Godfrey, Grosart, Hicks, Inman and Norrie. (6)

JOINT COMMITTEE ON REGULATIONS AND OTHER STATUTORY INSTRUMENTS

The Honourable Senators Doody, Godfrey, Hicks, Lafond, Lewis, Neiman and Nurgitz. (7)

COMMITTEE ON STANDING RULES AND ORDERS

The Honourable Senators Beaubien, Bonnell, Bosa, Choquette, Connolly, Cook, Donahoe, Everett, *Flynn, Frith, Lang, Langlois, Macdonald, McIlraith, Molgat, Molson, Murray, *Perrault, Petten, Phillips, Smith (*Queens-Shelburne*), and Stanbury. (20)

*ex officio member.

COMMITTEE ON INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

The Honourable Senators Barrow, Beaubien, Bélisle, Benedickson, Choquette, Davey, *Flynn, Graham, Gro-

sart, Guay, Hays, Laird, Langlois, Leblanc, Marshall, McElman, McIlraith, Molson, Muir, *Perrault, Petten and Riel. (20)

*ex officio member.

SENATE COMMITTEE ON FOREIGN AFFAIRS

The Honourable Senators Asselin, Bélisle, Bird, Bosa, *Flynn, Frith, Graham, Grosart, Haidasz, Lafond, Lamontagne, Lang, Lapointe, Macquarrie, McElman, Murray, Neiman, *Perrault, Riel, Rizzuto, van Roggen and Yuzyk. (20)

*ex officio member.

SENATE COMMITTEE ON NATIONAL FINANCE

The Honourable Senators Austin, Balfour, Barrow, Benedickson, Charbonneau, Davey, Doody, Everett, *Flynn, Godfrey, Grosart, Hicks, Leblanc, Manning, Murray, *Perrault, Robichaud, Roblin, Sparrow, Steuart and Thériault. (19)

*ex officio member.

SENATE COMMITTEE ON TRANSPORT AND COMMUNICATIONS

The Honourable Senators Adams, Bell, Bonnell, Charbonneau, Davey, Denis, *Flynn, Graham, Langlois, Lucier, Marshall, McElman, Molgat, Muir, *Perrault, Petten, Riley, Roblin, Rowe, Sherwood, Smith (*Colchester*), and Wood. (20)

*ex officio member.

SENATE COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS

The Honourable Senators Asselin, Buckwold, Croll, Deschatelets, Donahoe, *Flynn, Frith, Goldenberg, Hayden, Langlois, Lapointe, Lewis, Macquarrie, Neiman, Nurgitz, *Perrault, Rizzuto, Robichaud, Stanbury, Tremblay and Walker. (19)

*ex officio member.

SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

The Honourable Senators Austin, Balfour, Barrow, Beaubien, Buckwold, Charbonneau, Connolly, Cook, *Flynn, Godfrey, Hayden, Hays, Lafond, Laird, Lang, Manning, McIlraith, Molson, *Perrault, Roblin, Smith (*Colchester*), and Walker. (20)

*ex officio member.

SENATE COMMITTEE ON HEALTH, WELFARE AND SCIENCE

The Honourable Senators Adams, Bielish, Bird, Bonnell, Cottreau, Croll, Donahoe, *Flynn, Haidasz, Inman, Lucier, Marshall, McGrand, Norrie, *Perrault, Phillips, Rousseau, Sullivan, Thériault, Thompson, Tremblay and Wood. (20)

*ex officio member.

[Senator Petten.]

SENATE COMMITTEE ON AGRICULTURE

The Honourable Senators Anderson, Bielish, *Flynn, Fournier (*Madawaska-Restigouche*), Fournier (*Restigouche-Gloucester*), Hastings, Hays, Inman, McGrand, Molgat, Norrie, Nurgitz, *Perrault, Riel, Riley, Roblin, Sherwood, Sparrow, Steuart, Thompson, Williams and Yuzyk. (20)

*ex officio member.

Respectfully submitted,

William J. Petten
Chairman

The Hon. the Speaker *pro tem:* Honourable senators, when shall this report be taken into consideration?

Senator Petten moved that the report be placed on the Orders of the Day for consideration at the next sitting of the Senate and that it be the first order of the day.

Motion agreed to.

• (1410)

QUESTION PERIOD

[*English*]

BUSINESS OF THE SENATE

GOVERNMENT'S LEGISLATIVE PROGRAM

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I understand that none of the Orders of the Day dealing with the second reading of bills will be proceeded with today, and I am wondering what the intention of the government is in connection with those orders as far as tomorrow's sitting is concerned.

I understand that today we will be dealing with Order No. 7, which is the debate on the motion for an Address to His Excellency the Governor General in reply to His Speech at the opening of the session. Is it the intention of the government to have some of these motions for the second reading of bills moved tomorrow?

Hon. Raymond J. Perrault (Leader of the Government): The intention is to have debate on these various bills move forward as expeditiously as possible. However, the material required for the initial speeches is as yet not fully in order.

Senator Flynn: I would have thought, since most of these bills were introduced in the last Parliament, that this material would be readily available. From my recent experience in connection with these matters, I would think you would have very little to add to what was prepared for the introduction of these bills in the last Parliament.

Senator Perrault: Honourable senators, the present government is very concerned about the need to be contemporary in

all of the remarks which are uttered in relation to any of these measures. The sensitive briefings required before these bills are advanced have not yet been completed.

Senator Flynn: I suppose it would be more difficult for someone on your side to deal with these bills than it would have been for us.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, as the Leader of the Opposition has said, we have had these bills before us previously, and because of that it is hoped that not all of these measures will have to be referred to committee. There will be some, of course, which we will want to refer to committee. Our committees, however, are not yet established. As soon as they are, it is hoped that, for the very reasons Senator Flynn has mentioned, we will be able to clean up that part of the order paper expeditiously.

Senator Perrault: With your enthusiastic co-operation.

Senator Flynn: I understand the subtlety of the argument.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, last evening, in my absence, the Honourable Senator Roblin asked when we would be proceeding with Bill S-6, to amend the Two-Price Wheat Act.

Bill S-6 is a technical bill. It removes from the law the provision to pay a subsidy for two-price wheat, and this needs to be done in the reasonably near future. I hope to be in a position to go forward with this bill before too long, and I would hope, at the time I do move its second reading, to be able to announce the policy on the two-price wheat system that will replace the present policy.

THE ESTIMATES

STATEMENTS BY PRESIDENT OF THE TREASURY BOARD AND THE MINISTER OF FINANCE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government. I see now that the Minister of State for Economic Affairs has come into the house armed with a big book containing all the answers. I hope he plans to make full use of them. It will be quite a different Question Period from what we have had over the past week, if he does. So if the Leader of the Government is unable to reply to my question, perhaps Senator Olson can.

Can the Leader of the Government tell us, in view of the discrepancy between Mr. MacEachen's estimates and those of the President of the Treasury Board, which precise figure we should use in respect to estimated expenditures? There is a difference of approximately $2 billion between the two figures given. Which figure should we use, the higher or the lower?

● (1415)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am sure that Senator Flynn realizes, if he read the speeches of the President of the Treasury Board and of the Minister of Finance, that the differences were explained very, very carefully. It is that the amount that was in the blue book was the estimate prepared by the previous government, and the amount of something less than $2 billion—I do not have the figure on the tip of my tongue but it was $58.3 billion as opposed to something like $60.1 billion—was explained by the increase in debt service charges and oil compensation payments since those estimates were prepared.

Senator Flynn: It seems to me that the President of the Treasury Board did not caution the house as to the different figure at which the Minister of Finance had arrived. I was just wondering if, as it appears in some of the replies obtained from the Minister of State for Economic Development, sometimes the right hand of government does not know what the left hand is doing.

Senator Olson: Well, that may be the history of the past nine or ten months, but I can assure the Leader of the Opposition that that situation is changing. The explanation was complete and clear and there was no contradiction between what the Minister of Finance said and what the President of the Treasury Board said. What was in the blue book were the estimates, unamended, which had been prepared. If we had sent them back, then all the printing would have had to be redone. That was explained very carefully. But the Minister of Finance raised that figure by the amount I explained a few moments ago, and he explained why it went to $60.1 billion. It is because of what is now known to be increases in cost of servicing the public debt plus some increases in the statutory provisions for providing for the oil compensation program. So they made it very clear that they knew when they tabled the blue book that it would likely be higher than that, and of course Parliament will see some supplementary estimates to take care of that difference. I would be very happy to arrange to send the Leader of the Opposition the words that explain that clearly and precisely.

Senator Flynn: You mean in the speech of the President of the Treasury Board?

Senator Olson: One or the other or both.

Senator Flynn: I think you will have to couple them to some extent. In any event, the reply to my question, if it had been given simply and directly, would have been, I gather, that the higher figure is the estimated amount of expenditures.

Senator Olson: I think that is correct—by the time we get the supplementaries in to take care of what was explained.

STATUS OF WOMEN

PARLIAMENTARY COMMITTEES AND TASK FORCES

Hon. Martha P. Bielish: Honourable senators, my question is for the Leader of the Government. Liberal governments have always been verbose in promoting the advancement of women to positions of direction and authority. Why is it, therefore, that of the six parliamentary task forces recently established and approved by cabinet not a single one has a female chairperson?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the parliamentary task forces, of course, were announced in the other place.

• (1420)

Senator Roblin: That is true enough.

Senator Perrault: Of course, I had no role in determining the membership of those task forces established in the other place, but I have a belief that, if certain parliamentary task forces of importance to Canadians are formed, and in view of the fact that Parliament is comprised of two chambers, those task forces should include members of the Commons and members of the Senate. For example, I know that the honourable senator, with her outstanding background in public affairs in western Canada, would be prepared to serve as a member of any such joint task force formed in Parliament.

With respect to the immediate task forces which have been announced, it is certainly the hope of certain members of the Senate that at least some members of the Senate will be part of those task forces.

Senator Bielish: I have a supplementary question. Does the Leader of the Government not agree that since so many women are attempting, for economic reasons, to return to work, it might have been appropriate for at least the task force on employment opportunities for the eighties to be headed up by a woman? Incidentally, I am perfectly aware that the press release did state that all leaders of both houses were consulted and made aware of all that happened.

Senator Perrault: I understand the honourable senator's concern, and, of course, ability should be the sole criterion when chairmen and members of task forces are appointed or when appointments are made to government bodies and agencies. It must he said, however, that the Right Honourable the Prime Minister is deeply committed to the concept of equality in this country, and not only with respect to males and females; he is deeply committed to the concept of equality with respect to those of different ethnic background and heritage.

There has been a dramatic improvement in the status of women while the Right Honourable the Prime Minister has been leader of the affairs of this nation.

Senator Bielish: I have a further supplementary. I am not surprised that all chairpersons are from the government party. Could the Leader of the Government tell me if any of the women who sit in Parliament on the government side were considered as possible chairpersons for one or more of these task forces? If so, were they found wanting? If not, why were they not considered?

Senator Perrault: May I suggest, with all due deference to the honourable senator, that the line of questioning is, in my view, out of order.

Some Hon. Senators: Oh, oh!

Senator Perrault: The line of questioning relates to decisions taken in the other place. The information sought is not within the purview of members of this place.

[Senator Bielish.]

Senator Smith (Colchester): Of members of the government, surely.

Senator Perrault: I want to assure honourable senators that, insofar as it is within the power of the government in this place, every effort is made to see to it that members of both sexes are given major responsibility. We have serving us today as Acting Speaker one of the distinguished parliamentarians in Canada, the former Speaker, the Honourable Renaude Lapointe, who served for a number of years with great distinction as Speaker of the Senate.

In the other place the Right Honourable the Prime Minister has indicated the great importance of acknowledging ability regardless of sex by appointing another outstanding woman, the Honourable Jeanne Sauvé, as Speaker of the House of Commons. She is the first woman Speaker in the history of the House of Commons. During the years in which there were Conservative governments, action of this kind was never taken.

• (1425)

Senator Flynn: How many years?

Senator Perrault: The chairman of the government caucus is a distinguished and able woman, namely, Senator Neiman, and we are proud of that fact. There are many other examples.

Senator Bielish: My question pertains to the six parliamentary task forces and not to any other appointment.

Senator Perrault: The honourable senator's views will be noted carefully by all those who serve here in Parliament.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to ask a supplementary question. Did I understand correctly, from the words of the Leader of the Government, that it was the intention to make these study committees joint committees of the Commons and the Senate?

Senator Perrault: Honourable senators, I believe that there are certain committees and task forces which should be made up of representation from both chambers. The membership of committees must, of course, be drawn up on the basis of the subject to be studied and the matters under consideration. I am sure the honourable senator will agree with me that the expertise that resides in this chamber is such that it should be made available in the interests of the Canadian people when committees of Parliament are formed.

A number of representations have been made to me by many senators to the effect that they would like to see a greater degree of participation in certain parliamentary task forces and committees. I would certainly be interested in the views of the official opposition on this subject.

Senator Roblin: My honourable friend did not answer my question as to whether or not there would be joint committees. I suppose we can regard that as par for the course, because one of his skills is in avoiding the question. I have to admit that, as a former "question answerer" myself, it is not a bad idea sometimes.

Will these proposed committees report to Parliament, and what is the plan with respect to their responsibilities? Are they going to be reporting back to Parliament?

Senator Perrault: I would be pleased to bring a report to the Senate on this subject. I can say that representations have been made with respect to having certain senators participate in these task forces. I know it is an initiative that would be supported by the Leader of the Opposition. I would be pleased to bring to the Senate a statement about the length, duration, nature and terms of reference of these task forces. I believe it is of importance to us, and certainly it will be reported here as soon as possible.

Senator Roblin: I thank my honourable friend. I would appreciate that action on his part. I raised the question with respect to the reporting procedure because there has been a report circulating that these committees would not be reporting to Parliament but would, in fact, be reporting to the government, which is something quite different.

Speaking for myself, I would certainly like to reserve my position. If it is found, on analysis, that the report is not to be made to Parliament but to the government, that would mean two quite different things and it would certainly affect my attitude with regard to serving on such a committee.

Senator Perrault: I quite understand the honourable senator's position. He has made a good point. That information will be obtained and hopefully we can have a report on it tomorrow afternoon. It should not be a difficult question to answer.

Senator Flynn: For once.

THE ESTIMATES

TABLING OF BACKGROUND PAPERS

Hon. Richard A. Donahoe: Honourable senators, my question is directed to the Leader of the Government. A few moments ago the Leader of the Opposition directed a question to the Leader of the Government in which he asked whether certain bills were coming forward for consideration. We were told that we had to wait for those bills until adequate background information was supplied.

Senator Perrault: And the committees brought into being, yes.

Senator Donahoe: Having heard that explanation and the reply, I assume that what is sauce for the goose is sauce for the gander, and what is good practice in this house is also good practice in the other place. So I am inspired to ask the following question: In the light of the very sparse information that was supplied with the estimates brought down in the other place yesterday, can the Leader of the Government in the Senate tell us whether he knows if it is the government's intention to table more detailed background papers to the estimates?

● (1430)

In particular, can he tell us if it is the government's intention to table five-year revenue and expenditure forecasts such as those which accompanied the Crosbie budget?

Before the answer is given to my question, I should like to point out to the Leader of the Government that it was only last week that the Auditor General of this country said that in his opinion too often incomplete and sometimes incomprehensible spending figures are presented to Parliament. In the light of that criticism and in the light of the paucity of the information provided with the estimates, can we now be told whether we can expect these further five-year revenue and expenditure forecasts to be provided with the estimates?

Hon. Raymond J. Perrault (Leader of the Government): May I, honourable senator, attempt to answer this question in a general fashion, and then I would like to defer to my colleague, Senator Olson, who is deeply concerned with the economic policies of this government.

Senator Smith (Colchester): He always says he isn't.

Senator Perrault: First, this government has spelled out very clearly its intention to provide more information with respect to government programs and many other aspects of government operations. Secondly, when one makes reference to the recent report of the Auditor General, one should bear in mind that his remarks were directed in large part to the activities of the government that was removed from office on February 18.

Hon. Senators: Oh, oh.

Senator Perrault: The Honourable Leader of the Opposition should think carefully about the remarks of the Auditor General as they relate to some of the activities of his own party when in power.

May I point out also, with regard to the suggestion that somehow the government is reluctant to come forward with legislation and proposals for the future, that the predecessor government refused to call Parliament for five months—150 days of inaction—which is hardly exemplary conduct in our parliamentary system.

Hon. Jacques Flynn (Leader of the Opposition): I rise, honourable senators, on a question of privilege. The Leader of the Government has said two things that he should correct. He said in the first place that the report of the Auditor General referred to the previous government.

Senator Perrault: Well, part of it.

Senator Flynn: I would want this to be on the record, that it is now only a part of the report that is referred to. I would also like the leader to identify what part of it does apply to the previous administration.

In the second place, when the Leader of the Government refers to the time we waited to call Parliament, I would ask him how long the official opposition, combined with the socialists, gave us to introduce the program that we had elaborated

during the five months the Leader of the Government refers to.

Senator Lamontagne: That is not a question of privilege.

Senator Flynn: It is indeed, because it is a question of interpretation. You should know that.

Senator Perrault: As usual, I dislike engaging in partisan dissertation.

Senator Flynn: That goes without saying.

Senator Perrault: Perhaps members on the other side should be most acutely aware of this section of the Auditor General's report which applies to their activity or inactivity through their term in office.

● (1435)

Senator Flynn: There was no inactivity.

Senator Perrault: As far as this government is concerned, however, we accept this new mandate without a spirit of recrimination about the past, and we will get on with the future.

BUSINESS OF THE SENATE

GOVERNMENT'S LEGISLATIVE PROGRAM

Hon. G. I. Smith: In regard to this business of bringing forward bills for consideration, perhaps the Leader of the Government would enlighten those of us who do not understand, and tell us why it is impossible or difficult for the house to debate bills on second reading until committees are appointed.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, it will be the intention to move ahead with these bills tomorrow afternoon. This is the present plan.

Senator Flynn: Good.

Senator Perrault: In certain cases it may be necessary to refer them to committees. Perhaps on negotiation with the Leader of the Opposition we can discuss certain bills where referral to committee may not be necessary. We are as anxious as honourable senators in opposition to move ahead with the excellent legislation before us.

Senator Flynn: My specific question was whether the item concerning the Address in reply to the Speech from the Throne would be stood tomorrow.

Hon. Royce Frith (Deputy Leader of the Government): It will not be stood tomorrow on this side. We hope we will also have a bill for tomorrow.

Senator Flynn: That is all we wanted to know.

FINANCE

AUDITOR GENERAL'S REPORT—CIDA EXPENDITURES

Hon. Orville H. Phillips: Honourable senators, earlier the Leader of the Government in the Senate, to whom I referred yesterday as the "Minister of Irresponsibility," referred to the Auditor General's report. In that report the Auditor General referred to the expenditures in connection with CIDA, and he stated that a particular item, a boat, would not float. Would the Leader of the Government assure this chamber that the cabinet will have a meeting on board this boat which does not float? I think this would be very important and that it would solve many problems facing this country.

Senator Perrault: You made a statement.

GRAIN

FEED BARLEY AND OATS—EXPORT PERMITS

Hon. Martha P. Bielish: Honourable senators, my question is directed to the Minister of State for the Canadian Wheat Board. Many farmers in central Alberta have been able to find markets for crushed and rolled feed barley and oats in the United States. I believe there have been misunderstandings between the Canadian Wheat Board and farmers as to whether they can ship this product by permit.

Can the minister inform me where the product must originate and what the price should be?

More specifically, my questions are: First, are permits issued by the Canadian Wheat Board readily available to farmers wishing to export their feed barley and oats to the United States and, secondly, what are the conditions attached to these permits? Are farmers able to ship from their farms by truck at their negotiated price to prospective customers across the border? Are there restrictions as to the form of the product—that being whole grain, crushed grain, or rolled grain—and if so, why?

● (1440)

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I shall be very pleased to take that question as notice and bring a comprehensive answer to the honourable senator.

FOREIGN AFFAIRS

IRAN—DIPLOMATIC RELATIONS

Hon. Nathan Nurgitz: Honourable senators, I should like to address a question to the Leader of the Government, which I would ask him to direct to the Secretary of State for External Affairs. As nations around the world, many of them less secure in energy than Canada, line up to express their outrage at Iran's breach of international law, has Canada given any further thought of severing diplomatic ties with that country? Is a decision being made on it, or when can one be expected?

Hon. Raymond J. Perrault (Leader of the Government): Consideration is being given to a number of options that may be available should that very difficult situation continue. That question will be taken as notice.

CUBAN REFUGEES—CANADIAN COMMITMENT

Hon. Nathan Nurgitz: While on the question of international matters, may I point out that apparently Canada has made

an unofficial commitment to accept 300 refugees from Cuba. Could we determine from the Secretary of State for External Affairs how this would compare with the numbers that were accepted from Chile?

Hon. Raymond J. Perrault (Leader of the Government): That question will be taken as notice. I think, however, honourable senators are aware of Canada's outstanding international record in accepting refugees from persecution wherever that persecution may occur. Indeed, Canada's record is one of the very best in the world. This is a policy that has gone beyond the bounds of any partisan difference, and Canadians can take pride in that fact. I am not certain of the exact numbers, but that information will be obtained.

Senator Nurgitz: Given Canada's outstanding record, as the Leader of the Government has explained, since smaller and poorer nations have allegedly declared their willingness to receive proportionately much greater numbers, is Canada intending to increase its commitment in offering freedom to people in various countries who have endured oppression for some considerable period of time?

Senator Perrault: If details are made available to me by the Honourable Senator Nurgitz, I would be most pleased to communicate that information to the Secretary of State for External Affairs. However, if there is a suggestion that Canada is not doing proportionately as well as certain other countries in the matter of receiving refugees, I disagree. For example, I suggest that the honourable senator study Canada's record in providing haven and refuge for the so-called boat people. I understand that Canada's record is among those of the top half-dozen nations in the entire world. Canada's record is substantially better than many, many countries with far larger populations.

Senator Flynn: Thank you for the compliment to the previous administration.

Senator Perrault: It is a record in which members of all parties can take pride.

NEWFOUNDLAND

ANNUAL SEAL HUNT—NEWSPAPER REPORT

Hon. Jack Marshall: Honourable senators, it is only a month since the seal hunt finished in Newfoundland, and I think it might be appropriate to raise this question, which has to do with an article in the Washington *Star* in the United States, reported in yesterday's Ottawa *Citizen*, which indicated that protests from those in the United States against the annual Canadian seal hunt contain more than a little cultural arrogance, not to mention misinformation. In view of the fact that the matter is now clear, would the Leader of the Government ask the Minister of Fisheries, or the government, to send a letter of commendation to the Washington *Star* for pointing out to the hypocritical protesters that they are indeed wrong?

Hon. Raymond J. Perrault (Leader of the Government): Over the years successive Canadian governments have been engaged in a program of public information with respect to the seal hunt. I am sure that Canadians welcome efforts by any publication, domestic or foreign, to explain the Canadian position. However, I would suggest that the initiative proposed by the honourable senator be the subject of a letter to that publication. Alternatively, the honourable senator may wish to address it personally to the Honourable Mark MacGuigan, the Secretary of State for External Affairs, for communication through channels in Washington. I do not believe that this Washington *Star* article should necessarily be the subject of any Senate resolution as such.

Senator Marshall: I have already done that.

ANNUAL SEAL HUNT—DYE SPRAYING OF SEALS BY PROTESTERS

Hon. Jack Marshall: I have another question on the seal hunt. The same protesters, particularly the Greenpeace Organization, deliberately went to the seal hunt this year and sprayed the pelts of seals with a green dye, which may possibly hurt the meat and the animals themselves. Would the Leader of the Government inquire whether the appropriate government department will investigate the effects of that green dye on the seals, to further point out the hypocrisy of the protesters, particularly the Greenpeace Organization?

Hon. Raymond J. Perrault (Leader of the Government): That question will be communicated to the appropriate minister, and a reply will be obtained.

FINANCE

AUDITOR GENERAL'S REPORT—EXPENDITURE CUTS

Hon. C. William Doody: I have a question for the Minister of State for Economic Development relating to the Auditor General's report, which I realize is a very touchy subject and on which we are not supposed to go into any detail. My question concerns one of the points the Auditor General raised in relation to what he feels are serious financial management problems within the Government of Canada. Could the minister tell us what steps the government took in looking at expenditure cuts for arriving at that horrendous deficit figure of Monday night's budget of $3.7 billion? What steps were taken to try to cut expenditure, in financial management terms, before we got into that rather startling new deficit figure?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the expenditure cuts were related to many things, including a whole lot of last-minute promises that the previous government made just before the election. It is a fact that the Minister of Finance stated in his presentation last Monday night that there was some reconsideration of some of the ongoing programs to determine their continuing viability. He also made it very clear that if any significant new programs were to be introduced they would either be matched by increased revenue or would be delayed. There is, therefore, a fairly intensive review of expenditures so that the deficit, which is of concern to this government, and of the previous government too, is going to be brought under control.

Senator Doody: The only program that I am aware of offhand that has been cut to help the expenditure side of the ledger is the aid to the shipbuilding industry or the fishing industry in eastern or Atlantic Canada. Are there any other specifics that the minister could identify, or is that the program that is intended specifically to ease the burden?

Senator Olson: The Minister of Finance said, of course, that he will not at this time reintroduce three measures affecting the deficit, namely, the common stock investment plan, and the changes in the treatment of both capital gains and registered retirement savings plans. He went on to say that he would want to consider these and other measures in more detail.

● (1450)

He also said, in addition to what the honourable member mentioned, the following:

> I am also not now making provisions for private corporations to be given tax contracts for investing in particular regions of the country.

That was the subject matter of a question raised yesterday. He also announced the following:

> —additional depletion allowances for oil and gas exploration in the frontier and offshore areas will not be continued, but will be replaced by a new incentive program to sustain the effort set in motion by the tax measure.

I could go on and read that speech, but I am sure that the honourable senator has access to it. Indeed, I am sure that every member of this house has read the speech, so I really do not think I need put it on the record again.

Hon. Jacques Flynn (Leader of the Opposition): What you are suggesting is that you cannot do anything but read the speech.

Senator Olson: What I am suggesting is that the honourable senator asked me specifically whether there are any other measures having to do with reducing the deficit. Since he apparently was not aware of them—otherwise I assume he would not have asked the question—I just drew a few of them to his attention. That is all I did.

Senator Smith (Colchester): It did not sound like that to us.

MEASURES TO ENCOURAGE INVESTMENT

Hon. C. William Doody: Along the same lines, now that Senator Olson has read into the record the various program cuts brought forward Monday evening to try to slow down investment in Canada, I also notice that the gracious Speech tells us that the Foreign Investment Review Act will be amended to provide for performance reviews and other changes designed to strengthen it—I presume, they are designed to strengthen it. With the Foreign Investment Review Act strengthened and more vigorously enforced, plus the various items designed to discourage investment which the minister just mentioned, does the government have any plans, then, to encourage investment, preferably, Canadian investment—although history does not tell us that that is very likely—in the less developed areas of the country, particularly Atlantic Canada?

[Senator Olson.]

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, Senator Doody, of course, said things in the preamble to his question with which I completely disagree. There are no provisions to discourage investment. In fact, there are encouraging signs of a significant increase in business investment in Canada to increase our capacity. That is also referred to in the Speech. So, what the honourable senator is trying to do is say black is white.

Hon. Raymond J. Perrault (Leader of the Government): Shame.

Senator Olson: He comes along, makes an assumption, and asserts what he says is true, when it is exactly opposite to what the facts are. I am sorry that he puts that kind of premise on his question, because the question then falls to the ground and there can be no reply to it.

Senator Smith (Colchester): There is no reply, in any event.

NATIONAL UNITY

THE CONSTITUTION—MEETING OF PREMIERS OF WESTERN PROVINCES

Hon. Martial Asselin: Honourable senators, my question is for the Leader of the Government. At the conclusion yesterday of a meeting of the four western premiers held in Lethbridge, a call went out for a permanent conference of first ministers to deal with the Constitution, with the first meeting to be convened soon after the Quebec referendum. I should like to know whether the government is receptive to the request of the four western premiers for such a conference?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Asselin has posed a good question. However, I have not had an opportunity to study the complete text of the premiers' statements. An answer will be forthcoming.

[*Translation*]

Senator Asselin: My question is supplementary to the one I just asked. Can the government leader tell us whether the government intends making proposals for constitutional changes before the date of the referendum to provide Quebecers with an alternative to the question asked by the Quebec government during the referendum campaign? If not, will the government undertake to table immediately after the referendum these constitutional changes which are necessary and which everyone recognizes as necessary to safeguard Canadian unity?

[*English*]

Senator Perrault: The question will be taken as notice.

FOREIGN AFFAIRS

U.S.S.R.—ARREST OF DR. ANDREI SAKHAROV—OFFICIAL PROTEST BY CANADIAN GOVERNMENT

Hon. Stanley Haidasz: Honourable senators, as swiftly moving world events have overtaken us during the recent parliamentary hiatus, I ask the Leader of the Government in the Senate whether the Canadian government has forwarded an official protest following the arrest, degradation and internal exile by the U.S.S.R. of the the eminent scientist, leading human rights activist and Nobel Peace Laureate, Dr. Andrei Sakharov, who dared to condemn the U.S.S.R. intervention in Afghanistan?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have no knowledge of any such communication, but an inquiry will go forward and information will be sought.

ROYAL CANADIAN MINT

PRICE OF 1980 SILVER DOLLARS

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government. In view of the great interest that numismatic collectors have shown in the new 1980 Canadian silver dollar, is the leader now in a position to answer the question I put to him some time ago?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the information has as yet not been received. It will be made available as soon as it is received.

FOREIGN AFFAIRS

BOYCOTT OF 1980 OLYMPIC GAMES IN MOSCOW—ALTERNATIVE GAMES SITES

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to address a question to the Leader of the Government in connection with a statement made yesterday in the other place regarding the Olympic Games. As reported to me, the government undertook to support properly organized alternative international sporting competitions as a way of compensating athletes for not having a chance to go to Moscow.

I ask my honourable friend whether the government is considering taking any initiatives in this respect in contrast to supporting alternatives that might be suggested by others?

Hon. Raymond J. Perrault (Leader of the Government): Possible alternative sites have been under active study by a number of nations, including Canada. The time frame is such that it may be extremely difficult to organize an international event of this kind in one place. However, a number of governments are studying the possibility of either regional or national alternative games to provide opportunities for athletes who have invested many years of training, effort and money to prepare themselves for Olympic competition.

I understand that the question of some form of alternative games is being pursued actively, not only by Canada, but by a number of other countries as well.

Senator Roblin: That is an encouraging response, honourable senators, but I should like to ask my honourable friend if he does not think it would be possible for the Government of Canada to take an initiative of its own on this subject. I had in mind the fact that in several cities in this country there are existing Olympic class facilities. Certainly in the city of Montreal there are, and also in the city of Winnipeg. I am sure there are Olympic class facilities available in other parts of the country as well.

While I appreciate that the Government of Canada might not feel inclined to move on this in terms of the Canadian picture alone, I am sure that if it took an initiative it might receive a favourable response from the provinces and cities concerned. What bothers me is the concept of this matter being allowed to drift. Time is a problem, as my honourable friend has said, but the longer we allow it to drift—and in Canada we have let it drift for several weeks, to say the least—the harder it becomes to do anything. Somebody should stand up and say, "Look here, we are concerned about these athletes who have dedicated their lives for the past four years to training for the Olympic Games, and we propose to do something ourselves." These athletes are, in a sense, the innocent victims, and if this were to take place, it would be a very heartening initiative, and I ask my honourable friend to urge the government to take it.

• (1500)

Senator Perrault: Honourable senators, the policy of the Canadian government with respect to the Olympic boycott issue represents anything but "drift" and "indecision." Since this government assumed its responsibilities following the February 18 election, we have been in continuing contact with other nations in an attempt to evolve a united position.

Senator Flynn: Who are your allies—the socialists?

Senator Perrault: That initiative has resulted in the declaration by an ever-increasing number of nations that they, too, intend to boycott the Olympic Games in Moscow. It has always been the Canadian position that there should be a strong and united approach on the part of as many nations as possible with respect to the boycott.

The plight of the athletes has always been a matter of profound concern as far as this government is concerned. A number of initiatives have been launched, not only by the Secretary of State for External Affairs, but also by the Honourable Gerald Regan, who, in addition to being Minister of Labour, is Minister of State for Fitness and Amateur Sport, to determine ways in which the excellence of these athletes can be brought to the attention of the Canadian people and the people of the world, as well as ways in which their competitive abilities can be measured in some type of meet or event.

Various proposals have been studied. We discussed earlier the idea of holding alternative games at one site, and it was determined that there would be very serious practical impedi-

ments to the staging of such an event. Another alternative proposed by some is the idea of a regional games, involving a more limited range of nations.

A number of nations, including Canada, are considering the possibility of what has been termed "enhanced national games." These would be what one might term "national super games." Perhaps various sites across the country could be employed to enable the Canadian people to witness the excellence of our athletes in competition. Such an event might include invitations to athletes of other nations to participate, with Canadian athletes, in turn, participating in the national games organized by other countries.

That is a long way of saying that, yes, this government is very concerned about the situation now confronting our Canadian athletes, all of whom have invested a good deal of time and effort in bringing their skills to competitive form.

The questions asked by the Honourable Senator Roblin are precisely the questions we have been grappling with, wrestling with, in recent weeks.

Senator Roblin: Honourable senators, without wishing to appear ungracious—because obviously my honourable friend's heart is in the right place—I have to inform him that this "After you, Alphonse" routine that the government went through in arriving at this decision was unnecessary. To my mind, the Canadian people would have appreciated, and supported in large measure, a prompt statement from the government at the very time it took office. "Pussyfooting" is perhaps an unfair word, and I do not really mean it in its pejorative sense, but it is that kind of hesitation that gives rise to a lot of concern in the public mind.

I appreciate what my honourable friend has said about a national competition. However, in my opinion, such an event would not really do the trick. Our athletes are looking for international competition, and I see no reason why, given the facilities we have around this country, there could not be such competition.

Winnipeg, as an example, has an Olympic size swimming pool at which international competitions could be held. I am sure the government would receive an enthusiastic response from the City of Winnipeg in connection with the use of that facility.

There is no practical necessity in having all events take place at the one site. Indeed, in many cases they are spread around a bit now. Modern communications being what they are, that is no problem.

I would urge my honourable friend to do what I asked him to do in the first place, and that is to take the initiative in terms of establishing alternate games. Certainly, I think I am safe enough in saying that the citizens of the province of Manitoba would certainly be willing to co-operate with the Government of Canada in respect of the Olympic size pool facility at Winnipeg, and I am sure similar inquiries would strike the same responsive chord in other parts of the country.

Senator Perrault: The senator's representations will be closely noted, and all of us in the Senate appreciate the spirit in which these recommendations are offered. Certainly, there is no doubt that there are many Canadian centres which would be willing to host certain events.

Again, I emphasize that the Olympic boycott decision was not taken with undue reluctance. Canada was not dragged into this position "kicking" and "struggling." Indeed, the announcement made yesterday, and its timing, came as a result of close consultation with Canada's friends in the community of nations.

[Senator Perrault.]

PARTICIPATION OF CANADIAN ATHLETES—GOVERNMENT POLICY

Hon. Hartland de M. Molson: Honourable senators, I would ask a further question of the Leader of the Government in connection with the Olympic Games. In the event that, following the meeting of the Canadian Olympic Association, some of our athletes decide to participate, has the government given any thought to cancelling the passports of such athletes?

Hon. Raymond J. Perrault (Leader of the Government): There is no intention at this time to do so. However, athletes who decide to participate in the Moscow Games would receive no financial assistance from the government.

VISIT TO CANADA OF U.S. SECRETARY OF STATE

Hon. Heath Macquarrie: Honourable senators, mindful of the importance of the visit today to Canada of Secretary of State Vance, and recalling the enormous interest in meetings between American and Canadian statesmen exhibited by the government members some months ago when they were in opposition, could the Leader of the Government indicate what points will be put forward by the Canadian government in discussions with Secretary of State Vance and, in particular, but not exclusive of, points in reference to the developing situation in the Georges Bank, which is causing anxiety to our fishermen.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, there are a number of issues on the agenda for discussion, including questions of importance to those living on both coasts of Canada and at points between. However, I do not feel free at this time to particularize with respect to that agenda. If possible the registered information will be obtained and communicated to honourable senators.

AIRLINES

APPLICATION OF EASTERN PROVINCIAL AIRWAYS TO EXTEND SERVICE

Hon. G. I. Smith: Honourable senators, I have a question for the Leader of the Government. I assume he is aware of the recent decision of the Canadian Transport Commission in refusing the application of Eastern Provincial Airways to be allowed to fly from Halifax to Toronto. Assuming he is familiar with that decision, is he aware whether Eastern Provincial Airways has launched an appeal from that decision with the Government of Canada?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have not heard of any such appeal. I shall attempt to determine whether in fact an appeal has been launched. I have no personal knowledge of it.

THE ECONOMY

FEDERAL-PROVINCIAL FISCAL NEGOTIATIONS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I now have a reply to a question asked by Senator Doody on April 16 last with respect to a new Federal-Provincial Fiscal Arrangements Act. It is a rather lengthy reply, and I would ask that it be taken as read. If that is not the wish of honourable senators, I shall read it.

Hon. Duff Roblin (Deputy Leader of the Opposition): I would prefer that my honourable friend read it. I see he has one sheet of paper in his hand. If that is it, I would prefer that he read it. It is rather important.

Senator Olson: Honourable senators, I wish to reply to a question asked by Senator Doody during the Question Period on Wednesday, April 16, concerning the status of negotiations between the Government of Canada and the provinces for the re-negotiation of the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977.

The honourable senator's inquiry stemmed from certain remarks made by the President of the Treasury Board on March 16 of this year. In an interview on the CTV program *Question Period*, the Honourable Donald Johnston pointed out, in effect, that the shares of revenue between the federal government and the provinces have changed over the past few years and that it is important to review the implications of these developments.

The main components of the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977 are fiscal equalization, tax collection agreements and established programs financing arrangements covering hospital insurance, medicare and post-secondary education.

● (1510)

As you know, the federal-provincial fiscal arrangements have a five-year term. The current fiscal arrangements period began on April 1, 1977 and will end on March 31, 1982. Periodic review of these arrangements is necessary precisely because circumstances change over time. The quinquennial renegotiation of the fiscal arrangements is clearly a very important exercise in the area of federal-provincial relations. The current arrangement now has slightly less than two years to run and technical work has already begun at the officials' level. Formal discussion at the ministerial level is not yet under way but when it does begin it will certainly be placed in the broad context of the issue of revenue sharing.

The tax collection agreements have no expiry date but are constantly under review by the provincial and federal governments. Established Programs Financing has no expiry date but it is open to the federal government to modify should this be deemed necessary. The plans of the federal government, then, are to review the fiscal arrangements in concert with the provinces in the light of the emerging pattern of revenues by level of government. This review will culminate in renewed fiscal arrangements for the period beginning April 1, 1982. It is too early at this stage to project with any certainty exactly what modifications the fiscal arrangements will undergo in this process.

Senator Roblin: May I ask a supplementary question on that? Could my honourable friend give us a target date as to when he expects meetings with the provinces to take place?

Senator Olson: I do not think I could give a precise date, but I am sure that the federal government is now in the process of trying to get some commitment—perhaps "agreement" is a better word—from the provinces as to when this begins. As my honourable friend knows there are some differences between the arrangements with different provinces with respect to this, although they are generally uniform. I suppose it would culminate in a full-scale federal-provincial conference, but I am sure that is quite a long way down the road.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from Thursday, April 17 consideration of His Excellency the Governor General's Speech at the opening of the First Session of the Thirty-second Parliament, and the motion of Senator Rousseau, seconded by Senator Hays, for an Address in reply thereto.

Hon. Lowell Murray: Honourable senators, in opening this debate the Honourable Senator Rousseau and the Honourable Senator Hays did not only themselves and their party proud, but they did us all proud. I congratulate them very sincerely. I can only wish that those two honourable senators had been able to collaborate in the writing of the Speech from the Throne, or in the writing of the Prime Minister's inaugural speech in this Parliament, both of which could have used a dose of the balanced optimism about Canada that those two honourable senators expressed in the course of their speeches.

Some very fine things have been said about our former Speaker, Senator Grosart, and deservedly so. It is no secret that we in the Progressive Conservative Party were very happy with his appointment as Speaker last fall. I suppose it can be related now that last summer, at the time that the question of the appointment of a Speaker for this house was under consideration, messages came from the other side, in the mysterious way that messages have of coming in these corridors, to the general effect that so far as the Liberal Party was concerned, they too would be more than delighted if the Prime Minister of the day saw fit to appoint Senator Allister Grosart as Speaker of the Senate. The advice was superfluous, but it was very welcome, nonetheless, and turned out to be very good advice in the event. For us, we have not so much lost a Speaker as we have regained a party spokesman of immense experience

who manifestly enjoys the respect of parliamentarians on both sides of this chamber.

As far as our new Speaker is concerned, I am one of, I suppose, many thousands of Canadians who have followed his career with admiration and respect for a long time. He has many achievements to his credit. There have been two relatively recent events in his career that some people might regard as being—and he himself might regard as being—the low points of his career, but which I thought were very revealing of the values and the integrity that he brings to public life.

One was his resignation from the administration a couple of years ago on a matter of principle, on which, as it turns out, in my opinion, he was not only right but prophetic. The other was a decision in 1976, in the almost impossible political circumstances of that year in Quebec, to enter the provincial field and seek a seat in the National Assembly, to enter a campaign to fight for the kind of Canada that he and we believe in. He went into the provincial election in Quebec in 1976—

[*Translation*]

—with the results that we know, but they do not depreciate his gesture which was both courageous and exemplary.

[*English*]

Honourable senators, the election is over. After a brief interruption the Trudeau government is back in power. It is not at all to denigrate that achievement—and it was an achievement by the Leader of the Liberal Party and the Liberal Party itself—it is not to denigrate it to say that theirs is not a massive national mandate. Over half of their elected members come from one province, and they have no representation from three provinces. I know that the Right Honourable the Prime Minister has sought to overcome the regional imbalance produced by the election returns by appointing several distinguished members of this place to the administration, and I congratulate them, although I am not very encouraged by the results to date of those appointments.

In the last Parliament, the present Minister of State for Economic Development, Senator Olson, made a very interesting speech on energy policy. If any of those ideas have penetrated the consciousness of the Minister of Energy, Mine and Resources, it is certainly not apparent to date.

● (1520)

Last night there was a series of questions in this house from Senator Nurgitz and Senator Balfour as well as myself concerning the insensitive decision of the government, of the Minister of Finance, to cancel Mr. Crosbie's measure to permit farmers a once-in-a-lifetime deferral on capital gains tax on the sale of their farms if they transfer the gains to a registered retirement savings plan. That was a measure that was of some importance to many farmers everywhere. They had been seeking it for many years. Yet the Minister of State for the Canadian Wheat Board was unable to provide a rationale for it.

It is clear that, even if he supports the decision as a matter of cabinet solidarity—and I take it that he does—the decision, even although it had disagreeable and unwelcome consequences for farmers, is not one that he participated in. It is bad news for farmers that such decisions can be taken without the participation of Saskatchewan's or, I suppose, Alberta's representative in the federal cabinet. It is all well and good to appoint senators to the administration in order to overcome the regional imbalance, but it is futile if those ministers are given what Gordie Howe, another great son of Saskatchewan, once called the "mushroom treatment." In any case, the honourable gentlemen opposite have the privilege and responsibility of governing.

The Clark government that was elected on May 22 had a very short stay in power, but it was long enough to formulate and present our proposals to deal with some of the major problems and opportunities facing our country.

The Clark government had worked out an agreement with the oil-producing provinces and we had put forward a national energy policy that went beyond price, went beyond oil, and went beyond the short term to solve the problems with which we are now confronted. The Progressive Conservative Government had analysed the state of federal finances and its impact on our national economic goals, and our solution was in the measures proposed by Mr. Crosbie's budget last December.

Those policies, in particular our energy policy and our fiscal and economic policies, were not accepted by Parliament. They were not endorsed by the electorate in February. I happen to believe, and events as they unfold are reinforcing my belief, that time will vindicate those policies.

In any case, we will stand by them until the present Trudeau government implements policies that solve the problems rather than worsen them.

The present Trudeau government has four or five years to solve our problems, to produce results; but they do not have, as they seem to think they have, four or five years in which to develop solutions at their leisure. It is vital to the national economy, to the private sector, to provincial and municipal governments, to individuals and institutions who have decisions pending, that there be an honest, clear statement of this government's fiscal and economic policy.

There has hardly been a good word for the performance of the Minister of Finance two nights ago from any of the players in the Canadian economy, whether labour, small business, big business, farmers, the housing industry or other levels of government. This is not because the minister proposed harsh measures, but because his performance was so transparently an attempt to buy time until this disorganized government gets its act together.

A respected commentator, Ronald Anderson, says that the minister confirmed "what many had suspected; the federal government is adrift on a sea of troubles—without a compass." Mr. MacEachen's statement, says Mr. Anderson, is "a pointless, ineffectual policy statement that does not even pretend to have a purpose."

Honourable senators, with such an assessment of the government's posture all too general, confidence in the Canadian economy can only be adversely affected.

Mr. Crosbie last December brought in budgetary policies that were designed first of all to reduce the national debt and get government spending under control. This was not because we regarded a balanced budget as an end in itself, or because we have any doctrinaire objection to deficit spending, but because in our judgment the federal deficits we inherited and the $8.6 billion that we were spending in annual interest charges were a drag on the economy.

During the last Parliament in this place, Senator Everett had some things to say about budgetary deficits. I will not associate him with Mr. Crosbie's budget, but I think most of us would associate ourselves with Senator Everett's statement of November 20 here, when he said:

> I believe we have to control spending and eliminate deficits simply because deficit spending prevents us from employing the sound fiscal measures that will make our economy more efficient and more productive.

And after referring to various fiscal incentives for housing and oil exploration and the like, Senator Everett said:

> The reason you control government spending, the reason you eliminate deficits, is to have the ability to bring into play those kinds of measures. If you are in a deficit situation, as we are today, you can only do so much, and the result is that you are precluded from doing many things that you should be doing.

I believe the former Prime Minister and the former Minister of Finance would associate themselves with those statements. Mr. Clark said in a speech a day or two after the budget was presented:

> We see a lower deficit as absolutely essential to achieving our far more important goals of lower inflation and lower unemployment.

It is clear that the present government takes a far different view. During the election campaign Mr. Trudeau condemned the Progressive Conservative Government for what he described as our "obsession" with the deficit. The ambivalent reference to the deficit in the Speech from the Throne and the lack of any program to contain expenditures in Mr. MacEachen's speech the other night indicates that lowering the deficit is no longer an objective, much less a priority, of the Government of Canada.

Even in this house during this debate the Leader of the Government dismissed concerns about government spending by referring to them as "that old chestnut." The minister would do well to read or reread the admonitions of the Governor of the Bank of Canada on that very subject.

Well, there is room for argument on these matters, but as time goes on the stalling and the temporizing of the government and its inability to come to a decision will only add to Canada's problems.

In the words of Senator Lamontagne in the last session:

> Such neglect can only be described as the Titanic approach to economic planning.

Senator Lamontagne nods his head in agreement. I am delighted to see that.

Senator Lamontagne: That was your approach.

Senator Murray: I am using his words to describe the approach of the present government, obviously. Senator Lamontagne went on:

> We want the suspense to stop. We want this government to govern.

And so say we.

Senator Asselin: What is your answer?

Senator Lamontagne: Those are very good words.

Senator Murray: They are very good words and very apt at this time in our history. Nowhere is the need more urgent than to clear up the confusion about government policy and to bring in solutions than in the field of energy policy.

• (1530)

In 1973 the Prime Minister of Canada committed his government to self-sufficiency in oil and oil products for the end of the 1970s. In 1976 the target was reduced to "self-reliance", and the present Minister of Energy, Mines and Resources without elaboration told us that the difference between self-reliance and self-sufficiency was "subtle but real".

During the election campaign, Mr. Trudeau again attacked our "obsession" with self-sufficiency. The Minister of State for Economic Development, on March 20, said:

> Canada must speed up its objective of oil sufficiency. It can and must be done before 1990.

That statement has, for all practical purposes, been disavowed by the Minister of Energy, Mines and Resources in the other place.

The Minister of Energy, Mines and Resources made a speech in the other place a few days ago about energy policy. It is one that the Minister of State for Economic Development, and Senator Austin, who made a speech in this place last session about energy policy, should read, because I challenge them to find in that speech an energy policy that this country can understand, much less live with.

We now have the unedifying spectacle of ministers trying to cover their tracks on the question of oil pricing and the commitments that were made about oil pricing during the election campaign. There have been at least three different positions taken. The entire country is bracing itself for a breach of faith on oil prices as dramatic as the Trudeau reversal on wage and price controls.

The previous government had committed itself to the objective of self-sufficiency, of ending our dependence on foreign sources, which are unreliable as to supply and certainly unpredictable as to price. The price was to go no higher than 85 per cent of the world price or the Chicago price, whichever is lower. There was to have been an 18-cent increase in the excise tax on gasoline with a 10-cent rebate for farmers, fishermen and urban public transit. There was to have been a refundable energy tax credit of $80 per adult and $30 per child

to shelter low and middle income families from the impact of higher oil prices.

There was to have been a self-sufficiency tax which would have netted $6 billion over five years, every nickel of which was to have been reinvested in energy-related projects. It would have partially financed a Canadian Energy Bank to help Canadians invest in Canadian resource development, particularly in the frontier regions. It would have helped finance pipeline construction, develop hydro, coal and more experimental sources, fund home insulation, furnace retrofits, fuel substitution, urban transit and other conservation measures. It is worth putting those elements of the energy policy on the record.

The Government of Alberta was to have loaned $2 billion to the energy bank. They agreed to invest $3 billion in equity and debt in the next two oil sands plants. They would have helped fund five new energy projects in other provinces. Alberta was to have sold natural gas at 85 per cent of the price of oil and 65 per cent of new gas going to eastern Canada, and at the same gate price in Quebec City as in Toronto.

When he spoke in this chamber last session, Senator Everett referred to the longer term problem of the redistribution of natural resource revenues. Our colleague, Senator Macquarrie, the other day made reference to the former Prime Minister's speech at Spruce Grove during the last election campaign. That speech was prepared not for an election campaign but for a meeting of first ministers which was to have been held in this city on December 13 had parliamentary events not intervened. It is clear that the next item on the agenda—and in our judgment it was a logical progression, once the matter of pricing had been settled—was to obtain an agreement on the entire question of redistribution and of the fiscal imbalance in this country.

The energy policy of the Progressive Conservative government and the agreement reached with Alberta have been on the record for some time. We shall see whether the Trudeau government can do better. We know that they can impose a price. We know that there are constitutional provisions, which today most people would regard as rather Draconian, that they can avail themselves of. The question is whether they can obtain an agreement with the producing provinces and come up with an overall policy and program that is as beneficial to Canada as ours would have been. I hope they can. But it does not look very promising. Not only is there no agreement with the producing provinces but—I say this on the authority of a reply given by the Minister of State for Economic Development some days ago—but there is not even a federal proposal on the table. Not only is there no agreement with the producing provinces, but there is no agreement among federal ministers.

Since 1973 we have lurched from one improvisation to the next from year to year. Are we going to have more of this, and with what result in terms of our dependence on foreign sources? I am told that we now import about 25 per cent of our oil and that at the rate we are going it will be about 40 per cent by 1985, or about 200 million barrels annually by that time.

[Senator Murray.]

Serious people who read the speech of the Minister of Energy, Mines and Resources will find it hard to believe that a responsible minister, purporting to state the government's energy policy, delivered a speech so devoid of hard policy. The truth is that there is a vacuum in energy policy at the federal level, and that until the vacuum is filled this country will be at a standstill in terms of the kind of planning we need to solve a national problem and achieve national objectives. The country will pay a heavy price—and I am not speaking about the price of a barrel of oil or a gallon of gasoline. I am talking about the price in economic, social and even political terms if a national policy is not put into place soon.

These are matters on which Her Majesty's loyal opposition, convinced of the soundness of our policies, will be holding the government rigorously to account. We would, of course, prefer to have been in government implementing our own policies, but we are now in opposition. We will be as diligent and as conscientious in carrying out that responsibility as we would have been in government, believing as we do that in our parliamentary system the one role is as vital as the other and that at this time in our history the Conservative Party has a role to play that no other party can play in defending our institutions and preserving our Confederation.

[*Translation*]

There are several comments I would like to make on this issue because it is very important to defend our institutions. Since coming to power in 1968, the Trudeau government has more often than not been characterized by its attitude of intolerance rather than by its spirit of liberalism and democracy. The unreasonable attack launched by Mr. Ouellet against the information media and especially against Radio-Canada is but a recent example. In October 1969, Prime Minister Trudeau himself lost his temper because a Radio-Canada reporter had asked an American businessman, David Rockefeller, what would be the attitude of foreign investors towards an independent Quebec.

Prime Minister Trudeau used this interview as an excuse to launch a virulent attack against Radio-Canada during which he even threatened to "lock up the joint". He even suggested that the federal government could produce programs on its own. After the Quebec elections of 1976, we witnessed a concerted attack by federal ministers against Radio-Canada. Mr. Ouellet said he had a list of the Péquistes in the ranks of the French network. And for this insult to political liberties of Canadian citizens, Mr. Ouellet was publicly congratulated in the house by the Prime Minister of Canada.

An inquiry by the CRTC proved that Mr. Ouellet had purely and simply embarked on a witch hunt. At about the same time, the minister was interviewed on CBC. During the interview he mentioned the mandate of the corporation by saying, and I quote:

• (1540)

[*English*]

> It is written right in the law that Radio Canada and CBC have a clear mandate from Parliament to foster national unity, therefore if when it comes that there is a question of the referendum, I don't want to see Radio Canada on the fence presenting as a neutral body the two sides. I think mostly, that they should not present the other side. I think it would be unfair to chuck them out and refuse them (*sic*) to present the other side, but as an instrument of Canadian unity with a mandate to foster Canadian unity, I believe that... Radio Canada... should be promoting Canadian unity and being (*sic*) on the side of those who want this country united—

It seems pretty clear that the minister and his colleagues are applying whatever legal weight attaches to the parliamentary mandate given the CBC, plus their own moral suasion, if I can call it that, to try and influence the professional news coverage and editorial judgment of the journalists and producers employed by Radio Canada and the CBC.

[*Translation*]

On the eve of the Quebec referendum, it seems that Mr. Ouellet and his federal Liberal colleague are preparing a replay of the campaign of political intimidation against the management and reporters of Radio-Canada.

Senator Asselin: It is not true?

Senator Goldenberg: No, it is not true.

Senator Asselin: No. So you are saying the opposite of what Mr. Ouellet said.

Senator Murray: So I for one would not be surprised if last week, because of his excessive language, the minister had swung more new votes over to the yes side than René Lévesque. In any case, we consider any political interference with the freedom of speech or the freedom of the press as more detrimental to Canadian values than an independentist movement could be.

Honourable senators, with respect to the state of our federation, the Speech from the Throne makes an analysis with which I find myself in deep disagreement. It paints a dark, even alarmist picture of the attitudes in the different regions and provinces of Canada. The writers of the Speech from the Throne do not find anything positive in the economic, social and cultural aspirations of our regions. They warn us against the enticement of regional isolationalism. They see divisive forces everywhere in this country. They claim the Canadian tradition of sharing is being challenged. Wherever they look, they see only quarrels, feelings of envy and bitterness, recriminations, and we are called upon to check the forces of disintegration which, if we believe the Speech from the Throne, exist in all areas of this country.

The Canada that is described in the Speech from the Throne, that Canada that is supposedly being assailed by the forces of disintegration in all regions, I must say that is not the Canada I know. Of course, there are very serious disagreements in federal-provincial as well as interprovincial relations.

There will always be difficult problems to solve in our federation, but I repeat, the depressing and pessimistic picture painted by the Speech from the Throne is not a true picture of what Canada is today.

The Prime Minister of Canada in his first statement in this parliamentary session indulged in an equally pessimistic analysis of the attitudes of Canadians.

[*English*]

The Prime Minister spoke of "the enemy within". He spoke of Canadians acting as though the language and culture of other Canadians was a threat to them. He spoke of Canadians slamming the door, one in the face of the other. The Prime Minister is wrong in describing those attitudes as if they reflected the state of affairs generally across the country. It is a distorted picture he gives of the country, especially when he says not a word about the progress that has been made, or about the willingness of virtually every other province to proceed with constitutional reform; not a word about the fact that he has had a letter on his desk since 1977 from the Premier of Ontario proposing that education rights in both languages in that province and across the country be guaranteed in the Constitution; not a word about the fact that for 10 years or more New Brunswick has sought to have its official languages act effectively entrenched; not a word about the tens of thousands of ordinary Canadians who are trying, through various spontaneous or voluntary efforts, to send a message to Quebec to stay. The Prime Minister's description of a Canada everywhere selfish and divided is inaccurate, and does a disservice to Canada. That kind of unfair caricature of Canadian attitudes can only reinforce the false arguments of those in Quebec or elsewhere who think and say that national unity in Canada is impossible.

• (1550)

The Right Honourable the Prime Minister says that the enemy within "is when loyalties are no longer to the whole, but there is a conflict of loyalties, when we seek protection of our wealth, our rights or our language not in the whole country, but in a region or province of that country." The tug between regional identity and loyalty to the nation has existed since the beginning in this country, and we have managed, from the beginning, to harmonize and reconcile those forces that tug at each of us personally and are reflected in our institutions.

I read the news reports on the recent C.D. Howe Institute study, and I have heard what the western premiers have been saying and, in fact, said only the other day about their dissatisfaction with the status quo and their determination to have changes made. However, none of that warrants the almost apocalyptic vision that has been conjured up for us by the Right Honourable the Prime Minister recently, nor does it warrant his very mistaken admonition to parliamentarians, when he said:

> —when we disagree, that that disagreement not be based on regional interests, on the fact that it might be the duty of provincial governments to serve, but be based on the

concept of the whole which we try to serve in our different ways.

I have quoted just one of several excerpts along the same line from the Prime Minister.

That is to suggest that a parliamentarian must put regional interests behind him when he comes here. That also suggests that a parliamentarian should leave these matters to provincial governments and that this is not the place to represent regional perspectives. That is to further suggest that a legislator cannot really be a good Quebecer, Nova Scotian, Ontarian or Albertan and a good Canadian at the same time, and that we must always choose. That seems to me to be René Lévesque's line, and I find it astonishing to hear it coming from the lips of the Prime Minister of Canada.

I trust that that distorted picture of the state of Canada today is not to be used as a pretext for the federal government's going on the political warpath at some future time against the provinces because that, I believe, would really be damaging to Canada.

Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Government): Will the honourable senator accept a question? In view of the recent admonition, as I understood it, from the Premier of Ontario to the federal government that it stay out of the Penetanguishene situation, could we have some particulars of the letter that is supposed to have been sent suggesting the entrenchment or the establishment of certain educational rights in Ontario? Do I understand that a letter was sent by the Premier of Ontario to the Prime Minister?

Senator Murray: I am sure it is a matter of public record. It was sent in September 1977 by the Premier of Ontario to the Prime Minister of Canada. I do not have the text with me, but I am sure it is available either from the Prime Minister's office or from the office of the Premier of Ontario. It is very much on the record as suggesting that we proceed at once to guarantee language of education in Ontario and in the other provinces.

Hon. Maurice Lamontagne: Why can the premier not proceed in his own legislature at the moment?

Senator Frith: That is what I do not understand. "We should proceed" means who should proceed? Does it mean Ontario and the federal government should proceed on the question of language rights in Ontario?

Senator Murray: That the federal Parliament and the provincial legislatures should proceed to entrench the rights to education in either of the official languages across the country. That letter is on the record.

Senator Frith: Quite apart from the record, I am quite satisfied to have the honourable senator's recollection since he must have a clear recollection or he would not have referred to this matter in his speech. Is the suggestion, as he understands it, from Premier Davis that the federal government and Ontario should get together about entrenching language rights in what—the federal Constitution, and giving jurisdiction over education and language rights to whom?

Senator Murray: No, no change of jurisdiction at all, but guaranteeing, in the Constitution, the right to education in either of the official languages across the country.

Senator Frith: Without any change of jurisdiction?

Senator Murray: No change.

Senator Frith: Therefore, jurisdiction for education would stay as it presently is, with the provinces, but that it would be entrenched in the Constitution in all of the provinces, and those rights would be guaranteed. Is that the position of Ontario?

Senator Murray: Yes, as I understand it, that is the position taken by the Premier of Ontario in a letter sent to the Prime Minister of Canada in September 1977.

Senator Lamontagne: On that basis, why is the Premier of Ontario not using his constitutional responsibilities and competence as they exist now to provide, through a bill in the Ontario legislature, rights for francophones in Ontario?

Senator Murray: Although it might not be in order, perhaps we could have a debate about the progress that has been made with regard to education in the province of Ontario and in some of the other provinces.

Senator Roblin: In Manitoba.

Senator Murray: And in Manitoba, as Senator Roblin suggests. Perhaps then we could discover where we have made progress, and where we seem to have been backing away from bilingualism instead of proceeding towards it.

Senator Lamontagne: He is not doing anything.

Senator Murray: Senator Lamontagne says that Premier Davis is not doing anything. That is an interesting accusation to leave on the record.

Senator Lamontagne: In terms of legislation.

Senator Frith: I should like to ask another question. I perhaps misunderstood, but I drew the inference that in some way the federal government is standing in the way of the effectiveness of the New Brunswick Official Languages Act. What I heard was that the Prime Minister was not taking into account the progress that has been made, and the indication was that someone was blocking the entrenchment or the effectiveness of the New Brunswick Official Languages Act. I did not understand what that meant.

Senator Murray: At least as far back as the Victoria Conference, and perhaps before that, the Province of New Brunswick has sought, effectively, to have those rights to the two official languages contained in its own Official Languages Act put in the form of constitutional guarantees. I did not suggest that the federal government had blocked that. I referred to the New Brunswick position, along with the progress that has been made elsewhere in the country, as an indication of the improvement in attitudes that has taken place in this country. I think a balanced résumé of the situation in

the country, had the Prime Minister chosen to give one, would have included those facts.

Senator Thériault: Do I understand Senator Murray correctly to suggest that the Prime Minister and the federal government should proceed without the consent of the provinces and have those rights entrenched in the Constitution?

Senator Murray: No, absolutely not; there is no justification for that inference at all. I was talking about the change in attitudes and the progress that has been made in the country in this field in the last ten, twelve or more years, and I pointed out the positions taken by the present Government of New Brunswick and by its predecessor in those matters as an example of that kind of progress, period. There was certainly no suggestion that the federal government ought to proceed without the consent of the provinces to amend the Constitution in matters of provincial jurisdiction.

Senator Thériault: What is the honourable senator suggesting that the Prime Minister of Canada should do to help those basic rights to become entrenched in the Constitution?

Senator Murray: What I was saying is that the Prime Minister of Canada, in the Speech from the Throne for which he is responsible, and in his own inaugural speech in this Parliament, has painted a picture of the state of opinion, attitudes, and the state of affairs in this country which, in my judgment, is unduly pessimistic and even apocalyptic. If he had wanted to give, as he should have given, a balanced résumé of the situation of the country he would have pointed to the progress that has been made in New Brunswick, Manitoba and Ontario, and attitudes generally across the country.

● (1600)

[*Translation*]

Senator Lamontagne: I admit Senator Murray has of course the right to criticize French-speaking federalists who are now fighting for the survival of their country, but I wonder why he did not choose to attack also those who are advocating separatism in Quebec and who are attempting to convince Quebecers by statements which are quite often false and dishonest?

Senator Murray: I leave such a task to the honourable senator and his colleagues.

Senator Lamontagne: Thank you.

Senator Asselin: Senator Lamontagne did not understand that Senator Murray more particularly referred to the statements on the CBC and the press made by the minister, André Ouellet.

[*English*]

Hon. H. Carl Goldenberg: May I clarify a point raised by Senator Murray? I understood him to say he feels that the Government of Canada should seek to entrench the language rights in the Constitution. I think I am right in that. That is what he said, and suggested that the Government of Canada has not tried to do that.

Senator Murray: I am astonished that the honourable senator should infer that from my speech. I am well aware of the suggestions and proposals that have been made by the Government of Canada for some time in regard to entrenching language rights. I pointed out two matters—one was a letter from the Premier of Ontario in September 1977, and the other was a long-standing proposal from the Government of New Brunswick—as examples of the progress that had been made. I said, as I have repeated several times since, that I alluded to those matters simply by way of saying that a balanced presentation or assessment of the situation of the country should have included reference to those facts. That is all.

Senator Goldenberg: I did not question what the honourable senator said. I believe I am the only one here who attended the Victoria Conference in 1971. I was there officially. We embodied in the Victoria Charter a proposal to entrench language rights, and it was only because one of the provinces refused to agree that that charter was dropped. If I misunderstood what the honourable senator said I apologize, but I think for the sake of the record it should be remembered that we tried that in the Victoria Charter. Also, there were federal-provincial conferences in 1978 and 1979 which were not successful, largely because the present Premier of Quebec would not negotiate and walked out. That is what should be remembered.

Senator Murray: Indeed, honourable senators, and that is the opposite of what the Prime Minister of Canada describes as Canadians slamming the door, one in the face of the other, and that is the opposite of what the Prime Minister of Canada describes as Canadians having unjustified fears about being threatened by another language and culture. That is a sign of progress.

Senator Goldenberg: I certainly agree with the honourable senator about the progress. I happen to know Canada very well, and there has certainly been progress.

Referring to his statement about the letter from Premier Davis—who, incidentally, is a very good friend of mine, and for whom I have worked at different times—I wonder why within his jurisdiction over education the premier does not take a stand on the Penetang school problem, since it is being used by the separatists in Quebec as a very strong argument against Canada.

Senator Asselin: Did you advise the Premier of Ontario to do that?

Senator Goldenberg: He did not consult me.

Senator Smith (Colchester): Senator Goldenberg has got a great imagination.

On motion of Senator Leblanc, debate adjourned.

FOREIGN AFFAIRS

BOYCOTT OF 1980 OLYMPIC GAMES IN MOSCOW—DEBATE ADJOURNED

Hon. Nathan Nurgitz, pursuant to notice of Wednesday, April 16, 1980, moved:

That the Government of Canada formally support the boycott of the 1980 Olympic Games by the United States of America and that the Government take note of the resolution adopted by the Ontario Legislature, via a free vote, calling upon the Government of Canada to boycott the Games;

That the Government of Canada affirm its solidarity with the dissidents, cultural and religious minorities in the Soviet Union, who, like the people of Afghanistan, are now under totalitarian Soviet dictatorship; and

That the Government of Canada affirm Canada's strong continued support for international human rights and worldwide peace.

Hon. L. Norbert Thériault: Honourable senators, I rise on a point of order. I understand that the main body of the motion moved by the Honourable Senator Nurgitz refers to a matter that has already been resolved in the other place, and I wonder whether it is the practice, or in accordance with the rules, of this house that, in the circumstances, we should proceed with this motion.

Hon. Duff Roblin (Deputy Leader of the Opposition): If I may speak to that point of order, I see no reason why the motion cannot be proceeded with as it is framed. It is quite true that some changes have taken place in one particular clause of this resolution since it was originally framed. However, I personally can see no objection to allowing the Honourable Senator Nurgitz to proceed with it. Indeed, if he wishes to comment upon the cancellation of the Games, as I would feel free to do if I were making a speech, I think it would be quite in order.

Hon. George J. McIlraith: If what the Honourable Senator Roblin has said is true—and I quite accept that it is—surely the correct procedure is for the mover of the motion to make the necessary amendment in the paragraph of his motion that appears to be slightly out of date in its wording. Surely that would be correct procedure in the circumstances. I do not think there should be any difficulty with making the necessary changes in the wording of this particular motion.

● (1610)

Senator Roblin: I see no reason for that. If that were the case, the resolution would have to be dropped from the order paper and reintroduced at a later time. If the mover of the motion, in the course of his remarks, wishes to make any reference to that point, I think that would be quite in order. I can see no parliamentary way of amending this resolution without withdrawing it and proceeding with it again.

Hon. Royce Frith (Deputy Leader of the Government): Speaking to the point of order, the point rised by Senator Thériault is evidently one of interest, but I think a combination of the suggestions by Senator Roblin and Senator McIlraith would solve the problem. It is my respectful submission that we allow Senator Nurgitz to proceed. He can make comments of an amending nature. I think that is Senator Roblin's idea, and that would, I think, also comply with the point well taken by Senator McIlraith.

[Senator Nurgitz.]

Senator Thériault: Honourable senators, far be it from me to prevent Senator Nurgitz from proceeding. As many senators present are aware, I have been in Parliament and the provincial legislature for 20 years or so, and in that respect I am always interested in procedure and decisions made in that regard. I do not necessarily agree with Senator Roblin when he says that there is no way of amending the motion without dropping it. If these are the procedures followed in this chamber, well and good. I just want to be informed. With any legislature or Parliament, the house is always the master of its own destiny, and with unanimous consent of the house, the motion could be amended and proceeded with.

Senator Roblin: I am not going to give consent.

Hon. Nathan Nurgitz: Honourable senators, at the outset, I do commend the government's action announced yesterday by the Secretary of State for External Affairs in the other place. I am pleased that the Government of Canada will boycott the 1980 Moscow Olympics.

I suppose there are some more partisan who might argue that this government has moved too slowly, but I am, honourable senators, pleased and proud that it has indeed moved in the right direction and I applaud them for this. I think the people of Canada approve of the boycott and, what is perhaps more important, I think people in all parts of the free world approve of it.

If there is anything that has become apparent once again during the last few years, it is our interdependence within an ever more difficult and challenging world. While we may have occasional disputes with our neighbours to the south, we share a common strategic interest and responsibility that must not be underestimated. Our world position, as a free and independent nation, is not diminished by our capacity to know who our friends are, and to act accordingly. Independence is not diminished by loyalty. Freedom to support one's friends is, I suggest, what the free world is all about.

Honourable senators, I am delighted that the present government has adopted the position of the former government of Prime Minister Clark in support of the boycott, thereby renouncing, hopefully to some extent, any significant partisan decision on this issue, an issue which surely commands from each and every one of us a farsighted view beyond the bonds of partisanship.

The heroism of Ambassador Taylor stood as a lonely beacon of friendship to our American neighbours at a particularly low time for them. It is fitting that we should have moved on this front, to advance and deepen that friendship, at a time when Americans will remember precisely who their friends are.

Honourable senators, I know there is no naiveté in this chamber about the international intentions of the Soviet Union. Their record is discouragingly consistent. Hungary, Czechoslovakia, Afghanistan—the actions speak clearly of the ever-present Soviet threat. The world reacted angrily to incursions in eastern Europe. Surely, we must not overlook the Afghanistan adventure simply because our cultures and ways of life are so different.

It is totally naive to talk, as boycott opponents do, of "injecting politics" into the Olympic Games. Unfortunately, the Soviet Union's approach to the Olympics is highly political itself. That is the reality to which we in the west must respond, and as a Canadian I am proud that our government has. Unlike the International Olympic Committee, the Russians do not pretend that politics and sports do not mix. The 1980 Soviet Communist Party handbook declares that holding the 1980 games in Moscow will be:

> —convincing testimony of the general recognition of the historic importance and correctness of the foreign policy course of our country.

Honourable senators, the Nazis before the 1936 Games were no more straightforward than that in declaring their views.

It appears that the recent purge of dissidents in the Soviet Union is directly related to the Moscow Games. Peter Reddaway, a distinguished lecturer at the London School of Economics and an expert on Soviet internal dissent, describes their policy in a recent publication. Honourable senators, allow me to put a few relevant passages on the record:

> The present purge is basically a pre-Olympian exercise, and well illustrates the inseparability of sports and politics in the Soviet Union. For many months, the KGB has been striking against people in the provinces. Far from stopping political oppression when the trials of Orlov, Shcharansky, and others ended in August 1978, the authorities simply turned their attention away from Moscow to individuals and groups whose fate aroused less interest abroad . . . In fact, since August 1978 no fewer than 97 trials have taken place on which reliable information has reached the outside world. Two hundred and seventeen people have either been sentenced at these trials, or forcibly interned in mental hospitals without trial, or are now in pre-trial detention . . . Beyond these cases, which mostly involve the court system, thousands of people have been interrogated during the last 17 months in connection with political cases, and nearly a thousand have had their homes searched by police. Many of these have been dismissed from their jobs, threatened with arrest, subjected to KGB blackmail, forced into emigration or assaulted by officially sponsored thugs . . . Two people have committed suicide as a direct consequence of KGB persecution, and two more have been murdered in circumstances strongly suggesting official direction . . . Those who oppose a boycott of the Games, seeing them as a chance for foreigners to talk to Russians, might ponder, among other things, the terrible price that dissidents are being forced to pay by the regime.

Honourable senators, surely we all appreciate the value and use of an Olympic boycott. Totalitarian regimes have a great need for legitimacy that democracies do not fully understand. The need to have examples on a regular basis of international respectability and adulation is absolutely basic to a totalitarian regime's program of sustaining public support and compliance. The Soviets have always taken sports very seriously in this regard. We all know that their "amateur athletes" train often as part of the military—as part of the forces of the state serving the purposes of the state.

The preparations in Moscow have been extensive and expensive. An Olympic Games without America, Canada, Germany, the United Kingdom, Japan and many others—or indeed a cancelled Games—would be noticed by the average Soviet citizen. Questions would circulate within a population deeply interested in sports. What Soviet propaganda now treats as a local police action in Afghanistan can now be seen, even to them, as having far more consequence. I believe that we have gained the attention of millions of Soviets through the clear symbolism of an international boycott of the Olympic Games.

• (1620)

Honourable senators, surely we all applaud the boycott. Hopefully, we ourselves will do more than just boycott. Hopefully, we will seek to broaden and deepen the commitment to the boycott among non-aligned nations in Africa, the Middle East, South America and other parts of the world.

Let us for a moment look at what the Soviets have done in the past. They have not been bashful. The Soviet Union has a long and consistent history of boycotting international sporting events. Until 1952 the "bourgeois Olympic movement" itself was boycotted.

Let me give you a few examples of boycotts by the Soviet Union. The qualifying round of the 1974 Soccer World Cup was boycotted because it was held in Chile; the 1976 Chess Olympics were boycotted because they were held in Israel; the 1979 Women's World Basketball Championship was boycotted because South Korea was the host. Numerous sporting events have been boycotted by the Soviet Union because they were held in West Berlin.

The evidence is clear. The Soviet Union has used the Olympics as an instrument of national policy. As such, it is also clear that Moscow has invested heavily in the Games. Let me quote from *Time* magazine of January 28:

> There is probably no single action short of war that would punish Moscow more than to have the Olympics taken away or spoiled.

For those who worry sincerely about the Olympic movement, I offer the view that the Olympic movement will survive quite comfortably, having been unused by the Soviets for propaganda gains at a time of Soviet adventurism. That is as important to the credibility of the Games as any other standard of judgment.

Honourable senators, Canada has acted as a key player in the wider context of a world where peace can only be sustained through a clear determination on the part of the nations of the west to stand united.

Before concluding, I should like to thank the many honourable senators on both sides of the house who have encouraged me respecting this motion. I am appreciative of their kind and encouraging words. I wish to address a particular word of thanks to the Honourable Joe Sullivan. As we all know, Senator Sullivan, because of ill health, has been unable to attend our sittings. However, he tells me that he is following

each and every one of us through his avid reading of *Hansard*. Senator Sullivan, on noticing my motion, called me on a couple of occasions, and I would like to thank him for leaving me with several worthwhile thoughts and ideas, all of which I have included in my remarks.

In conclusion, I should like to deal briefly with some comments in connection with the athletes. It is regrettable that the Chairman of the Canadian Olympic Committee sees fit to "oppose the government in its efforts toward worldwide peace. After having read some statements by Mr. Pound today, I have only one comment to make, and that is that other countries have, in the name of freedom, asked their youth to make greater sacrifices than the foregoing of a series of Games.

Having said that, I do believe that efforts ought to be made to provide another forum for appropriate competition. The hundreds and, indeed, thousands of hours spent in preparation should not be wasted. Canada should lead the campaign for alternative Games to allow for competition between all of the boycotting countries. We might call them the "1980 Freedom Games." As I understand our Prime Minister, we were not able to be a leader in the boycott movement; but certainly we could be a leader in the movement to provide an alternative set of Games. This would be a real opportunity for us in the international arena and, what is perhaps more important, a step in the direction of Canada's national unity. All across this great country of ours we have facilities such as Edmonton's Commonwealth Games Stadium, Winnipeg's Pan Am Pool, and the Montreal Olympic Stadium, all of which could form an important network for the staging of international competitions this summer.

We all know that the Olympics are a media event. That being so, I do not see why it is necessary to have all the athletes in one place. The television cameras can put them all in one place at a given time. We see this constantly when, during one hockey game, we have highlights of a game played in another city. I do not see why Canada as a nation should not offer these various sites for such Games. It would be great for our national unity, it seems to me, as well as showing the rest of the world that we are sticking together.

Honourable senators, in asking our athletes to make the sacrifice of not going to Moscow, we owe them the effort to bring about alternative Games. The Olympic boycott is a non-military weapon of significant impact, endorsed by the Olympic Trust, endorsed by a free vote in the legislative assembly of our most populous province, and one which I sincerely congratulate our government for implementing.

On motion of Senator Frith, for Senator Haidasz, debate adjourned.

DOCUMENTS TABLED

Hon. Royce Frith (Deputy Leader of the Government), with leave, tabled:

> Report of the Commission to Review Salaries and Allowances of Members of Parliament and Senators (Mr. Alfred D. Hales, Commissioner), appointed in accordance with the terms of Order in Council P.C. 1979-2167, dated August 9, 1979.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, April 24, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DISTINGUISHED VISITOR IN GALLERY

THE HON. PETER DREW DURACK, ATTORNEY GENERAL OF AUSTRALIA

The Hon. the Speaker: Honourable senators, I should like at this time to bring to your attention the presence in the South Gallery of Senator the Honourable Peter Durack, Q.C., Attorney General in the new Liberal/National Country Party coalition Ministry of Australia.

On behalf of all senators, I want to tell him that we are honoured by his presence in the Senate chamber.

IMMIGRATION ACT, 1976

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-2, to amend the Immigration Act, 1976.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government) moved that the bill be placed on the Orders of the Day for second reading on Tuesday next, April 29, 1980.

Motion agreed to.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Canadian National Railways, together with the Auditors' Report on the Accounts and Financial Statements thereof, for the year ended December 31, 1979, pursuant to section 40 of the *Canadian National Railways Act*, Chapter C-10, R.S.C., 1970.

Firearms Report to the Solicitor General of Canada by the Commissioner of the Royal Canadian Mounted Police for the year ended December 31, 1979, pursuant to section 106.9 of the *Criminal Code*, Chapter 53, Statutes of Canada, 1976-77.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved that when the Senate adjourns today it do stand adjourned until Tuesday next, April 29, 1980, at 8 o'clock in the evening.

Motion agreed to.

QUESTION PERIOD

[*English*]

ENERGY

TANKER TRANSPORTATION OF CRUDE OIL ON WEST COAST

Hon. Nathan Nurgitz: Honourable senators, I have a question for Senator Olson, who I believe is the minister responsible for pipelines. Can the minister tell us whether or not the government was able to secure a commitment from U.S. Secretary of State Vance, during his visit to Ottawa yesterday, that the U.S. will not allow oil to be shipped via tanker down the west coast?

Hon. H. A. Olson (Minister of State for Economic Development): I cannot answer specifically—

Senator Flynn: What else is new?

Senator Olson: I cannot answer specifically as to whether or not there was a commitment that oil would not be shipped via tanker down the west coast. I shall attempt to obtain an answer to the question. I do know that there was some discussion about the matter in the talks held with Secretary of State Vance.

Senator Nurgitz: If I may, I have a supplementary. The minister, when he was sitting on this side of the chamber, was condemning the American decision not to proceed with the Trans Mountain pipeline. It is my understanding from following the newspaper reports during the recent election that not only his leader in the other place, but many candidates in British Columbia, promised the people that, if elected, they would see to it that there would be no tanker traffic along the British Columbia coast.

Does the minister expect his government to deliver on this promise made to British Columbia voters?

• (1410)

Senator Olson: I am sure the honourable senator recognizes that we gave a commitment to try to minimize that, and we were critical of the previous government for failing to take action to encourage the United States authorities to consider the overland route which would have eliminated, at least, some of the tanker problem. I am sure the honourable senator also

recognizes that while we will try to urge the United States to minimize the amount of tanker traffic out of Valdez, or wherever down the coast where it could naturally hurt our west coast, we really do not have the authority to impose that on the United States authorities.

PRICE OF DOMESTIC OIL—FEDERAL-PROVINCIAL NEGOTIATIONS

Hon. C. William Doody: Honourable senators, I have a question for the Leader of the Government. The Minister of Finance has stated that $1 billion would be cut from the deficit as soon as the oil-pricing agreement is finalized with the provinces. I would assume from that that the government must already know what oil-pricing formula it intends to have the premiers accept. I wonder if the Leader of the Government would share the formula with us.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I must say that the hope for a deficit reduction expressed by the Minister of Finance is limited to the process of oil-policy negotiation lying ahead.

Senator Doody: I appreciate the candor of the answer given by the leader. I would assume, however, that the figures in the statement made by the Minister of Finance a few days ago, and the subsequent comments made by the government, indicate that these hopes must be based on some premise. Could the leader indicate what these projections or premises are so that we can get some indication as to how these numbers are arrived at?

Senator Perrault: It is evident that the implications of the question are detailed and very profound. I assure honourable senators, however, that the negotiations with the provinces will proceed in the finest spirit of co-operative federalism.

Senator Doody: Well, then, in the spirit of co-operative federalism, would the Honourable Leader of the Government indicate what the price would have to be to achieve this $1 billion hoped for saving?

Senator Perrault: Well, honourable senators, the development of an oil-pricing formula proved to be extremely elusive for the preceding government; consequently, I know that the honourable senator would not expect me to offer an immediate, offhand judgment on this occasion.

● (1415)

Senator Doody: I have a supplementary question. I am not asking for an offhand judgment, in all fairness to myself and to the government. I am asking for some clarification or elucidation of the statement. As for references to the previous government, I rather think they are irrelevant right now. I know that I tried to restrict myself to comments about the previous government when I was on that side of the house and I really think yours is not a productive line to pursue.

Senator Perrault: I am pleased to answer that question directly, then, in the new circumstances. The price will be fair and equitable to both sides.

[Senator Olson.]

Senator Flynn: What do you mean by "both sides"? Name them. What are the "both sides"?

Senator Olson: The consuming provinces. That is obvious.

Senator Asselin: You refuse to answer the question?

OWNERSHIP OF CANADIAN OIL INDUSTRY

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to continue to pursue the question of oil; from a slightly different standpoint, however.

I recall that in the gracious Speech from the Throne reference was made to a policy of Canadianizing the ownership of the Canadian oil industry within a certain period of time. I wonder if, as a result of that policy, the government has made a calculation of what funds would be involved, if that program were to be fully realized.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not think the calculation of the amount of funds in the first, second, third or any of the fiscal years involved between now and 1990 has been worked out. I suppose it would depend on the nature of the incentive to have that happen. I am sure the honourable senator agrees that an increase in the equity ownership by Canadians of Canadian resources is a desirable thing. It depends, therefore, on when it starts. My hope is that it will be soon. How rapidly it is accelerated towards the 50 per cent objective by 1990 will, of course, have to be taken into account year by year. I do not think that there are any figures available at this time.

Senator Roblin: Well, I am rather surprised, honourable senators, that a policy like that would be announced without any calculation having been made of what is involved. That is what my honourable friend appears to be telling me.

I would ask him whether he would agree that, if it were to be done today on the basis of today's current market prices, it might be in the neighbourhood of $4 billion. That is the estimate that has been made by people in the marketplace. I offer that piece of information to him because he does not seem to have any himself. Would he agree that that figure is in the ballpark?

Senator Olson: Well, honourable senators, I think that a government has the right to state its objectives without having calculated in detail the ten-year projection of expenditures necessary in each of those expenditure years.

Senator Flynn: For a Liberal Government, that is right.

Senator Olson: If the honourable senator is suggesting to me that $4 billion would buy all of that, I would suggest that that figure is low.

Senator Roblin: Of course, I find it incredible to think that the minister who is in charge of the economic development policy, which obviously depends on the use of money and the money that is available in the economic system, would find it unnecessary to make such a calculation before announcing the policy. However, as that seems to be the case I will pursue the matter a little further by asking another question.

In view of the fact that the government has a policy of repatriating the oil industry in the country, what means does it propose to invoke to see that that policy is achieved? What steps is it proposing to take to ensure that this goal of 50 per cent ownership is achieved within the time period involved?

Senator Olson: It will be done by a single incentive or a combination of incentives so that Canadian companies or individuals will be in an advantageous position to do that. That is the simple answer.

Senator Perrault: Hear, hear.

Senator Roblin: I will then ask a simple question: Is it possible for my honourable friend to say whether the instrument he intends to use for this repatriation is Petro-Canada?

Senator Olson: Petro-Canada will be an active player in that, but we also recognize that the other players—that is, the private industry—will also be a major player in the attempt to bring 50 per cent of this asset into Canadian hands during the next ten years.

Senator Roblin: Then I ask my honourable friend what these incentives will be to pursuade Canadian players to do it. I want to tell him that I am not asking the question out of idle curiosity, because it means a great deal to the development of our oil industry in this country to know what the position of foreign investors is likely to be, and how that is to be compared with the position of Canadian investors. I am sure my honourable friend will agree that without knowledge of this kind the "self-reliance" in oil, let alone "self-sufficiency," will be a difficult question. I suggest to my honourable friend that it would be advantageous if the government were to lay this policy before the people in the oil industry as soon as possible.

● (1420)

Senator Olson: The honourable senator can ask the question as many times as he wishes, from many different angles, but the reply that I gave to his first question, that it will be a single incentive or combination of incentives, is still the answer, and the government is not yet ready for public announcement. No matter how the honourable senator wants to twist it around, that will be the answer.

Senator Flynn: For how long?

Senator Roblin: Can my honourable friend give me an estimate of when he thinks he will be able to pull his policy together?

Senator Olson: I could say soon, and we could then have a discussion on the definition of what "soon" means.

Senator Flynn: You are very good at killing time.

Senator Frith: Use the term they used: "In due time."

Senator Roblin: There is no policy; that's for sure.

PRICE OF DOMESTIC OIL—FEDERAL-PROVINCIAL NEGOTIATIONS

Hon. C. William Doody: Honourable senators, I have another question for the Leader of the Government. Once again I am in pursuit of the fascination I have for that elusive $1 billion that is going to be cut from the deficit. Perhaps the government leader could indicate whether it is the government's intention to ask the producing provinces to accept less than they received under the Clark agreement. Maybe that will account for the $1 billion.

Hon. Raymond J. Perrault (Leader of the Government): I would appreciate it if the honourable senator would repeat the essence of his question. I was diverted momentarily.

Senator Doody: I will be delighted to do so, in anticipation of an answer. My question is directed to the government leader and is in pursuit of an answer to that fascinating $1 billion saving that we discussed a little earlier. Perhaps it is the intention of the government to ask the producing provinces to accept less than they agreed to accept under the Clark government. Would that be one of the ways or the way in which the government intends saving that $1 billion?

Senator Perrault: The Honourable Senator Doody poses an intriguing question. No one ever quite determined what the previous government had offered or what the producing provinces were prepared to accept. It was impossible for that government, apparently, to achieve any signed agreement with the producing provinces. Despite this failure, Senator Doody talks in terms of some shadowy and ephemeral agreement which had been negotiated by the Conservative government. Yet the Canadian people were never informed of the details of that alleged agreement. I suggest that the honourable senator is really in the realm of mythology. May I say, to quote one of the more profound remarks of the Leader of the Opposition when he was on this side of the house, an answer will come "in due time."

Senator Doody: If I may be so bold as to suggest that many Canadians feel that the time is due, may I also suggest, in the interests of mythology that the government leader expressed so profoundly a few moments ago, that perhaps in a mythical vein he could tell us whether, in view of the mythical agreement, there will be a mythical decrease in the price to the producing provinces?

Senator Perrault: Honourable senators, all I can say is that, in the history of this nation, when governments have been headed by Liberal Prime Ministers, major federal-provincial agreements have been negotiated. Many great historical agreements have been involved, and there is every reason to believe that agreements in the field of energy pricing can be obtained.

Senator Doody: I think we should all rise.

An Hon. Senator: And bow.

Hon. Jacques Flynn (Leader of the Opposition): Since the Leader of the Government mentioned in this debate—because the government leader's reply has transformed this into a debate—that the agreement would be announced in due course,

due course, I would suggest that if the Liberal Party had been more responsible when it defeated the government in December, the "due time" would long since have arrived. The decision has been postponed by at least eight months. Following that preamble, my question is: Assuming that the price at which the government may reach an agreement for the next two years is about $4 a barrel each year—and that is the minimum, I am quite sure, because people are talking now about $7—

• (1425)

Senator Olson: The truth is that it would have been in total something between $7 and $11 under the previous government's plan.

Senator Flynn: Wait a minute! Don't try to confuse the issue any more than you already have. All right, let us say $8 a barrel. What would the 9 per cent tax mean? Am I correct in saying that it will probably amount to something in the order of 20 cents to 24 cents a gallon? I suppose that a ready answer is too much to expect. Take the question as notice.

Senator Perrault (Leader of the Government): Honourable senators, I will be pleased to take that question as notice, but let me say that during the many months of inaction on oil pricing by the previous government, to use a gasoline analogy, they were "unable to get the lead out."

Senator Flynn: There is an unparliamentary word I could use to describe your reply.

[*Translation*]

Hon. Arthur Tremblay: A supplementary. As a follow-up to the extremely optimistic answer given by the Leader of the Government about the success of the negotiations going on, are we to understand from that optimism that the government has already excluded using the legislation which would allow it to set the price of oil itself?

[*English*]

Senator Perrault: Honourable senators, at least in the initial stages the main emphasis is certainly going to be on negotiations conducted in the best spirit of co-operation.

[*Translation*]

Senator Tremblay: Another supplementary.

I understand that it is at that initial stage that optimism applies but that using the legislation I referred to is not excluded in a second stage?

Senator Lamontagne: Why not?

Senator Tremblay: I want to know if it is excluded or whether it is the intention of the government to use that special, not to say very peculiar, legislation?

Senator Asselin: Senator Lamontagne just asked "why not?"

[*English*]

Senator Perrault: Honourable senators, may I say that this government will not proceed on the assumption that there is going to be failure. We have great faith in the ability of

[Senator Flynn.]

I would suggest that if the Liberal Party had been more responsible when it defeated the government in December, the "due time" would long since have arrived. The deci-

FOREIGN AFFAIRS

FISHERIES—CANADA-UNITED STATES NEGOTIATIONS

Hon. Jack Marshall: I have a question for the Leader of the Government in the Senate. Yesterday in the House of Commons there was unanimous consent of all parties to the stepping up of negotiations between the United States and Canada on the ratification of the fisheries boundaries. Could the Leader of the Government indicate what plans the government has for stepping up these negotiations and coming to the final agreement which is so necessary to the fishing industry in Canada?

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice. However, there were discussions relating to fisheries matters during yesterday's meeting between Mr. Vance and Canadian officials. I will take the question as notice and endeavour to obtain a statement which can be made on the subject as a result of this meeting.

• (1430)

Senator Marshall: I thank the leader, but I should also like him to inquire and include in the statement information about the loggerhead situation between Canada and the United States in respect of seabed mining—law of the sea. Would he have that included in the statement?

Senator Perrault: I would be pleased to obtain that additional information if it is available.

INCOME TAX

UNINCORPORATED BUSINESSES—DEDUCTION OF SALARY PAID TO SPOUSE

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to ask a question in connection with the recent statement in the other place on the budget. As I understand it, one of the highlights of that statement was a new tax regulation for professional businesses such as carried on by doctors and lawyers which permits the deduction of salaries to be paid to spouses. Can the Leader of the Government tell me if this is, in fact, part of that arrangement?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, of course, to term the statement made by the Minister of Finance the other day as "a budget" is a misnomer; it was not a budget.

Senator Flynn: Why would you say that?

Senator Perrault: As far as the technical aspects of the question are concerned, the speech made by the Minister of Finance stated that this government will introduce several of the other notices of Ways and Means motions tabled last December, including the measure providing for the deduction of salaries paid to spouses by persons carrying on an unincorporated business and the temporary small business develop-

ment bond provision enabling small businesses to obtain financing at lower interest rates.

Senator Roblin: You are going to do that?

Senator Perrault: Yes, it is in the statement, and I know honourable senators will be elated at the news.

Senator Roblin: I am glad to see that the present government is picking up one or two good policies from its predecessors in spite of the lamentable view it takes of that government. I do not know whether my honourable friend is right in correcting me with respect to the word "budget" that was bandied about here a minute ago. It is a reasonable imitation of a budget, I will say that. However, my real concern is this question of exemption from taxation for deductions of salaries paid to spouses. Is this limited to spouses of professional men and to spouses engaged with their husbands in small businesses?

Senator Perrault: Honourable senators, it is my understanding that it is not, in fact, subject to those limitations, and we on this side are pleased to note that the Deputy Leader of the Opposition has stated he is glad that certain policies are to be adopted and that he has inferred that the statement made the other day by the Minister of Finance is "reasonable." We agree that it is reasonable.

Senator Roblin: If I said it was "reasonable," I am certainly sure it was a slip of the tongue because it occurred to me to be a most unreasonable document in many respects, and certainly when viewed in the light of the financial needs of the country.

My question is in respect to the spouses of farmers. Are they also to be included in this deduction of salaries paid to spouses, as was, I believe, proposed in the former legislation?

Senator Perrault: My understanding is that as long as an enterprise qualifies under the category of "business" the deduction will apply.

FOREIGN AFFAIRS

CUBAN REFUGEES—CANADIAN COMMITMENT

Hon. Nathan Nurgitz: My question is directed to the Leader of the Government. Yesterday I had the temerity to ask the leader whether Canada would be enlarging its commitment to take in Cuban refugees, and I was sent away to do some homework and return with some details about any country assisting the refugees. The insinuation, clearly, honourable senators, was that no smaller country would have done more.

Would the Leader of the Government convey to the Secretary of State for External Affairs Costa Rica's commitment to unlimited numbers; Peru's commitment to at least 1,000; Colombia's and Venezuela's commitment to 500 or more; and ascertain whether Canada, in light of that information, is going to increase its commitment to take in refugees?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, as yet I am unable to meet the commitment made yesterday to obtain details with respect to refugees who have been taken in by Canada. I reiterate what I stated yesterday, that this country has achieved a worldwide reputation for its willingness to assist those victims of persecution, whether by taking them in as refugees or assisting them in their vicissitude by other means. For example, few Canadians realize that until relatively recently Canada was the third largest contributor to Palestinian refugee relief in the Middle East—a remarkable record for a nation of Canada's resources and size.

Canada has been in the forefront of assisting refugees from Hungary, Czechoslovakia, Uganda and from many other areas. Let me say, honourable senators, that this policy has had the general support of all political parties, including our friends in opposition. It is a record that is a source of pride to all Canadians. Our assistance to refugees cannot be measured solely in terms of the number of refugees accepted here from any one area. Aid is extended in the form of medical help, food supplies and other forms of assistance.

Senator Nurgitz: Honourable senators, perhaps I was not clear enough, and I take the blame for that. Could the Leader of the Government tell us whether Canada is considering increasing its commitment beyond 300? That is the simple question.

Senator Perrault: I will attempt to provide a simple answer tomorrow. It will be brought to this chamber as soon as possible.

Hon. Peter Bosa: Is my perception correct that the recent press reports indicate that all the Cubans who have taken refuge in the Peruvian embassy in Havana are going to be accepted by Puerto Rico?

Senator Perrault: I am aware of some reports that appeared in the newspapers. I am unable to say at this time whether those reports are authentic. The Honourable Senator Asselin, who had a responsibility in that area in the previous government, may have some information. I see him nodding his head.

Senator Flynn: Are you going to ask him to help you out?

Senator Asselin: Do you need my help?

SOMALIA—ASSISTANCE RESPECTING REFUGEES

Hon. Heath Macquarrie: Honourable senators, my question is also, alas, about the issue of refugees, of which there are in the world today a number equal to about half the population of this country. In light of the visit today of the minister from Somalia, General Ghalib, asking for increased assistance to that small country, which is trying to cope with a million and a third refugees, can the Leader of the Government give me an assurance that the government will give sensitive attention to this very urgent request, and will he keep this chamber informed as to the actuality of that response?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senator, I am pleased to provide the undertaking that we will be sensitive to these requests for assistance from other nations. I know that the honourable senator, with his long experience in foreign affairs policy formulation, is aware of the fact that a balance must be struck and achieved between

protecting Canada's interests and the jobs of Canadians at a time of high unemployment and of meeting our moral commitment to assist refugees from various forms of persecution. Successive Canadian governments have attempted to develop their policies with respect to refugees along these lines.

Senator Macquarrie: By way of clarification, let me say that, so far as I understand it, the priority the Somalis have is not that these people emigrate to Canada, but that assistance be given to that small struggling country dealing with its enormous problems.

Senator Perrault: I will take that question as notice.

FINANCE

STATEMENT BY MINISTER—ECONOMIC DEVELOPMENT OF ATLANTIC REGION

Hon. Richard A. Donahoe: Honourable senators, in the course of this afternoon's proceedings, the Leader of the Government in the Senate has indicated to us that what transpired in the other place the other evening was not the presentation of a budget but a speech made by the Minister of Finance. We are all well aware, I am sure, that that speech comprised, in short, extracts from the Crosbie budget. The matters dealt with in that speech, as a result of their adoption by the Minister of Finance, now form part of the fiscal policy of this government.

• (1440)

My question is directed not so much to what was contained in that speech as to what was not contained in the speech. There were certain things from the Crosbie budget which, as the Leader of the Government was quick to say, were omitted, such as the 18-cent increase in the excise tax on gasoline. Various other items were also omitted from that part of the Crosbie budget that was adopted by the Minister of Finance, and it is to those items that I direct my question.

Can the Leader of the Government give us the rationale for withdrawing from those parts of the Crosbie budget that were adopted the proposal for tax incentives to new industries locating in parts of Quebec and the Atlantic provinces?

Hon. Raymond J. Perrault (Leader of the Government): First of all, honourable senators, I vehemently deny that it was a budget the other night. However, this is a matter that is being discussed in the other place. Certainly, it would not be in order for the Leader of the Government in the Senate to attempt to discuss points of order raised in the other place.

Secondly, honourable senators, the honourable senator has requested the rationale for various statements made during the eloquent speech given by the Honourable the Minister of Finance the other night in the other place.

May I quote a rather important paragraph from his statement? His historic words are:

> I am also not now making provisions for private corporations to be given tax contracts for investing in particular regions of the country. The Department of Regional Economic Expansion has considerable flexibility under existing legislation to support regional development. These mechanisms will naturally be under review, prior to the expiry of the legislation next year.

I think the regions of the country can draw real hope from that statement.

Senator Donahoe: A supplementary question: Will the Leader of the Government tell us whether those incentives—those available under the policies of the Department of Regional Economic Expansion—were not also present and available at the time the Honourable John Crosbie's proposals for tax contracts were made in his budget?

Senator Perrault: There seems to be a view held by certain members of the opposition that somehow there is some moral obligation on the government which was given a mandate on February 18 to implement all or some of the Honourable John Crosbie's proposals. We do not regard that as our obligation.

Senator Flynn: I was quite sure the Leader of the Government would say that. This government has no moral obligation, period.

THE CABINET

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a couple of delayed answers.

First, I wish to reply to a question posed by Senator Smith (Colchester) during Question Period on Tuesday, April 22. Senator Smith asked if there was, and I quote, "a Policy and Priorities Board or a Policy and Priorities Committee."

I wish to inform the honourable senator that there is a Cabinet Committee on Priorities and Planning which is chaired by the Prime Minister. The Cabinet Committee on Priorities and Planning addresses the broad strategy for priorities and planning of the government.

Regarding the honourable senator's request for the membership of this committee, I wish to state that this government has taken the position not to release the membership of the committee.

Senator Flynn: Are you a member of that committee?

Senator Olson: I have just said we will not release the names, and I am asked this question. I am sorry, I do not understand.

Senator Flynn: I wonder if the minister knows if he is or is not a member.

Senator Olson: I know whether I am a member or not, but I am not going to give that information out.

FINANCE

GOVERNMENT BORROWING—EFFECT ON EXCHANGE VALUE OF CANADIAN DOLLAR

Hon. H. A. Olson (Minister of State for Economic Development): I also have a reply to several questions from Senator

Doody and Senator Smith (Colchester) during Question Period on Tuesday, April 22, regarding government borrowing and its effect on the exchange value of the Canadian dollar.

It is virtually impossible to determine with any degree of certainty the impact of different magnitudes of borrowing requirements on either interest rates or the exchange rate. This is so because the government has many alternative ways open to it to finance its borrowing requirements, because it can finance part or the totality of its requirements in Canadian or in foreign capital markets, and because it depends on what types of expenditures or investments these borrowed sums of money will be committed to.

Furthermore, there is a host of other factors which influence simultaneously the value of the Canadian dollar in either direction—for example, oil discoveries—and it would be an exercise in futility to attempt to separate the effects of public financing policy from the effects of other government-related and non-governmental actions on the value of the Canadian dollar.

The best we can say is that financing of government borrowing requirements is designed by the competent authorities in a way to minimize pressures on interest rates and the value of the Canadian dollar.

THE CABINET

COMMITTEE ON PRIORITIES AND PLANNING

Hon. Duff Roblin (Deputy Leader of the Opposition): I should like to put a question to my honourable friend with respect to the committee of which he spoke when he answered the first question today. Is it true to say that the members of that committee are cabinet ministers?

Hon. H. A. Olson (Minister of State for Economic Development): I think it is true to say that memberships of the cabinet committees are made up entirely of cabinet ministers.

Senator Roblin: Do I understand my honourable friend correctly to say that it is the considered policy of the government not to say which cabinet ministers sit on which committee?

Senator Olson: That is right.

Senator Roblin: Has my honourable friend any difficulty in reconciling that statement with the Speech from the Throne promise of a Freedom of Information Act?

Senator Olson: No, he has not.

Senator Roblin: Does he not consider that the public have some right to know who their masters are, who is planning the economic destiny of this country?

Senator Olson: They not only have the right, but they do know that the entire cabinet takes responsibility for all decisions made by committees or the cabinet.

Hon. Lowell Murray: That raises an interesting supplementary question. Does this committee on Priorities and Planning have a decision-making role?

Senator Olson: The decisions are made for and on behalf of the entire cabinet.

Senator Murray: I assume, then, that decisions made by the Cabinet Committee on Priorities and Planning binds the entire cabinet, and that the full cabinet receives word of those decisions by way of an information item on their agenda?

Senator Olson: If the honourable senator is asking me to reveal the documents and circulation of cabinet documents, I can tell him now, so that he does not waste his time, that I am not going to answer any questions about that. I can only go back to what I said a few moments ago—and it seems to me that it ought to be clear, but I will repeat it—the whole cabinet takes full responsibility for all decisions made by the cabinet. There is no deviation from that position.

Senator Murray: I appreciate that statement by the minister, but the point I want to confirm—and he has confirmed it a second time—is that decisions are, in fact, taken by the Committee on Priorities and Planning which, of course, bind the whole government and for which, according to the convention of cabinet solidarity, the entire government takes responsibility.

In other words, what we have under another name is an inner cabinet and an outer cabinet, the only difference being that with the present government we do not know who the members of the inner cabinet are.

• (1450)

Senator Olson: Well, the honourable senator can put that construction or interpretation on what I said, but it would not be mine. Therefore, I do not accept responsibility for his interpretation.

Hon. Duff Roblin (Deputy Leader of the Opposition): Would my honourable friend opposite be kind enough to inform us who the Chairman of the Committee on Economic Development is? He will not tell us who the members are. Who is the boss; who is the chairman?

Senator Olson: The Prime Minister is the Chairman of the Committee on Priorities and Planning, and I said that a few minutes ago. I am sorry my honourable friend missed it.

Senator Roblin: Are you telling us that the Prime Minister and the rest of his colleagues decline to identify the other members of the committee?

Senator Olson: Honourable senators, there are several other committees as well. There are committees on economic development, social development, foreign and defence policy, legislation and house planning, government operations, communications, Treasury Board, labour relations, security and intelligence, the public service, and other special committees of cabinet. I guess my honourable friends opposite do not understand straight, simple words, and that is all I am capable of giving them.

Senator Flynn: I agree.

Senator Olson: We do not release the membership of any of the committees. That has not changed since five minutes ago.

Senator Roblin: Honourable senators, I have to admit that I understand very well what my honourable friend is saying to me, but I have to tell him that I do not like it.

Senator Olson: I do not happen to care very much whether you like it or not.

Senator Flynn: Are you chairing the Committee on Economic Development?

Senator Olson: Honourable senators, my honourable friends opposite are trying to get me to say something I have already said I am not going to say. I think they might as well stop.

Senator Flynn: We might as well cancel Question Period as far as you are concerned.

Senator Frith: Is that a motion?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, today we are enduring an incredibly inquisitive assault by the official opposition. The Leader of the Opposition said a moment ago that it pains him that certain information is not available, or makes him unhappy that this information is not available. I might say he demonstrated a very high threshold of pain during the tenure of the Progressive Conservative Government, a government which refused to reveal very much about the make-up of its committees.

Senator Murray: Honourable senators, this is not the first time that the Leader of the Government has made that statement. We let it go by several times the other day. I do think, in fairness and for the record, it should be pointed out that a very quick examination of Senate *Hansard* of the last Parliament will show that, in reply to questions concerning the Cabinet Committee on Economic Development, Senator de Cotret not only elaborated on the terms of reference of that committee, but stated which ministers were members of it.

Senator Perrault: The point I make, honourable senators, is that all of the matters relating to the operation of cabinet committees and the minutiae that are being demanded of this government—

Senator Roblin: Just give us the names.

Senator Perrault: —were never provided at any time by the previous government. There were names bandied about from time to time, but we were never given a list.

Senator Flynn: Did you ever ask?

Senator Perrault: Honourable senators certainly are aware that this is nothing more than an exercise in political gamesmanship. No government provides information of this kind.

Senator Roblin: You are off base.

STANDING COMMITTEES

FIRST REPORT OF COMMITTEE OF SELECTION ADOPTED

The Senate proceeded to consideration of the First Report of the Committee of Selection, which was presented yesterday.

[Senator Olson.]

Hon. William J. Petten moved that the report be now adopted.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before the question is put I should like to raise the matter of a co-ordinating body for Senate committees. It will be recalled that some time ago the question of co-ordinating the activities of committees was raised, there being some concern that the meetings of Senate committees required some co-ordination. It will also be recalled that our late colleague Senator Bourget undertook that task for a period of time. It was a new idea and one which, while it had not then matured, more or less worked to the satisfaction of honourable senators, and as well there were expectations that it would grow in effectiveness.

I have discussed with my colleagues opposite the possibility of re-establishing such a co-ordinating role for a committee of senators, and the suggestion is that Senator Lafond serve as the chairman of such a co-ordinating committee, working with the two whips and, subject to their wishes, other honourable senators they wish to add. The basic objective of that committee's work will be the co-ordinating of times of meetings so that there will be no undue duplication, and that honourable senators, as much as possible, will not find themselves required to attend two committee meetings at the same time.

There will be other aspects to this activity, and I respectfully suggest that we at least have recorded the fact that such a co-ordinating group will be working. We can let them define the extent of their jurisdiction and activities within the framework of the objective, namely, the efficient co-ordination of the activities of the committees of the Senate during this session.

Senator Roblin: Honourable senators, I would like to thank Honourable Senator Frith for giving me prior notice of his intention in this matter, and I would like to say that we entirely concur in the proposition. We are delighted to know that Senator Lafond will be the chairman of this committee, which performs a very useful service indeed. The whip of the official opposition, Senator Macdonald, has instructed me to volunteer his good offices in connection with it.

Senator Macdonald: When did I instruct you to do that?

Senator Roblin: When did you not instruct me? I am under orders here. I know that whip when I hear it. In any case, honourable senators, I am sure that this is a move that can be very useful, and I welcome the nomination of Senator Lafond for the task.

Hon. Senators: Hear, hear.

Senator Lafond: Honourable senators, I accept this assignment on faith and in the knowledge that I can count on the co-operation of all honourable senators. I believe that there can indeed be more to this task of co-ordination than just setting a timetable and assigning rooms, and I shall do my best to further the maturity of this responsibility. For the immediate future I would like, as soon as the committees have had their organization meetings, to have a meeting with the com-

mittee chairmen and the Whips on both sides, and after that I would ask leave to report to the Senate.

Motion agreed to and report adopted.

LIBRARY OF PARLIAMENT

MESSAGE TO COMMONS—SENATE MEMBERS OF JOINT COMMITTEE

Hon. William J. Petten moved:

That a message be sent to the House of Commons to inform that House that the Honourable Senators Bélisle, Bell, Cameron, Choquette, Fournier (*Madawaska-Restigouche*), Hicks, Macquarrie, Phillips, Riel, Rousseau, Rowe, Sullivan and Thériault have been appointed a committee to assist the Honourable the Speaker in the direction of the Library of Parliament, so far as the interests of the Senate are concerned, and to act on behalf of the Senate as members of a joint committee of both houses on the said Library.

Motion agreed to.

PRINTING OF PARLIAMENT

MESSAGE TO COMMONS—SENATE MEMBERS OF JOINT COMMITTEE

Hon. William J. Petten moved:

That a message be sent to the House of Commons to inform that House that the Honourable Senators Adams, Anderson, Bielish, Bonnell, Bosa, Charbonneau, Choquette, Eudes, Fournier (*Madawaska-Restigouche*), Fournier (*Restigouche-Gloucester*), Guay, Lewis, Macdonald, McGrand, Rizzuto, Sullivan, Williams and Wood have been appointed a committee to superintend the printing of the Senate during the present session and to act on behalf of the Senate as members of a joint committee of both houses on the subject of the Printing of Parliament.

Motion agreed to.

RESTAURANT OF PARLIAMENT

MESSAGE TO COMMONS—SENATE MEMBERS OF JOINT COMMITTEE

Hon. William J. Petten moved:

That a message be sent to the House of Commons to inform that House that the Honourable the Speaker and the Honourable Senators Bélisle, Godfrey, Grosard, Hicks, Inman and Norrie have been appointed a committee to direct the management of the Restaurant of Parliament, so far as the interests of the Senate are concerned, and to act on behalf of the Senate as members of a joint committee of both houses on the said Restaurant.

Motion agreed to.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

MESSAGE TO COMMONS—SENATE MEMBERS OF JOINT COMMITTEE

Hon. William J. Petten moved:

That a message be sent to the House of Commons to inform that House that the Honourable Senators Doody, Godfrey, Hicks, Lafond, Lewis, Neiman and Nurgitz have been appointed to act on behalf of the Senate as members of a joint committee of both houses on Regulations and other Statutory Instruments.

Motion agreed to.

• (1500)

CANADA-FRANCE TRADE AGREEMENT ACT, 1933 SUPPLEMENTARY CANADA-FRANCE TRADE AGREEMENT ACT, 1935

BILL TO REPEAL—SECOND READING—DEBATE ADJOURNED

Hon. John Morrow Godfrey moved the second reading of Bill S-5, to repeal the Canada-France Trade Agreement Act, 1933 and the Supplementary Canada-France Trade Agreement Act, 1935.

He said: Honourable senators, the purpose of Bill S-5, an act to repeal the Canada-France Trade Agreement Act, 1933 and the Supplementary Canada-France Agreement Act, 1935, is to proceed with the implementation of a decision taken by Canada on December 15, 1977 to terminate the Canada-France Trade Agreements of 1933 and 1935. This termination became effective on March 15, 1978. Following this termination, the Canada-France Trade Agreement no longer has any effect in international law, although the relevant implementing legislation has not yet been abrogated. This bill will regularize the situation.

The only part of these agreements that had any practical effect at the time of termination was Article 11 of the 1933 Agreement, which provided for the mutual protection of appellations of origin for goods produced in either country.

In recent years this article created difficulties in Canada-France relations as a result of a series of court actions undertaken in the late 1960s by French producers concerning the use of the designation "champagne" by Canadian producers.

In future, protection in Canada for appellations of origin, not only from France but from all other countries, will be provided by the new Trademarks Act which the government introduced into this chamber in the winter of 1978 and which will, I understand, be re-introduced in a few months' time.

This bill was originally introduced by the Liberal Government in the House of Commons on March 16, 1978, as Bill C-34. This was never proceeded with as they had forgotten to include in the bill the repeal of the Supplementary Canada-France Trade Agreement Act, 1935.

A new bill, C-4, was introduced in the House of Commons on October 16, 1978, and it did not receive second reading.

Bill S-2 was introduced in the Senate on October 30, 1979, by Senator de Cotret on behalf of the Conservative government, and it received second reading on November 7, 1979. The bill was referred to the Standing Senate Committee on Banking, Trade and Commerce on that day but the committee never got around to considering the bill before the defeat of the government. I might say at this point that I do not know why it was referred to the Standing Senate Committee on Banking, Trade and Commerce because, in my opinion, there was no need for it to be considered by that committee.

I spoke in the debate on the motion for the second reading of Bill S-2 on November 7, 1979, as reported at pages 279-281 of *Hansard*. There is no point in my repeating what I said at that time because any interested person can look it up, but I did refer to the unethical conduct of Château-Gai Wines Limited over the years in promoting the sale of their Canadian champagne. It is my opinion that if it had not been for the really quite inexcusable conduct of that company, as disclosed in a judgment of the Quebec Superior Court delivered in December 1968, the trade agreement would have been repealed earlier than it actually was.

This is the fourth bill which has been introduced to repeal these agreements. Everything that needs to be said about it has already been said, and I suggest that it should receive quick passage without being referred to a committee.

On motion of Senator Charbonneau, debate adjourned.

● (1510)

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from yesterday consideration of His Excellency the Governor General's Speech at the opening of the First Session of the Thirty-second Parliament, and the motion of Senator Rousseau, seconded by Senator Hays, for an Address in reply thereto.

[*Translation*]

Hon. Fernand Leblanc: Honourable senators, the honour I have of sitting in this august place also carries heavy responsibilities of which I am quite aware. I will certainly make all the necessary efforts not only to feel at home and familiarize myself with the very important work being done in this house but also to try to reach the degree of perfection of my predecessors and present colleagues.

I am pleased to join all honourable senators in extending the customary congratulations to our new Speaker, the Honourable Jean Marchand, whom I had the pleasure of knowing for many years while we were both sitting in the other place. Throughout those years I was in a position to appreciate his great qualities of leadership, cordiality, sincerity and particularly dedication to the cause of the unity of this country.

As head of the "no" committee in the provincial riding of Mercier, whose elected representative since the election of 1976 is a member of the Parti Québécois, I deplore to a certain extent that the new Speaker of the Senate should be subject to certain restrictions; but since the referendum should be a non-partisan consultation, as Quebec Premier René Lévesque suggested, I do believe our Speaker will be able to continue to bring valuable co-operation to the "no" committee. We need his co-operation, that is certain. I wish him well in his new functions, particularly good health, which he will need to carry out the many tasks that fall on a Speaker of the Senate.

I also want, of course, to pay tribute to the Speaker of the Senate for the 31st Parliament, Senator Grosart. Although his reign was very short, he proved he was worthy of such an honour because he carried out his duties with control and tact.

It also gives me pleasure to pay tribute to the Honourable Senator Yvette Rousseau, the mover of the Address in reply to the Speech from the Throne, and the seconder the Honourable Harry Hays, for the magnificient work they did in making their speeches.

I would also be remiss if I did not immediately extend my most sincere congratulations to those honourable senators who have been called upon to be part of the cabinet. I agree entirely with the wise choice of the Right Honourable the Prime Minister.

Senator Flynn: He did not have any choice.

Senator Leblanc: I am convinced that our three senators who have been selected to be ministers will be able to carry out their duties with competence and dispatch. The polarization of the vote among Canadians is, I think, further illustration of the importance of maintaining the Senate to give the people a justified and essential representation of all regions of Canada within the government's executive branch.

Honourable senators, if I have reached such a high office, I owe it in particular to the people of the riding of Laurier who, on five different occasions, from 1964 to 1979, put their faith in me. I succeeded in the riding of Laurier the Honourable Lionel Chevrier who had replaced my father-in-law who was called to the Senate in 1953 under the government of the Right Honourable Louis St. Laurent. Most of you have known Senator Lefrançois, to whom I want to pay tribute. He would have been very proud, I am sure, of my entry into this place if God had allowed him to live to this point.

I also want to take this opportunity to extend my best wishes to my successor in the riding of Laurier, David Berger, a thirty-year-old bilingual young man who wants to devote himself entirely to public life and whose business studies and experience prepared him well for his role as the representative of Canadians in the riding of Laurier. Having known him for over a year, and consequently having learned to appreciate him, I am convinced he will have a long and fruitful career.

Honourable senators, the debate on whether to abolish or reform the Senate has grown in magnitude over the last ten years. I wish to take the opportunity afforded by my first speech in this house during the Throne Speech debate to make my humble contribution to this issue. Before going any further, I would like to thank the Library research staff, which has been of great assistance to me.

Since I am a liberal with both a small "1" and a capital "L", I have, as you will have guessed, a marked tendency to support reform rather than abolition.

First of all, I would like to review the proposals to abolish the Senate. Let us look first at Bill C-60 on constitutional reform introduced in June 1978. The main proposals contained in this bill concern the designation of members of a new house, the House of the Federation. This bill also considered the legislative powers of this new house and the powers concerning certain federal appointments.

Then came the report of the Task Force on Canadian Unity which contained proposals inspired by the Bundesrat of the Federal Republic of Germany in relation to a new chamber which would have been called the Council of the Federation. These proposals also provided for the method of appointment of the members of this house, its legislative powers, the ratification of certain treaties, the proclamation of a state of emergency and the approval of certain federal appointments. There were major differences on these points between Bill C-60 and the recommendations of the Task Force on Canadian Unity.

It should be noted that replacing the present Senate by a Chamber of the Provinces was also recommended by the Advisory Committee of Ontario on Confederation, the Committee on the Constitution of the Canadian Bar Association, as well as in a working paper prepared by the Progressive Conservative Party of Canada when it formed the official opposition before the 31st Parliament.

On the other hand, we must take into account the opinion expressed by Mr. Edward McWhinny, Head of the Department of Political Sciences at Simon Fraser University, when he appeared before the Special Joint Committee of the Senate and the House of Commons on the Constitution on September 26, 1978. He recommended a very cautious approach to the proposals inspired by the Bundesrat of the Federal Republic of Germany. He explained that the Bundesrat is not, in fact, a legislative body, nor is it a second house according to a recent decision of the German Constitutional Court.

Mr. McWhinny emphasized that it is essential to understand the political party system of Western Germany if we want to understand the workings of any given institution of that country where the government is formed by a national consensus and which must call on coalition governments almost constantly. Consequently, always, according to this distinguished Canadian, there is a risk of exaggerating the role of the Bundesrat as concerns the development of executive policies if we underestimate the important factor of changing coalitions and coalition governments.

● (1520)

More recently, in January 1980, the Constitutional Commission of the Quebec Liberal Party published a report entitled "A New Canadian Federation". The authors state that the Canadian Senate is, in their opinion, no longer adapted to the needs of modern federalism. They propose that it be abolished and that the central Parliament now consist of only one chamber. They also suggest the creation of an intergovernmental agency of the federation which they call "Federal Council". This designation aims at stating clearly that this body would be a special intergovernmental institution and not a legislative assembly controlled by the central government, since the central government would not have a delegate entitled to vote within the Federal Council. However, it could send representatives to this council to express its opinions.

The authors recognize that the mechanisms suggested are new. They maintain however that these are basically in agreement with the proposals of the Pepin-Robarts report, the Government of British Columbia, the Advisory Committee of Ontario on Confederation, the Canada West Foundation and the Committee on the Constitution of the Canadian Bar Association.

It is clear that the German Bundesrat was used as a model by the authors of the Liberal document. But it is practically impossible to foresee how the Canadian constitutional system would react to the introduction of that Federal Council, an institution that is absolutely foreign to our British parliamentary system. In that respect, honourable senators, it is interesting to read the article by Jose Woerling published by the newspaper *Le Devoir* on Januray 16, 1980 under the heading "The Federal Council, a long shot".

Moreover, with the establishment of the dual committee, the authors of the Liberal document are proposing a very substantial addition to the German model, thereby introducing an unknown quantity, the influence of which on the performance of the total system is difficult to forecast. One important criticism that could be levelled at the Liberal constitutional document is that it does not specify what would happen in a case where the Federal Council would refuse to ratify. In view of the two-thirds majority required within the council in certain matters, which include the federal emergency powers and the power to spend, we can imagine that ratification refusals would be numerous. This in my view is a shady area, and is of major consequence since the Federal Council is the cornerstone of that proposal for a renewed Canadian federation. My major criticism is this: That proposal would abolish an institution that has proved itself and wants to modernize from within and by itself.

On this subject of abolishing the Senate, we must remember that the then Justice Minister Lang accepted one of the recommendations made by the Special Joint Committee on the Constitution, of November 23, 1978, which suggested that the matter of the bill's constitutionality should be referred to the Supreme Court of Canada.

The honourable judges pondered over two very specific questions, of which the first is as follows, and I quote:

> Does the Parliament of Canada have the legislative authority to abrogate sections 21 to 36 of the British North American Act, 1867, as amended, and to amend the other sections of that act in which mention is made of the Upper House or the Senate, in such a way as to delete all

mention of the Upper House or Senate? In the negative, in what regard or regards, and to what extent?

On December 21, 1979, the Supreme Court of Canada brought down a unanimous negative decision on the matter. In fact, when the question was put here in the Senate as to whether the Parliament of Canada can abolish the Senate, the unanimous reply was "no".

Moreover, in its decision the Supreme Court states that the Senate has a vital role to play in the Canadian federal system on the basis of the considerations of the British North America Act and the parliamentary debates of 1865, according to which one of the objectives of the institution of the Senate, as a part of the federal legislative system, is precisely to ensure the protection of the various regional interests in Canada.

The Supreme Court of Canada does not give a definitive answer to parts of the second question, but it does give negative replies to the other paragraphs of the question. As the second question is very long, and seeing honourable senators already have been sent a copy of the decision by the devoted Clerk of the Senate, Mr. Robert Fortier, I shall not quote it *in extenso*, but shall merely draw your attention to paragraphs A, C, D, E(i), (ii), (iii), on which "for lack of details on the context, or of a written bill" the court does not commit itself definitively, contrary to paragraphs B, E(iv) and F, on which it renders a definitive ruling.

In short, the Supreme Court's reply to the second question is that all federal acts must be approved by the Senate and that Parliament does not have the power to change the number or the proportion of senators, nor is it empowered to legislate on the election of some or all senators. Senator Connolly has in fact explained in detail the ruling of the Supreme Court in his speech of April 17, 1980.

Here are some of the questions I would ask the abolitionists: What criteria do you use to say that all senators are rejects and that this body known as the Senate must be rejected as a bunch of inept, unfit, incompetent and senile people? What criteria do you use to say that all Senate employees must have the same fate? Did you estimate the cost of establishing an alternate body? Are you sure that such a body would really satisfy the hopes and wishes of Canadians? Have you considered the political impact of such a drastic change in our system? Have you considered that this might hinder the workings of our system? Have you considered that, despite your good faith, you would create parliamentary chaos?

● (1530)

It would be most interesting, honourable senators, to have some answers to these questions and to others which you would certainly want to add.

To examine the various recommendations made on the reform of the Canadian Senate, I think we must first of all go back to a document entitled *The Constitution and the People of Canada*, published in 1969 by the federal government. This document was presented in the context of the federal-provincial effort for constitutional reform which started in February 1968 but which unfortunately ended in failure by the now famous Victoria conference of June 1971.

Regarding the Senate, the document indicated that it should be reorganized to provide for the expression in it, in a more direct and formal manner, of the interests of the provinces and areas. A revised Senate should have the same powers it now has, except that the Senate's rejection of a bill could be overcome by the lower house, in accordance with specific procedures. The Senate should be invested with a new jurisdiction to approve nominations by the federal government. The Senate should get a special responsibility in dealing with legislative measures concerning official languages and human rights. There are other proposals that would be too long to list here.

The thing to remember, however, is that the main objective of the federal government's 1969 proposals was to develop in the Senate a strong instrument of federalism in which there would be effective expression of the interests of all citizens.

In 1972, the Special Joint Committee of the Senate and the House of Commons on the Constitution of Canada published a report whose Chapter 13 dealt specifically with the reform of the Senate. The committee recommended a new distribution of Senate seats, a new method for the selection of senators, but not the election of the senators, a change in the compulsory retirement age, a power of suspensive veto for six months, reformed legislative attributions, no special jurisdiction to confirm appointments.

In 1973, the Honourable Senator David Croll, in a speech made in the Senate, submitted a 12-point plan for reform of the Senate. There followed a most interesting debate on March 13, May 31, June 12 and 19. Not all speakers were necessarily in agreement with the twelve proposals of Senator Croll, but they agreed generally that some of the changes proposed would have to be accepted to improve the work done by the Senate.

In the Throne Speech debate that followed the 1974 election, Prime Minister Trudeau proposed what he called a "humble start" to Senate reform. He suggested two simple reforms: to limit the duration of senatorial appointments and to grant suspensive veto to the second house.

In a study submitted in June, 1974, to the Canadian Political Science Association, Professor Colin Campbell proposed some changes which he considered essential to ensure the Senate greater efficiency: the appointment by the provinces of some senators; the redistribution of Senate seats among the provinces, a right of suspensive veto for six months to a year; special responsibility as regards approval of certain federal appointments and certain fields which are subject to special policies, such as official languages; change of procedure concerning the appointment of the Speaker of the Senate and of the government and opposition leaders.

More recently, during a symposium on the Senate organized by the Canadian Parliamentary Group, held in Ottawa on January 26, 1979, Mr. John Hayes spoke of the upper house in other countries; Senator Jacques Flynn spoke of the work-

ings of the present Canadian Senate, Mr. Mark MacGuigan, member of Parliament and now minister, dealt with Senate reform, and Senator Richard Stanbury gave the senators' reaction in this regard.

Mr. Hayes stated that we must realize that if important changes are made in the Senate they will affect the workings of our entire parliamentary system. Senator Jacques Flynn stated that by and large the Senate had well fulfilled its role of reviewing legislation considering the delicate situation it finds itself in of being an appointed house while also enjoying absolute veto.

The Honourable Mark MacGuigan stated that the report by the Task Force on Canadian Unity signaled a new approach in the debate on the reform of our federal institutions. He expressed the view that the report would send into oblivion Bill C-60's proposals on the second chamber.

He further said that the matters of exclusive federal jurisdiction could not be discussed in the Federal Council proposed by the Pepin-Robarts report, a significant and major difference from the West German model. He concluded that the recommendations of the Pepin-Robarts report had the merit of narrowing the discussion on Senate reform to the two following choices: some version of the current Senate that would implement the recommendations of the report tabled by the Joint Committee on the Constitution in 1972, or a formula similar to that proposed by the Pepin-Robarts group and inspired by the West German model.

Senator Richard Stanbury objected in principle to the establishment of a Federal Council as proposed by the Pepin-Robarts report. He added that in his view no valid proposal had in fact been put forward to replace the Senate. His experience had convinced him that the role filled by the Senate was absolutely essential to this country's welfare. And, further, that the best contribution to the issue of the second chamber's reform evolved from the work done by the Special Senate Committee on the Constitution that looked into the Senate's own mechanics, in order to determine how the latter could be reformed to correct its current weaknesses. While permitting interesting exchanges, the discussions at that forum on the Senate pointed to the difficulty of reaching a consensus on Senate reform.

● (1540)

In its first report of October 1978, the Special Committee of the Senate on the Constitution stated that:

> This report will not discuss specific alternative proposals for the composition, role and veto power of a second chamber in Canada. Reform is required. Senators would promote it and would be anxious to assist in the process. But the constraints on the time available to your Committee have prevented it from undertaking such a study in time for this report. The committee, having been reconstituted by the Senate, intends to do so in the coming months.

Unfortunately the election of May 22, 1979, prevented the committee from submitting its more complete second report. Finally, on December 13 of last year, the day the 31st Parliament was dissolved, Senator Stanbury put forward a motion proposing that the Senate form a special Senate committee on the Constitution in order to carry on and finalize the work done during the preceding session. I sincerely hope that the committee will be re-established soon, early in the 32nd Parliament, so that all Canadians may peruse that report complementing the preceding one.

It is impossible to cull all the remarks made by all Canadians and senators interested in this matter which is very much in vogue: Senate reform. In fact, we are trying to square the circle, but honourable senators must realize that the Senate as we know it is now on the wane and we should co-operate to help bring about the necessary reform based on efforts made especially during the last decade, while trying to win other people over to our side. Senators are quite capable of making an in-depth study of proposals to deal with the difficulties and contradictions of Senate reform.

I myself would like to make certain recommendations which are not intended to weaken the Senate but rather to revitalize it.

The first has to do with senators being asked to serve as members of the executive boards of a number of federal government agencies. With this in mind, I would like to give a concrete example concerning the Economic Council of Canada which had on its board the Honourable Senator-Minister Olson.

During a Senate Finance Committee meeting last December 4, the Chairman of the Economic Council of Canada, Dr. Sylvia Ostry, stated as follows, and I quote from page 3 of the English text:

> —I would like to draw your attention to the list of part-time members of the Economic Council at the front of the Review. This slim document represents the considerable effort of all of those members acting in purely voluntary roles with no remuneration of any kind than travel expenses. I would therefore like to take this opportunity to express the appreciation of myself, Dr. Slater and Dr. Lévesque for the direction, assistance and collaboration of all the Council members. Their influence on, and contribution to, this and other Council documents are of immeasurable value—

[*Translation*]

Since there is already a senator on the board of the Economic Council, I am convinced that this concept could be applied to other federal government agencies and that members of the Senate would be happy to make such a contribution.

Since Canadians have a poor understanding of the work of the Senate, because it is under-publicized, another recommendation would be to televise the debates of the Senate to improve communication with the public and make Canadians more aware of the extremely important role played by our assembly. I know that the senators have already looked at this sensitive issue. I dearly hope that we can develop a system which will meet with the approval of the Senate. This would

certainly be one way of improving the reputation o the Senate, since Canadians do not know enough about the Senate or its very important work. Unfortunately, the Canadian press has often been unfair to the Senate and the senators, and this has caused among our young people and the general public an unjustifiable lack of respect towards our political system, and especially the Senate, which helps to perpetuate the myth that senators do not contribute to the welfare of the population.

Moreover, the Senate could immediately use its committee system to examine the regional effects of certain federal statutes or of some policies which can have a considerable impact on federal-provincial relations.

Having reflected on the matter, and following the decision of the Supreme Court, I now believe that we must consider reforming the existing Senate rather than replacing it by a second chamber with a federal function but which would still be controlled by the provinces. I therefore believe that we would be wise to base our reform on the proposals contained in the report of the Special Joint Committee on the Constitution published in 1972, as well as the reform proposals suggested by the other senators and agencies mentioned earlier, and wait for the final report of the Special Senate Committee on the Constitution, because it seems to me, without of course anticipating the contents of this report, that there will be a consensus on the following points: a redistribution of seats in the upper chamber to ensure better representation for the western provinces; a new method of appointment to the Senate, which would enable the provincial governments to propose to the federal government a certain number of candidates for appointment to the Senate; and also a suspensive veto for the Senate which would clearly provide that the decision of the House of Commons would prevail after a suggested delay of six months.

In support of my comments concerning reform of the Senate rather than its abolition, I would like to quote from a study prepared for the business council on matters of national interest in May 1979. On page 105 of this report entitled "Parliamentary Government in Canada: A Critical Evaluation and Proposals for Change", we can read the following:

> The Role of the Senate in the Legislative Process
>
> In our interviews with parliamentarians, it was obvious that the legislative role of the Senate is highly regarded by nearly all members of Parliament even though it does not receive much publicity.

One cabinet member stated that, and I quote:

> The Senate includes some of the best intellects in the country who work at polishing up legislation, and their work in this regard is excellent.

That is all from the cabinet member in question, but the report goes on to say:

> Our interviews also showed clearly that the Senate is still not playing fully its extended legislative role for reasons which go from simple negligence on the part of the government and the House of Commons to the attitude of the elected members who reject the idea that their non-elected colleagues can have a considerable influence on legislative matters.

The report goes on as follows:

> We think the legislative potential of the Senate should be developed by the government and the House of Commons. The excellent performance of the Senate in analysing and improving government bills should encourage more referrals to its standing committees. In addition, its impressive record in the presentation of useful recommendations on the matter of the government proposals in the white paper also suggests it should be given a more important role in this process.
>
> We must recognize above all that the House of Commons can turn some of its heavy responsibilities over to the second House. In particular, it can take advantage of the Senate's experience and time and, in the case of committees, benefit from a non-partisan approach to bring about solutions to the problems and the issues that are raised.

I, for one, have the impression that abolitionists could concentrate on improving the structure of the House of Commons, particularly the representation of the people there. I think at this time the first priority should be to put forward the idea of setting up a system of proportional representation in this country to reflect the will expressed by Canadian voters during the federal general elections. If it is true the Senate should be reformed in the not too distant future, it is even truer, I think, that the House of Commons should undergo drastic changes in the immediate future.

Honourable senators, I thank you very much for your indulgence. In concluding, I want to say that one should not infer from my position on the future of the Senate that I am opposed to all aspects of a constitutional reform. On the contrary, I think it is urgent that the federal government and the provinces find areas of agreement to actually bring about concrete improvements in a renewed federalism. Many studies made in the past half century can be used as a basis for that renewal, as they contain all the necessary elements to continue to guarantee this country's unity in diversity.

● (1550)

[*English*]

On motion of Senator Macdonald, for Senator Sherwood, debate adjourned.

RETIREMENT AGE POLICIES

REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Retirement Age Policies, entitled: "Retirement Without Tears", tabled in the Senate on 15th April, 1980—(*Honourable Senator Deschatelets, P.C.*).

Hon. Jean-Paul Deschatelets: Honourable senators, as the Honourable Senator Bird is prepared to speak to this order

this afternoon, and if there is no objection, I would ask that she be permitted to proceed now.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Florence B. Bird: Thank you, honourable senator, for yielding the floor. I promise not to speak for more than an hour and a half!

[*Translation*]

Honourable senators, it is a sad story I wish to relate to you this afternoon. It is a story of worry, loneliness and poverty.

In short, it is the story of thousands of elderly women in this country who do not have enough money to lead a decent life today.

Still I am pleased to tell you that the report entitled "Retirement Without Tears" brings a little hope for tomorrow's elderly women.

[*English*]

Honourable senators, your committee was shocked and deeply concerned when we understood what is happening to old women and men in Canada today. This afternoon I want to talk about the plight of elderly women, because so many of them are poor.

Women live, on average, seven years longer than men, and therefore there are more women than men over the age of 65, but it is their poverty which concerned your committee. At the present time, three times as many unattached women as men over the age of 65 are living in poverty. In 1977, 60 per cent of all unattached women over the age of 65 had incomes below the poverty level. By "unattached" I mean those who are widowed, divorced, separated and living alone without families. In 1977 also, 81 per cent of unattached women over 65 had no pensions at all. As Senator Croll mentioned in his summary of *Retirement Without Tears*, in 1978, 671,000 women were receiving the guaranteed income supplement.

There are a number of reasons for this deplorable situation. Only 27 per cent of women are enrolled in private pension plans; they receive lower pensions because they are, in general, working in the low paid so-called "women's occupations," such as the service industries and clerical work. They still receive lower pay than men even when they are doing work of equal value; the wages and salaries of women are about 60 per cent of those of men. About 22 per cent of all women in the labour force work part-time, so their wages are generally lower than those of full-time workers. They do not receive pensions and they do not earn enough to provide for their old age.

Those few women who do have pensions have very poor pickings—very poor pickings indeed, honourable senators. Those who had pensions from employer-sponsored pensions, miscellaneous superannuation and annuities received an average of only $1,976 per year in 1971 dollars. This pitiful retirement income has been steadily eroded by inflation. Indeed, as you know, its buying power has almost been cut in half.

What about women in the Canada Pension Plan? Most women who do part-time work earn so little that they do not qualify for membership in the plan. Those who do qualify usually have low wages, and have often been able to contribute for only a short time because they had family obligations. In 1978, the average income for women from the Canada Pension Plan was $1,113 a year.

Your committee was obviously faced with the need to find some sort of solution to alleviate the present poverty of men and women over 65 years of age, as well as the long-term threat of poverty in the future for an aging population. We suggested that something should be done right away to reduce the present plight of these unhappy old people, and I am happy to say that this government is going to do it. In order to reduce the burden of their suffering at the present time, the government has now undertaken to raise the GIS by $35.00 a month for every married couple. It will also raise the GIS by $17.50 to the 23 per cent of unattached males and the 76 per cent of all females over the age of 65 who are receiving the GIS. Unfortunately, this increase will not raise all of these poor people above the poverty level, but at least it should help some of them to get somewhat better nutrition than they get now.

What about the long-term economic future of elderly women, of which your committee is certainly aware? For younger women the future is better than it was for those who are 65 and over today. Federal and provincial human rights commissions are now tackling the problem of equal pay for work of equal value, and I think there is reasonable hope that women will, in the future, have better pensions because they will receive higher wages.

A larger number of married women than in the past are also working. In 1977, 44 per cent of all married women were working, and 60 per cent of the women in the labour force were married. On the other hand, many women want to stay at home, at least when their children are young, and any civilized society should make it possible for them to do so.

In 1977, an attempt was made to meet this problem. Parliament passed a bill to amend the Canada Pension Plan enabling contributors to drop out any months of low or zero earnings spent at home caring for children under the age of seven, which otherwise might affect entitlement. The Province of Ontario vetoed this legislation, and British Columbia also voted against it. Since then, the Province of Quebec has included the drop-out proposal in the Quebec Pension Plan. This means that in nine provinces, Canadian housewives who must stay at home, or who wish to stay at home to raise their children, will continue to receive very small pensions. I sincerely hope that, at future federal-provincial conferences, this matter will be raised again and that Ontario and British Columbia will be persuaded to see the light.

• (1600)

Even if this amendment were passed, it would not be a complete solution to the problem of the future poverty of married women who want to stay at home with their children. In recent years, there has been a great deal of discussion about the need to provide pensions for these women. It has, for

example, been suggested that housewives should be allowed to make voluntary contributions to the Canada Pension Plan. Your committee rejected this for two reasons, the first being that contributions to the plan are based on paid work and are compulsory, and the second being that, although a woman might be able to contribute if she had money of her own or if her husband paid for the contribution, it is likely that this would only help people in the middle and higher income brackets who can provide security for their wives in other ways. It will not help the working poor who are the ones who will need it when they reach the age of 65.

Men with low wages are, in any case, unlikely to make contributions on behalf of their wives. I say that because in 1976, which is the latest year for which I can supply you with figures, nearly 94 per cent of the pension plans in the public and private sector covering 42 per cent of all plan members provided no widow's pension. The reason for that depressing fact is that in many plans an employee is offered the option of taking a pension that ends when he dies or of having some fraction of it paid to his widow. Since it is more expensive to provide survivors' benefits and the benefits are lower, all those men settled for a larger pension in their lifetime and failed to provide for their wives. That is very sad. Of course, no member of this house would commit such a devious crime.

After careful consideration, your committee decided that the best way to provide wives with a pension would be to accept the principle that marriage is a partnership between equals. Therefore, it recommended that the pension of a husband and wife be shared—that is, it would be split 50/50 when either member of the couple is eligible for Canada Pension Plan benefits. This means that, when the husband reaches the age of 65, a wife automatically, whatever her age, would receive half of the husband's pension, as the husband would when the wife reaches the age of 65.

I am trying to avoid using the word "spouse", honourable senators, because I have a compulsion to make its plural "spice" and I know that is not correct. So, I am trying to avoid having you laugh at my efforts. I know too that the plural of "mouse" is not "mouses".

At the present time, when a husband or wife dies, the surviving spouse receives a survivor's benefit of 60 per cent of the other spouse's pension. If, as your committee recommends, the wife already has received one-half of her husband's pension, presumably she would, on the death of her husband, automatically receive 60 per cent of the half that he has retained. This amounts to 30 per cent of the total. If added to the 50 per cent which the wife already has, her pension would be 80 per cent of the total. The same rule, of course, would apply to the husband. I am just avoiding the word "spouses".

This is a more realistic survivor's benefit than the present benefit of 60 per cent, since it is now recognized that one person cannot live as cheaply as two, because so many basic costs such as rent, hydro, heating and taxes are not cut in half for a person living alone.

Honourable senators, there is nothing revolutionary in the idea of pension splitting in the light of legal changes that have already taken place. That is why your committee approved of this idea. The concept that marriage is a partnership between equals was first recognized in law when, in 1970, the marital regime called *Partnership of Acquests* was introduced in Quebec. Since then, all other provinces have studied, proposed or enacted reforms providing for an equitable sharing of the family assets acquired during a marriage or divorce, separation or death.

The concept of marriage as a partnership between equals has been recognized by Parliament. In 1977, after agreement had been reached with the provinces, the Canada Pension Plan was amended to provide for the equal division of credits, starting with the first year of marriage, or 1966, whichever is later, upon the dissolution of a marriage by divorce or annulment. On application, pension credits of the husband and wife are added together and divided 50/50. If this is not crystal clear, I would be very glad to answer any questions.

Your committee feels that a great deal of humiliation, ill health and alienation can be alleviated for thousands of old people in the future if its recommendations are implemented. The recommendations are pragmatic, farseeing and compassionate. They recognize the need, and, I think, the right of all of us—men and women alike—to end our days in comfort and dignity. They recognize the responsibility of governments to make that possible.

On motion of Senator Deschatelets, debate adjourned.

The Senate adjourned until Tuesday, April 29, at 8 p.m.

THE SENATE

Tuesday, April 29, 1980

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

RULES OF THE SENATE

DISTRIBUTION OF 1980 EDITION

The Hon. the Speaker: Honourable senators, upon taking your seats this evening you will have found on your desks the 1980 issue of the Rules of the Senate. Since the last printing in 1976, a number of amendments were approved by the Senate, some of which were pasted inside the front cover, with other amendments being pasted over the original rule in the book.

This reprint, which became necessary as a result of the small number of rule books remaining for distribution, incorporates the amendments approved by the Senate up to and including the amendment of December 4, 1979. The index has also been updated. An additional copy will be distributed to honourable senators through their postal boxes.

DOCUMENTS TABLED

Hon. Royce Frith (Deputy Leader of the Government) tabled:

Report of the Fisheries Prices Support Board for the fiscal year ended March 31, 1979, pursuant to section 7 of the *Fisheries Prices Support Act*, Chapter F-23, R.S.C., 1970.

Report of the Administrator under the *Anti-Inflation Act*, dated April 17, 1980, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, regarding the reference on Essex International of Canada Limited.

Report on operations under the *Bretton Woods Agreements Act* and the *International Development Association Act* for the year ended December 31, 1979, pursuant to section 7 of the first-mentioned Act, Chapter B-9, and section 5 of the latter Act, Chapter I-21, R.S.C., 1970.

Report, dated March 1980, of the Law Reform Commission of Canada entitled "Judicial Review and the Federal Court", pursuant to section 18 of the *Law Reform Commission Act*, Chapter 23 (1st Supplement), R.S.C., 1970.

Copies of Order in Council P.C. 1980-929, dated April 10, 1980, amending Schedule I to the *Canada Grain Act*, effective August 1, 1980, pursuant to section 15(6) of the said Act, Chapter 7, Statutes of Canada, 1970-71-72.

Report of operations under the *Crop Insurance Act* for the fiscal year ended March 31, 1979, pursuant to section 13 of the said Act, Chapter C-36, R.S.C., 1970.

Report of the Chairman of the Immigration Appeal Board for the year ended December 31, 1979, pursuant to section 69(2) of the *Immigration Act, 1976*, Chapter 52, Statutes of Canada, 1976-77.

Report on Government Annuities, together with the Auditor General's Report on the Accounts and Financial Statements, for the fiscal year ended March 31, 1979, pursuant to section 18 of the *Government Annuities Improvement Act*, Chapter 83, Statutes of Canada, 1974-75-76.

Report of the Canadian Human Rights Commission for the calendar year 1979, pursuant to section 47(1) of the *Canadian Human Rights Act*, Chapter 33, Statutes of Canada, 1976-77.

Report of Minister's Permits issued under the authority of the *Immigration Act, 1976*, for the calendar year 1979, pursuant to section 37(7) of the said Act, Chapter 52, Statutes of Canada, 1976-77.

Report on Security Certificates under the *Immigration Act, 1976*, for the calendar year 1979, pursuant to section 39(2) of the said Act, Chapter 52, Statutes of Canada, 1976-77.

[*Translation*]

STATUS OF WOMEN

THE RIGHT TO VOTE IN QUEBEC—CONGRATULATIONS TO HON. THÉRÈSE CASGRAIN

Hon. Yvette B. Rousseau: Honourable senators, I move, seconded by Senator Lapointe, that the Senate extend its best wishes and congratulations to Honourable Thérèse Casgrain, a former member of this house, on the 40th anniversary of the achievement of the right to vote for women in Quebec, in which she played a leading part.

Motion agreed to.

• (2000)

[*English*]

BANKS AND BANKING LAW REVISION

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. Salter A. Hayden, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the subject matter of Bill C-6, intituled: "An Act

to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other Acts in consequence thereof," in advance of the said bill coming before the Senate, or any matter relating thereto; and

That the papers and evidence received and taken on the subject in the three preceding sessions be referred to the committee.

Motion agreed to.

BANKRUPTCY AND INSOLVENCY

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. Salter A. Hayden, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the subject matter of Bill C-12, intituled: "An Act respecting bankruptcy and insolvency," in advance of the said bill coming before the Senate, or any matter relating thereto.

Motion agreed to.

● (2005)

BANKING, TRADE AND COMMERCE

COMMITTEE EMPOWERED TO ENGAGE SERVICES

Hon. Salter A. Hayden, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Banking, Trade and Commerce be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purposes of its examination and consideration of such legislation and other matters as may be referred to it.

Motion agreed to.

THE ESTIMATES

NATIONAL FINANCE COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures proposed by the estimates laid before Parliament for the fiscal year ending 31st March, 1981, tabled in the Senate on Wednesday, April 23, 1980.

[Senator Hayden.]

Motion agreed to.

● (2010)

SUPPLEMENTARY ESTIMATES (A)—NATIONAL FINANCE COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the supplementary estimates (A) laid before Parliament for the fiscal year ending 31st March, 1981, tabled in the Senate on April 23, 1980.

Motion agreed to.

NATIONAL FINANCE

COMMITTEE EMPOWERED TO ENGAGE SERVICES

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on National Finance be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purposes of its examination and consideration of such legislation and other matters as may be referred to it.

Motion agreed to.

● (2015)

QUESTION PERIOD

[*English*]

THE CABINET

ABSENCE OF MINISTERS FROM SENATE CHAMBER

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I note with regret that we lack the presence of two out of three of our distinguished members of the cabinet. I recall during the previous session that some complaints were heard from this side of the house, occupied at that time by my good friends opposite, about similar absences. I am wondering if there is a good reason for the Leader of the Government's absence. Perhaps he is dealing with some grave problem in British Columbia. I ask the Deputy Leader of the Government if he can shed some light on the situation surrounding Senator Perrault's absence.

Senator van Roggen: You are walking into this one.

Senator Flynn: Did the honourable senator have a comment?

Senator van Roggen: I made an interjection, and I apologize to the Leader of the Opposition. I muttered under my breath too loudly that the Leader of the Opposition was walking into

this one, because Senator Perrault is in Ottawa tonight undertaking some very important business.

Senator Flynn: For once I would be pleased to know more about that.

I would inform the Deputy Leader of the Government that Senator Perrault so far has taken as notice 32 questions, to which we have received no replies as yet. Before I put the list of those questions on the order paper, perhaps the deputy leader could ask the Leader of the Government to arrange to have some replies made available for the Senate. The record so far is rather poor.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, so far as I know, Senator Perrault left British Columbia with all problems solved. He is in Ottawa tonight attending a dinner given for some visiting native Indian groups. He expects to be present in the Senate shortly. I told him that I would try to handle his obligations for the first half hour or so, or until he arrived.

As to the list of unanswered questions, the point is well taken. We are also concerned about them. I inquired just 20 minutes before the Senate sat this evening about getting replies later this week or the following week. We hope to clean up the backlog very soon.

INDIAN AFFAIRS

CONTRIBUTIONS TO BANDS AND COUNCILS

Hon. G. I. Smith: Honourable senators, I have a question for the Leader of the Government, but in view of the invitation of the Deputy Leader of the Government I will ask him if he will be kind enough to convey my question to the leader. It is particularly appropriate that the government leader should be where the deputy leader said he is, because it may fit in with the subject of my question and might enable him to answer it.

My question refers to Treasury Board Order No. 763729 which says that it deals with Treasury Board approval of terms and conditions for the payment of contributions to Indian bands and councils.

● (2020)

I refer the Leader of the Government to the draft agreement concerning financial contributions to Indian bands and Indian councils. This agreement purports to have been drawn up pursuant to the Treasury Board minute, or order, to which I referred, No. 763729, and I understand the Minister of Indian Affairs and Northern Development has been trying to persuade Indian bands to sign it, effective as of April 1, 1980.

My specific question is as to whether any Indian bands in the maritime provinces have refused to sign that agreement on the grounds that there was insufficient or perhaps no prior consultation with Indian representatives as to its contents before the document was drawn.

Perhaps the deputy leader would permit me to add a supplementary question before he answers the first question. As a supplementary I would ask the Leader of the Government if this is so, how many bands have refused; was there any such prior consultation, if so, with whom, and if not, why not?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on behalf of the Leader of the Government in the Senate I will take the original question and the supplementary as notice.

FOREIGN AFFAIRS

INTERNATIONAL SPORTS INVOLVING CANADA AND U.S.S.R.—GOVERNMENT POLICY

Hon. Richard A. Donahoe: Honourable senators, my question was also intended to be directed to the Leader of the Government, and in his absence I find that I am not able to do as the previous speaker has done and accept the invitation of the deputy leader to address the question to him, since it is a matter that deals with government policy. The only other senator on the other side this evening who should be aware of government policy is the Minister of State for Economic Development. I therefore address my question to him.

Is the Canadian government, having taken the decision that Canadian athletes should punish the Soviet Union by not attending the Olympic Games, prepared to reconsider its apparent decision that sports contact at other levels—for example, the Canada Cup hockey series—should continue unabated?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am not sure that there has been a statement of government policy on that, but I would be very happy to take the question as notice and refer it to the two ministers who are responsible, namely, the Minister of External Affairs and the minister responsible for sports.

Senator Donahoe: I have a supplementary question. In the event that the stand taken is as it appears to be, namely, that the government will not take issue with the holding of the Canada Cup series, and given that at least five National Hockey League players—Charlie Simmer and Marcel Dionne of the Los Angeles Kings; Larry Robinson of the Montreal Canadiens; Bobby Smith and Steve Payne of the Minnesota North Stars—have all said publicly that they will not participate in the Canada Cup series if Soviet players are invited to attend, will the government, in those circumstances, undertake to reconsider its policy on this matter?

Senator Olson: Honourable senators, I will make sure that that message, or that information, is conveyed to the appropriate ministers.

ENERGY

EXCISE TAX ON DOMESTIC CRUDE OIL

Hon. R. James Balfour: Honourable senators, I have a question for the Minister of State for Economic Development.

Does the government intend to impose a tax on domestic crude oil over and above the negotiated price which will be

shared between the producing provinces, the federal government and the producers? A simple yes or no will suffice.

Hon. H. A. Olson (Minister of State for Economic Development): Well, a simple yes or no is not possible at this time. I would like to look at the import of the question, and I can assure my honourable friend that the government's policy with respect to an excise tax on gasoline and diesel fuels is clear. That will not be changed.

Senator Flynn: Give us a blended answer.

• (2025)

Senator Olson: There may be negotiations involving some aspects of this question and I will ask the Minister of Energy, Mines and Resources to look into that in a little more detail before I give an answer. My honourable friend knows very well that a yes or no answer to any question is not a complete answer.

Senator Balfour: I have a supplementary question. Is the honourable minister prepared to concede that such a tax, in whatever form it may be imposed, will necessarily be passed along to the consumer of petroleum products in the form of higher prices?

Senator Olson: I know that the minister is not willing to concede that.

Senator Balfour: By way of a further supplementary question, is it true that the implementation of the so-called blended price system proposed by the government will result in transferring the cost of the existing import subsidy program to the Canadian consumer? Again, I would invite a simple yes or no answer.

Senator Olson: The honourable senator can give the invitation but, of course, he knows very well that the price of domestic supplies, or any of the other factors in the formula leading up to the amount paid as compensation, could be construed as being paid by the consumer; there is no question about that. There is no question either, as indeed the previous government stated over and over again, that the price of crude oil and the price to Canadian consumers all across the country is going to increase.

Senator Balfour: Another supplementary. Is the Minister of State for Economic Development, on behalf of the Government of Canada, prepared to make a commitment now that the total increase in the 1980 price of oil, including all extra taxes in whatever form they may be imposed, will not exceed the $4-per-barrel increase provided for in the Crosbie budget?

Senator Olson: Honourable senators, of course, we have never made that kind of a commitment. We have said that the total price to the consumer in the package that we are about to begin negotiating will not exceed the total price of what was involved in the previous government's proposal, including excise tax.

Senator Flynn: Did you consult Senator Davey?

Senator Balfour: I should like to pose another supplementary question to the Minister of State for Economic Development, but before doing so I would remind him that the Crosbie budget's excise tax increase of 18 cents did not apply to heating oil supplied to the Canadian consumer. Is the Minister of State for Economic Development, on behalf of the Government of Canada, prepared to acknowledge that a per-barrel tax, as compared to the 18-cent-per-gallon tax, means consumers of home heating oil will inevitably pay higher prices than they would have under the previous government's proposal?

Senator Olson: No, honourable senators, I am not willing to concede that.

Senator Asselin: What are you waiting to see?

Senator Balfour: As a final supplementary, will the honourable gentleman explain why it is in the interests of the economic development of Canada for the Government of Canada to contract for the purchase of 50 million barrels of oil daily from Mexico at the highest prevailing world price while, at the same time, repudiating its agreement to give Alberta oil sands plants world prices for their oil?

Senator Olson: If the honourable senator wants an answer based on that preamble to the question, I suppose I would have to say that there is no question left because I do not agree with the preamble. However, I will be a little more charitable than that.

Senator Flynn: Why do you not agree?

Senator Olson: I would suggest to the honourable senator that such matters as security of supply are to be taken into consideration. In case the honourable senator has not heard, the security of supply from the Middle East has been put in even greater jeopardy than it was some time ago. I think any responsible government has an obligation to obtain sources of crude oil from a more secure geographical position or political position, whatever you want to call it. That is part of the attempted negotiations that are now going on.

• (2030)

With respect to the relationship between that and the price for tar sands oil, it is a fact that that price is now about 300 per cent of what it was when the deal was negotiated. There was a provision in that agreement whereby there could be a limit to how much that could increase on the upside, and in the interests of those people who made investments in the plant there was also a limit so that it would not go down so far that they could not recover their investment. It seems to me that a 300 per cent increase is at least somewhere near the point where that ought to be invoked.

Senator Balfour: I thank the honourable senator for his aristocratic put-down. He has failed to answer the basic question. Why is it in the interests of the economic development of Canada to pay Mexico the highest prevailing world price for crude oil and at the same time deny the synthetic oil plants in his own province of Alberta an equivalent price?

Senator Olson: Honourable senators, we are talking about a mix of supplies. I am sure the honourable senator would agree that if we had the capability of bringing on enough Canadian supplies immediately, with the security necessary to make sure

that we have it in the immediate or medium-term future, that would be the most desirable way of doing it. We are committed to bringing on more Canadian supplies as quickly as they possibly can be brought on. I do not think the honourable senator would try to argue that any price is a fair price no matter how high that gets. It happens to be 300 per cent now of what it was when it was negotiated. Would the honourable senator make the same argument if it was 1,000 per cent or 2,000 per cent? Some reason has to apply to these things.

Senator Smith (Colchester): The price of oil has risen by more than that.

Hon. Guy Charbonneau: How do you reconcile this Mexican deal when it is known that there is a glut in oil supplies throughout the world right now, to the point where some countries are talking about curtailing their production?

Senator Olson: If the market forces are at work with this glut, presumably the price is going to come down, and no doubt we will get a better price than Senator Balfour has been talking about.

Senator Charbonneau: I am just asking why we should pay a higher price for Mexican oil when we could get it at a much lower price elsewhere.

Senator Olson: I hope the honourable senator is right. In the meantime, we have not closed the deal with Mexico, so I am not sure if the honourable senator knows what the price is going to be. Certainly if there is a lower price, or even the prospect of a lower price, by the time those negotiations are completed I am sure he can rely on the negotiators on the Canadian side to take advantage of that situation.

FOREIGN AFFAIRS

IRAN—DIPLOMATIC RELATIONS

Hon. Nathan Nurgitz: I have a question for the Leader of the Government, and perhaps the Deputy Leader of the Government could convey it to him. It is a follow-up of the matters raised last week on the Iranian crisis. In view of the continuing deterioration of matters in Iran, is the government considering severing diplomatic relations with that country, and, if so, when can that statement be expected?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on behalf of the Leader of the Government in the Senate, I will take that question as notice.

INDUSTRY

ASSISTANCE TO CHRYSLER CORPORATION

Hon. Guy Charbonneau: Honourable senators, I would like to address a question to the Minister of State for Economic Development. Is a final resolution of the question of government assistance to the Chrysler Corporation soon to be forthcoming?

• (2035)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I think that I could say "very soon."

Senator Flynn: You only "think."

Senator Charbonneau: I have a supplementary question. In contemplating financial assistance, does the government feel it is establishing a precedent that might oblige it to assist other manufacturers, such as the Ford Corporation, which incurred domestic losses last year, or independent parts manufacturers? These parts manufacturers, as well as the Ford Corporation, are facing enormous losses this year.

Senator Olson: Honourable senators, I will not make an announcement for or on behalf of the Minister of Industry, Trade and Commerce. When he has completed negotiations with Chrysler, I would expect that he will make an announcement and give an undertaking on the matter.

Perhaps I could answer the part of the question relating to the explanation as to how the government arrived at whatever offer has been made.

[*Translation*]

SPEECH FROM THE THRONE

CROWN CORPORATIONS AND AGENCIES

Hon. Arthur Tremblay: Honourable senators, my question is for the government leader or, in his absence, for his deputy. Like previous questions I asked, it stems from the Speech from the Throne, a document which obviously needs to be thoroughly examined, in which one must try and extract as much substance as possible—which is not always easy.

Anyway, in the Speech from the Throne, His Excellency the Governor General informs us, and I quote:

> My ministers believe that Canadians want more effective government, not necessarily less government.

And then the Speech from the Throne goes on to announce the establishment of the following bodies: first, a Petroleum Price Auditing Agency; second, an alternative energy corporation; third, a Canadian Agricultural Export Corporation; fourth, a national trading agency; fifth, a Labour Information Bureau.

In addition, we are told that the Post Office Department will be turned into a Crown corporation.

Obviously, the expression "not necessarily less government" is much stronger than would appear from the wording alone.

Here is my question:

First, does the decision to create so many new Crown corporations in the first session of the 32nd Parliament result from a study of the various existing corporations or agencies?

Second, if so, has that study proved that none of the existing corporations or agencies does not already fill the role that would be entrusted with the new bodies?

Third, does that study justify the conclusion that the new bodies or corporations will not duplicate the work of existing

agencies or corporations increasing, within the federal government itself, the problem of which the federal government and all governments within our federation have become aware with regard to their respective roles? Everyone is now aware that the problem of duplication exists with regard to federal-provincial relations. My question deals with the following point: Are we not now in the process of creating a problem of duplication within our very own sector of public administration?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I might perhaps mention that if good thinking lies in brevity, then this question is lacking in it. Still, the question is clear. I imagine it is possible some studies formed the basis of that part of the Speech from the Throne the Honourable Senator Tremblay quoted and, if so, that their purpose was to convince the government that setting up the Crown corporations or agencies, also mentioned by the honourable senator, would contribute to the efficiency of the government, precisely as the Speech from the Throne would have it.

Senator Tremblay: On a supplementary, if the honourable deputy leader will allow me.

Before or at the time of the introduction of the bills creating the new agencies, will there be a demonstration to enable us to judge for ourselves that there will really not be any duplication of functions between the new agencies and those that already exist?

Senator Frith: Honourable senators, I hope so, but most certainly the agencies will be designated in the bills that will be introduced either here or in the other place. A committee of the Senate will eventually study the bills. I would think that the work and task duplication will be examined at that time as will, I hope, all other aspects. I am therefore convinced that the question asked by the honourable senator will be scrutinized by the committees of the Senate to which the bills will be referred.

FOREIGN AFFAIRS

JOINT REVIEW COMMITTEE ON FOREIGN AFFAIRS

Hon. Martial Asselin: Honourable senators, I would like to direct my question to the Deputy Leader of the Government. During the last session the government proposed the establishment of a joint Senate-Commons committee to review Canada's foreign policy as well as its foreign aid policy. Does the government or the Secretary of State for External Affairs intend to present those proposals during this session?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I remember well the committee the honourable senator is alluding to. I do not know if it is the government's intention to reinstate it, but on behalf of the government leader I take the question as notice.

Senator Asselin: Is a reply forthcoming from the government leader?

[Senator Tremblay.]

Senator Frith: Yes, we will take care of it. I can accept on his behalf all questions put but I cannot reply except with his approval.

Senator Asselin: The reason I ask is that the Leader of the Opposition asked some questions and several other questions were asked but not answered, and I myself asked three or four important questions of the government leader. I am waiting for his answers to prepare my speech for the Throne Speech debate. Without his answers I cannot prepare my speech.

Senator Frith: If the honourable senator can specify on which questions he will base his speech for the Throne Speech debate I am sure that we will do all we can to help him.

Senator Asselin: Since I intend to speak soon can I hope to have the questions I put answered tomorrow?

Senator Frith: I do not think so. I am not saying that we do not have the answers but I do not think that you can count on having them tomorrow.

Senator Flynn: That is frank and honest.

• (2040)

[*English*]

INDUSTRY

ASSISTANCE TO SYDNEY STEEL CORPORATION

Hon. Robert Muir: Honourable senators, my question is for the Minister of State for Economic Development. It relates to the question posed by Senator Smith (Colchester) within the past two weeks, which was then followed up by myself with regard to possible financial assistance for the Sydney Steel Corporation, particularly with reference to debt charges and moneys for modernization—something which has been promised by the government.

Senator Charbonneau asked a similar question regarding the Chrysler Corporation, and in reply to that the minister said he would provide an answer "very soon." I am wondering whether he intends to respond this evening to my question regarding financial assistance for the Sydney Steel Corporation that it would be "soon" that moneys would be forthcoming, and if it is "soon," how soon is "soon," and if it is "very soon," how soon is "very soon"?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the difference is in the shades of meaning between "soon" and "very soon." I am afraid I cannot even be that hopeful with respect to this matter. I shall take the question as notice and ask the responsible minister whether or not he can give the kind of definition my honourable friend is seeking.

FOREIGN AFFAIRS

DESECRATION OF CANADIAN WAR GRAVES IN FRANCE

Hon. Jack Marshall: Honourable senators, I have a question for the Deputy Leader of the Government. Recently 22 Canadian war graves of Jewish veterans were desecrated in Chateau Brettevielle, France. Representations in connection

with that shocking vandalism was made to the Minister of Veterans Affairs by the Canadian Jewish Congress.

I would ask the deputy leader to inquire as to what action the Department of Veterans Affairs is taking to repair those graves and what action the government is taking in terms of official representation to the Government of France concerning this very shocking incident.

Hon. Royce Frith (Deputy Leader of the Government): I shall be glad to pass that question on to the Minister of Veterans Affairs. Do I understand that there would be a dimension in the question for the Minister of External Affairs as well?

Senator Marshall: I think representation should be made to the Government of France through the Minister of External Affairs in terms of what investigation they are carrying out in connection with this shocking incident.

Senator Frith: We will start with the Minister of Veterans Affairs, then, and attempt to get the information you are seeking.

ENERGY

TANKER TRANSPORTATION OF CRUDE OIL ON WEST COAST

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, on Thursday, April 24, Senator Nurgitz asked whether the government was able to secure a commitment from U.S. Secretary of State Vance, during his visit to Ottawa, that the United States would not allow oil to be shipped via tanker down the west coast.

I am advised that both the Prime Minister and the Secretary of State for External Affairs raised this matter with Secretary Vance and that the Minister of Energy, Mines and Resources has begun negotiations on this matter with his counterpart in the United States.

As the senator is aware, the Americans chose the Northern Tier project, despite the stated preference of the Canadian government for an all-land route and its clear and repeated objections to an overseas route which would result in increased traffic along Canada's west coast. The matter has been reopened and is being discussed by the minister responsible with officials in the United States.

Honourable senators, I also have a reply to a question asked by Senator Roblin, but I shall wait until he is in the chamber before giving it.

● (2050)

THE NETHERLANDS

STATUS OF GOVERNOR GENERAL AT ACCESSION TO THE THRONE OF H.R.H. PRINCESS BEATRIX

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, when the Leader of the Opposition asked about some questions on the order paper that had not been answered, I mentioned that I hoped to have some answers for him soon. I did not know then that it would be this soon. Senator Perrault's assistant has prepared some answers for me. In fact, I have answers to five questions and I am prepared to read them all into the record, but if the reply is lengthy I shall say what it deals with, and if the senator who posed the question wishes to have it taken as read perhaps he would say so.

The first is in reply to a question asked by Senator Austin on April 16, 1980. The honourable senator asked what the official status of the Governor General would be in relation to Her Majesty the Queen at the Accession to the Throne of H.R.H. Princess Beatrix of the Netherlands in Amsterdam on April 30. Senator Austin is not here so I take it that honourable senators would like me to read the full answer, which is as follows:

> Her Majesty the Queen will not be attending the accession, but will be represented by the Prince of Wales. The Governor General's status at the accession will be, to use the terminology the Dutch government is using to describe all national representatives at the accession, Head of the Special Mission of Canada. As has been done in the past, the Dutch are according the Governor General full head of state honour.
>
> As it is difficult for Her Majesty to represent Canada at events which take place abroad, she has supported the idea of the Governor General, as her representative in Canada, undertaking official travels to other countries. The practice was established when former Governor General Roland Michener, visited the Commonwealth Caribbean countries and, in 1971, the Benelux countries.

Senator Flynn: And also Iran.

Senator Frith: Mr. Léger visited Spain in 1978. Before these visits were undertaken Her Majesty was, of course, consulted.

HOUSING

INCREASE IN FUNDING UNDER THE RESIDENTIAL REHABILITATION ASSISTANCE PROGRAM

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, my next reply is to the question put by Senator Marshall on April 17, 1980, on the increase in funding under the Residential Rehabilitation Assistance Program. This reply is rather long, Senator Marshall. I shall be glad to read it, or perhaps we can take it as read and you can study it and then perhaps ask supplementary questions if you wish to do so.

The answer is as follows:

> Honourable senators, further to the question raised by Senator Marshall regarding an increase in funding under the Residential Rehabilitation Assistance Program, I can now enlarge on my earlier response.
>
> The federal government has been placing increasing importance on providing assistance for the repair and maintenance of the existing housing stock through the RRAP program. Support is available for both homeowner and rental units.

Given the current trends in housing demand, it is anticipated that rehabilitation activity will increase in importance through the next decade. The RRAP program now accounts for nearly 40% of CMHC's total capital budget. In addition, the program has been opened up to private lending institutions, who can stack the RRAP forgivable loan provided by CMHC with a repayable private sector loan insured by CMHC.

The program will undoubtedly continue to need a large share of whatever funds are available for housing initiatives. CMHC will pursue its efforts to attract more private capital investment in the program.

CMHC is seeking approval for increased funds to enrich the RRAP program. Currently, loan forgiveness of up to $3,750 is available for homeowners and up to $2,500 per unit for rental units. The level of forgiveness available depends on the program participants' income. Currently, forgiveness is available to people who earn $10,000 or less. The amount of forgiveness increases as the income level decreases, and full forgiveness is available to people with incomes of less than $6,000.

The increased funding requested will cover proposed improvements to benefits for program participants through increases in the amount of forgiveness or grant available, and through significantly raising the income ceiling for eligibility. This is an important step in improving the program, as it will enable more people of fixed and low incomes to repair their homes.

People who wish to upgrade the energy efficiency of their homes can also obtain assistance available under the Canadian Home Insulation Program. CHIP provides grants of up to $500 for materials and labour to improve the level of insulation in homeowner or rental units.

NEWFOUNDLAND

ANNUAL SEAL HUNT—DYE SPRAYING OF SEALS BY PROTESTERS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the next answer is also in response to a question asked by Senator Marshall on April 23 last dealing with the annual seal hunt and the dye spraying of seals by protesters. The answer is:

> I am informed by the Department of Fisheries and Oceans that experiments have been conducted on the effects of dyeing young harp seals. Apparently, small quantities of dye are not harmful to either the pup or the mother-pup interaction. In large quantities, however, it is possible that harmful effects could result. Certain dyes, for example, might possess odours which could interfere with the mother's ability to identify her own pup.
>
> Although conclusive results are not yet available, individuals would be well advised to consider the possible dangers to the harp seal pups they claim they want to protect.

[Senator Frith.]

AIRLINES

APPLICATION OF EASTERN PROVINCIAL AIRWAYS TO EXTEND SERVICE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, next is an answer to a question posed by Senator Smith (Colchester) concerning the application of Eastern Provincial Airways to extend their services. The answer is as follows:

> As of today, no official appeal from the decision of the Canadian Transportation Commission (CTC) has been received from Eastern Provincial Airways.

Senator Smith, I have some background information on this matter which perhaps you would like to examine. If you wish, I could read it, because you might wish to ask a supplementary question on it.

Senator Smith (Colchester): If it is not too long, it would be helpful to read it.

Senator Frith: The background information I have been given is as follows:

> On April 15, in a telex to the Prime Minister, the Atlantic Premiers asked that the federal government "immediately suspend and review" the decision of the CTC, on April 9, to give the Toronto-Halifax route to CP Air rather than EPA.
>
> Basis for the request: EPA is vitally important to economic activity of Atlantic region.
>
> EPA needs the route for practical and financial reasons. Atlantic provinces supported EPA's application and object to dismissal of their views by the CTC.
>
> Federal/Provincial Relations Office has drafted acknowledgement for Prime Minister's signature. PM asked Minister of Transport to review this matter on a priority basis.
>
> Matter could be handled by the Minister of Transport or at the level of Cabinet.
>
> Cabinet could make a decision quite quickly on its own motion or it could ask for interventions. In the latter case, it could take until late June and possibly longer to reach a decision.

Senator Smith (Colchester): I have a supplementary question to put now. The answer started with "as of today", and I wonder if that refers to today or to another day when the answer was prepared.

Senator Frith: The only date on the document, honourable senators, is April 25. So the reply is recent, but not of today, in the strict sense of the word.

• (2100)

ROYAL CANADIAN MINT

PRICE OF 1980 SILVER DOLLARS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the next answer is a fairly lengthy one in

answer to a question by Senator Bosa relating to the price of 1980 silver dollars. Is it agreed that it be taken as read?

Hon. Senators: Agreed.

Senator Bosa: May I have a copy of the three pages so that I do not have to wait until tomorrow to read the reply?

Senator Frith: I am sure I can arrange that, if it is important for the honourable senator to have it this evening.

The answer is:

As a matter of policy and in practice, the Royal Canadian Mint establishes the prices of its numismatic products with the view to fully recover its manufacturing, marketing and distribution costs and provide for a reasonable profit margin. A major cost factor is the price of the precious metals contained in the coins.

Prior to 1979, the precious metals markets had been fairly stable, particularly with respect to silver, with the results that the price of numismatic coins containing silver was only adjusted annually to absorb the inflationary increases. Also, because of the metals markets stability, the practice had been to establish the prices with respect to any year, in the fall of the preceeding year as an integral part of the annual budget approval process. Consequently, the price established for 1978 would reflect the average cost of metals in the latter part of the preceding year and so on.

For 1979, in the case of the silver dollars, the selling price of $5.50 was established on the basis of a silver price of $6.50 per ounce in the latter part of 1978. However, as the price of silver rose throughout 1979, the intrinsic metallic value of the silver dollar eventually exceeded the selling price of the coin, and the consumer (including several speculators) demand rose dramatically. Coins were being hoarded by speculators in large quantities because of their intrinsic value. By September 1979, silver had reached $20.60 per ounce, which meant that the value of silver in a coin had increased by $5.30. Rather than stop production and sales, the Royal Canadian Mint increased its selling price from $5.50 to $10.80, a difference of $5.30 thereby passing on the increase in metal costs to the consumer in order to complete the 1979 sales orders to new clients and coin dealers, and consequently the Mint had a smaller percentage of profit margin.

Because of the continuing mercurial nature of the silver market in the latter part of 1979 and early 1980, the launching of the 1980 Canadian numismatic coin program was delayed to February 1, 1980, at which time the sales prices were established to reflect the average price of silver at that time, which was $43 Canadian per ounce. The selling price of the 1980 silver dollar was then set at $22 in line with the silver market, and to absorb the replacement value of the silver consumed in coinage. (In January, silver had reached a high of $59 per ounce ($50 US).)

While the silver market has fallen dramatically since and for reasons which have been well publicized, the consumer demand this year for silver dollars at $22 compares reasonably well with the demand in the same period in previous years for a much lower priced coin. Also, it is absolutely necessary to set the selling price at the beginning of the program because these coins are sold through a mailing list of approximately 250,000 names and also through advertising in various newspapers and magazines.

CANADA-FRANCE TRADE AGREEMENT ACT, 1933 SUPPLEMENTARY CANADA-FRANCE TRADE AGREEMENT ACT, 1935

BILL TO REPEAL—SECOND READING

The Senate resumed from Thursday, April 24, the debate on the motion of Senator Godfrey, for the second reading of Bill S-5, to repeal the Canada-France Trade Agreement Act, 1933 and the Supplementary Canada-France Trade Agreement Act, 1935.

[*Translation*]

Hon. Guy Charbonneau: Honourable senators, Bill S-5 asks for the repeal of the *Canada-France Trade Agreement Act, 1933* and the *Supplementary Canada-France Trade Agreement Act, 1935*, consequential on the denunciation of the Canada-France Trade Agreement and the Protocol to that Agreement by Canada; under that denunciation, the Agreement and the Protocol expired on March 15, 1978 in accordance with clause 17 of that Agreement.

This bill has now been introduced for the fourth time and really deals only with the mutual protection of vintage wines produced in Canada and in France. Those agreements having expired on March 15, 1978, the bill will regularize a situation existing since then.

Senator Godfrey made a very interesting statement on the matter a year ago. In addition, last Thursday he suggested, and I agree, that everything which can be said about the bill has already been said. I therefore second his proposal that the bill be immediately passed without being referred to a committee.

[*English*]

Motion agreed to and bill read second time.

Hon. Royce Frith (Deputy Leader of the Government) moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

IMMIGRATION ACT, 1976

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. P. Derek Lewis moved the second reading of Bill C-2, to amend the Immigration Act, 1976.

He said: Honourable senators, while Bill C-2 is short and simple in form, its object and consequence are quite important and urgent with respect to the refugee program in this country.

Quite simply, the object of this bill is to raise the ceiling of the total amount of loans that remain outstanding as the result of loans made to immigrants or refugees to help defray their transportation costs to Canada.

Under the present provisions of the Immigration Act, the ceiling on the amounts of such loans that can be outstanding at any one time is $20 million. The bill proposes to raise that limit to $60 million.

As honourable senators are undoubtedly aware, the transportation loan scheme has been a component of Canada's immigration program since 1951. Under the scheme loans are made to refugees and certain groups of immigrants from a revolving fund that is constantly replenished as individual loans are repaid.

Over the years many groups have taken advantage of the loans. In fact, one of the principal advantages of the loan fund is that Canada can react positively to refugee situations as they arise and bring people here quickly, for while ordinary immigrants can plan ahead for their move to a new country, refugees often face considerable pressure and require assistance in a hurry.

I should like to stress, however, that this amendment to the Immigration Act does not represent any cost to the federal government. Refugees and other immigrants do in fact pay back their transportation loans. I understand that since the program's inception, 95 per cent of the loans issued have been repaid. While that figure applies to all loans, the repayment rate by refugees is higher than average. Presently 90 per cent of all transportation loans are made to refugees. Whilst loans to refugees are interest free, interest is charged on loans to regular immigrants. Immigrants, including refugees, are required to pay back the loans after arrival, and for that purpose repayment schedules are established and payments begin 30 days after arrival. The repayment schedules are worked out with each immigrant in accordance with the circumstances of the particular case. That money goes back into the fund.

As repayment rates are about 95 per cent of the money lent with interest charges, normally the fund has been self supporting. However, as we all know, the Government of Canada has committed itself to bringing into Canada 60,000 Southeast Asian refugees between January 1979 and December 1980. The refugees are being brought to Canada by means of an airlift involving approximately 180 flights, which are paid for in part by the refugees themselves through transportation loans. As a consequence of these additional 60,000 refugees, the loan fund has been over-extended, and unless this bill is passed and the allowable ceiling is raised there is the probability of substantial cancellation of the airlift that is presently underway.

That, I am sure, is not a consequence which honourable senators would want to have happen to such a project, and it is therefore hoped that this bill can be treated with expedition and dispatch.

[Senator Lewis .]

I might say that during the past few months the program has been maintained during the dissolution by resorting to Governor General's warrants, but now that Parliament is sitting again the time within which government can ask for a warrant will expire some time in early May. Accordingly, there is urgency in passing the bill as soon as possible. In the circumstances I would hope that quick passage of the bill can be given by honourable senators.

On motion of Senator Macquarrie, debate adjourned.

INCOME TAX CONVENTIONS BILL

SECOND READING—DEBATE ADJOURNED

Hon. Henry D. Hicks moved the second reading of Bill S-2, to implement conventions between Canada and Spain, Canada and the Republic of Liberia, Canada and the Republic of Austria, Canada and Italy, Canada and the Republic of Korea, Canada and the Socialist Republic of Romania and Canada and the Republic of Indonesia and agreements between Canada and Malaysia, Canada and Jamaica and Canada and Barbados and a convention between Canada and the United Kingdom of Great Britain and Northern Ireland for the avoidance of double taxation with respect to income tax.

He said: Honourable senators, the purpose of this bill is to implement conventions and agreements between Canada and a number of other countries, specifically Spain, Liberia, Austria, Italy, Korea, Romania, Indonesia, Malaysia, Jamaica, Barbados and the United Kingdom of Great Britain and Northern Ireland, to achieve the avoidance of double taxation with respect to income tax. In addition, the bill provides that the Governor in Council may, subject to a resolution of Parliament, give effect by order in council to any supplementary convention or agreement.

At the time of tax reform Canada had 16 tax treaties in force. The number is now 24. It is expected that some 40 other countries will in due course be added to the list.

As in the case of similar legislation approved by Parliament over the last three years or thereabouts, this bill contains a part which deals with supplementary conventions or agreements.

The words "conventions" and "agreements" are apparently interchangeable. In treaties with some countries we use the term "convention"; with others we use the term "agreement", but there is no substantive difference that I can discern between the two. Anyway, the portion of the bill that deals with these matters is Part XIII. That part is designed to ensure that the tax treaties can be kept up to date as a result of changes in the tax systems of Canada and of the other countries. The mechanisms provided under this bill are similar to those agreed to previously by this house and by the other place.

• (2110)

The 11 tax treaties under review follow the general pattern of the treaties concluded with other countries after tax reform.

They also follow, to a large extent, the format and language of the Model Double Taxation Convention prepared by the Committee of Fiscal Affairs of the Organization for Economic Cooperation and Development, OECD. The treaty with Jamaica and the United Kingdom, when in force, will replace the existing agreements signed in 1971 and 1966 respectively.

I should like to point out that although the bill is voluminous—indeed, it is a very large bill—it deals mostly with tax treaties this house has already approved in the past. As a matter of fact, only two schedules in the bill are new to this house: schedule X relating to Barbados and schedule XII relating to the protocol with the United Kingdom. Some honourable senators will remember that this house has already approved three times the treaties with Malaysia, Spain, Liberia, Austria and Italy; approved twice the treaties with South Korea and Jamaica; and approved once the treaties with the United Kingdom, Romania and Indonesia.

The treaties generally provide that dividends can be taxed in the country of source at a maximum rate of 15 per cent. In the case of Malaysia, the rate is nil for dividends received by Canadians, because Malaysia does not impose a tax of general application on dividends; and in the case of Jamaica, the rate is set, as in the existing agreement, at 22.5 per cent when the Canadian enterprise controls the Jamaican enterprise.

A general rate of 15 per cent—20 per cent in some cases with Liberia—is provided for in the case of interest originating in one country and paid to a resident of the other country. Certain types of interest—for example, interest paid to the Export Development Corporation—are exempted in the source country. The 1971 agreement with Jamaica did not put any ceiling on the Canadian rate.

With respect to royalties, the treaties provide for a general rate of 10 per cent, except that those with Korea, Malaysia, Indonesia and Romania provide for a rate of 15 per cent. The 1971 agreement with Jamaica provided for a 12.5 per cent rate in the case of Jamaica and no ceiling in the case of Canada. The treaties with Spain, Austria, Italy, the United Kingdom, Jamaica and Barbados also provide for an exemption in case of copyright royalties, while the one with Romania sets the rate at 10 per cent.

Some of the other matters dealt with in these tax treaties include reference to capital gains. The provisions here, in the whole of the 11 treaties relating to capital gains, are in line with the Canadian policy preserving the right of the source country to tax gains arising on the sale of real property, business assets and shares in real estate companies.

The provisions also deal with non-discrimination by declaring that discrimination, based on the concept of nationality, is prohibited under all of the treaties. This will ensure a fair and equal treatment in the countries concerned. On the other hand—and this seems to belie the statement I have just made—fiscal incentives based on the concept of residence, such as the small business deduction and the dividend tax credit in Canada, will not be affected. That is to say, they will not have to be extended to non-residents.

With respect to teachers, no special concession for teachers from abroad is included in these tax treaties. The unilateral exemption granted Canadian teachers in Jamaica and the reciprocal one with the United Kingdom have been removed in the new treaties.

May I interject here, because this is a matter of special interest to me in my capacity as an educator, that this arrangement whereby foreign teachers, especially university teachers, could come as visiting professors to a Canadian university for two years and avoid the payment of income tax in Canada, resulted in some strange and anomalous situations. I am sorry to say that treaties with some countries, including the United States, still exist which permit this, although our immigration regulations now make it much more difficult for Americans to take advantage of it.

Let us consider the situation before the tax treaties I am now referring to were changed, and let us suppose that a Canadian university administrator had $20,000 to pay a professor of English. An American professor could keep the full amount of $20,000 for two years, but a Canadian professor would have to pay income tax on it. If university administrators were smart they would offer an American professor a couple of thousand dollars less, and he would still have more take-home pay than a Canadian professor engaged to do the same job.

In my view that has been a bad arrangement and I am pleased that these treaties are correcting the situation. I hope that future treaties with other countries will omit this anomalous concession to foreign teachers coming into Canada. Indeed, I believe it is quite fair that Canadian teachers should not be accorded this same privilege in countries like Jamaica, to which I made reference just a few moments ago.

With regard to pensions, Canada has preserved its right to tax pensions paid to residents of the countries named in this bill. In the case of the United Kingdom and Italy, however, there is a special provision whereby that right will be exercised only if the pension paid in a year exceeds $10,000. The country in which the recipient of the pension resides retains its full taxing rights.

Concerning double taxation relief, the provision dealing with the methods for eliminating double taxation is a very important one in a tax treaty. Double taxation of foreign source income of Canadian residents is alleviated by way of a foreign tax credit. In addition, an exemption is granted for certain dividends received from a foreign affiliate of a Canadian company. In order to promote the flow of capital and investment, the tax treaties also ensure that proper relief will be granted in the other countries in respect of taxes paid in Canada.

The tax treaties with Malaysia, Spain, Liberia, Korea, Jamaica, Barbados, Romania and Indonesia contain an additional feature commonly referred to as a "tax-sparing provision." Under such a provision, the tax incentives granted by those countries under a pioneer industry legislation will directly benefit Canadian residents. This is achieved by Canada

agreeing to take into account, for the purposes of computing the foreign tax credit, the amount of tax which would have been payable in the absence of the special incentive legislation.

On balance, the terms of the tax treaties provide an equitable solution to the various problems of double taxation existing between Canada and these countries. I therefore commend this bill to the favourable consideration of this house.

May I say that if any honourable senator is interested in having further details, I have been extremely well documented by the Department of Finance, and I believe that I shall be able to answer any question relating to the tax and withholding levels, royalties and income tax concessions in all of the countries concerned. I hope that honourable senators will approve this bill. I am rather surprised to note that some of these agreements were signed as far back as 1976 and only now are being submitted to us for ratification and implementation—which says something, I suppose, about the delays in the legislative process that we have observed in the Parliament of Canada during these past two or three years. In any event, I commend the bill to the favourable consideration of the house.

• (2120)

Senator Grosart: Would Senator Hicks care to indicate the committee to which he would be inclined to refer the bill?

Senator Hicks: I think that on previous occasions tax convention bills have been referred to the Standing Senate Committee on Banking, Trade and Commerce, and that would be my motion, unless honourable senators can convince me that I should do differently.

On motion of Senator Grosart, debate adjourned.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE ADJOURNED

The Senate resumed from Thursday, April 24, consideration of His Excellency the Governor General's Speech at the opening of the First Session of the Thirty-second Parliament, and the motion of Senator Rousseau, seconded by Senator Hays, for an Address in reply thereto.

Hon. Cyril B. Sherwood: Honourable senators, like previous speakers I am grateful for this, my first, opportunity here to consider the Speech from the Throne, and to express my views briefly on one or two subjects—subjects, I should perhaps point out, not directly included in the document so well presented by His Excellency the Governor General.

On Thursday, April 17 last, Senator Macquarrie mentioned the speeches that had already been made in this house on the subject before us. He then made a most worthy contribution, as he always does, and since that time Senator Connolly, Senator Murray and Senator Leblanc have added their fine contributions. I congratulate them all.

I acknowledge the mover, Senator Rousseau, and commend her for her well presented and well considered remarks, and the seconder, Senator Hays, for his timely and effective presentation.

[Senator Hicks]

Honourable senators, I want to take this opportunity to thank our former Speaker, the Honourable Senator Grosart, for the warm welcome he extended to me when I came here last October. I came here with respect for his profound judgment and great abilities, which, honourable senators, was reinforced by his conduct as our presiding officer.

All have gone out of their way to make me feel comfortable here. This I greatly appreciate. It has been my privilege to serve with most of the senators from my province in other places and jurisdictions.

I also hasten to add my congratulations to our new Speaker upon his appointment. His experience in the other place and in this chamber will help him make those necessary and wise judgments that will, without doubt, be required from time to time.

I noted earlier that there were matters—important matters—that might well have been included in the Speech from the Throne but were not; for example, matters affecting our ecology.

A much deeper concern with regard to our relationship with our natural environment has developed during the past decade. The entire area of hazardous materials and toxic chemicals needs to be thoroughly examined. It has been my observation in the short while that I have been here that matters which, in my view, fall into the broad category of the environment and resources end up being considered by committees of the Senate whose prime purpose obviously is not the study of such matters. For example, resource-type subjects such as forestry, wild life and inland waters, under present conditions, would be studied by the Standing Senate Committee on Banking, Trade and Commerce. Needless to say, that committee is so busy that the best it can do is restrict itself to looking at legislation in these areas. It simply does not have the time to initiative required study of these matters. The same applies to the question of pipelines. This is another of the Banking, Trade and Commerce Committee's responsibilities. We had to set up a special committee to look into the subject when the need arose.

Matters involving pollution would, under the present rules, be referred to the Standing Senate Committee on Health, Welfare and Science, the reason being that pollution can ultimately involve danger to health. However true that may be, I think these matters would be more appropriately dealt with by a committee whose primary responsibility would be the environment and its protection.

I am suggesting, honourable senators, the setting up of a committee which will assume, as its responsibility, the study of a variety of matters falling under the heading of environment and natural resources, thus removing some of the burden from other standing Senate committees, and further rationalizing our committee activities. I therefore propose that we give serious consideration to replacing the Special Committee on the Northern Pipeline with a Standing Senate Committee on Natural Resources and the Environment.

The committee would be composed of 20 members, five of whom would constitute a quorum, and to which would be referred, if there were a motion to that effect, bills, messages, petitions, inquiries, papers and other matters referring to natural resources and the environment, including (1) renewable energy supplies as well as petroleum, mineral and water resources; (2) exploration for and development of energy, plus its pricing, export, conservation, supply, and the technology required to ensure supply; (3) transmission of energy by pipelines or otherwise; (4) wild life, forestry and fisheries; (5) air, water or soil pollution; (6) acid rain fallout and its effect upon life, and on our land, air and water—the implications of which are tremendous.

I noted in the *Globe and Mail* of Friday, April 18, 1980, that Ontario Hydro's proposal to sell huge amounts of coal-generated electricity to parts of the northeastern United States appears to be coming up against stiff opposition in the Ontario cabinet. Ontario's Minister of the Environment is quoted as saying, in an interview regarding this proposal, that the increased acid rainfall that would result from coal burned in producing power is unacceptable. He also goes on to mention a recent announcement by the United States government to the effect that it will greatly increase its coal-fired electrical production.

Honourable senators, knowing that the prevailing winds over much of North America are from the west, any indication of an increase in the use of coal to the west of us for electrical generation or for any other reason becomes a matter of extreme concern which, I submit, should have thorough consideration by a standing committee such as I have proposed.

We now know something of the effects of acid rain precipitation on our lakes and inland fresh waters. Detailed studies are required to ascertain what effect this fallout can have on fresh water spawning areas of many species of fish that are so vital to the future of Canada's fishery potential.

Honourable senators, every possible step must be taken to gather information, seek solutions and inform the public as to the seriousness and magnitude of environmental matters affecting our natural resources and agriculture. The very security of our food production is at stake.

I live on my farm. I am the fifth generation there. I can see changes that have taken place in my time more rapidly, I submit, than the changes that took place during the time of the four generations preceding me. My sons are on the farm now. If my grandsons, the seventh generation, are to farm those lands, it will be as a consequence of action taken now.

● (2130)

Again, honourable senators, I think of the application of the Pittson Company for approval to locate a 250,000-barrel-per-day refinery and marine terminal at Eastport, Maine. Consider the possible effects oil spills would have on a major fishery resort and the resulting threat posed to the livelihood and lifestyle of the people of the southwest part of New Brunswick, the Bay of Fundy coastline of the province of Nova Scotia, and the state of Maine. It is fair to say, honourable senators, that these are examples of matters that could appropriately come before a committee on natural resources and the environment.

Honourable senators, although this is my maiden speech in this chamber, I am not a stranger to our parliamentary institutions. I had the great privilege of representing the people of King's County, New Brunswick, in the legislature of my province for 22 years. I served for eight years as the Minister of Agriculture in the government of Premier Hugh John Flemming and for two years in the government of Premier Richard Hatfield.

I am delighted to find, in the Senate, so many of my former colleagues and friendly rivals in the Legislative Assembly of New Brunswick. I had the pleasure of serving with two Senator Fourniers. My sponsor, Senator Edgar Fournier, was a former colleague in the New Brunswick government. I also had the pleasure of serving with Senator Riley, Senator Thériault and, of course, with Senator Robichaud, a former premier, whom I faced for six years when I was Leader of the Opposition. I greet Senator McGrand who left the New Brunswick scene after long service as a physician, councillor, legislator and a member of the government before being summoned here. He left our legislature at about the time I entered it. I also greet Senator McElman who too was associated with New Brunswick politics and our legislature. Senator Anderson is New Brunswick's lady representative here. I served with her father, the late Stafford Anderson, a former member of the Legislative Assembly and of the Government of New Brunswick. I extend condolences to Senator Anderson on the recent passing of her mother and father and, through her, to the members of her family.

I hope that my experience in politics and in the Government of New Brunswick will enable me to make a contribution here as a representative of my province, and as one who is dedicated to the progress and advancement of our country. In particular, I hope my experience as an active farmer and as Minister of Agriculture will enable me to help the Senate and the Standing Senate Committee on Agriculture appreciate some of the problems faced by farmers, and especially eastern agriculture, which I know best. Certainly, there are many problems to be resolved, problems which the federal government has a responsibility to address.

Finally, I want to say how honoured I am to be a member of the Senate, and to have been named to this chamber on the advice of our former Prime Minister, the Right Honourable Joe Clark. He led a government that brought honesty and responsibility to the conduct of our affairs; a government that had the courage to make difficult decisions in the national interest. As has been said before, those decisions will be vindicated as time goes on, and I am confident that the people of Canada will once again turn to a leader whose retirement from office is temporary.

Hon. Frederick W. Rowe: Honourable senators, I do not propose to speak for very long. In fact, there are only a couple of topics on which I want to make some comment. First of all, I should like to extend my congratulations to all officers of the Senate who have either resumed their former offices, or are

taking on their duties for the first time. I should like also to congratulate all those who have spoken so far in this debate on the motion for an Address in reply.

The speeches have been of a very high order and I can only repeat what I have often said here before, that it is a pity that the speeches given here are not given wider publicity across Canada. I know very many people across Canada who would be interested in knowing, reading or hearing the thoughts and opinions expressed by this body collectively and individually. It is a body which is, by and large, composed of perhaps some of the most distinguished citizens in various fields and from various areas across Canada.

I was interested in hearing, during Question Period tonight, some reference being made by the Deputy Leader of the Government to the recent decision of the federal body which controls such matters to grant the right to a new service from Halifax to Toronto to Canadian Pacific Airways and to deny it to Eastern Provincial Airways. I want it to be clearly understood that nothing I say now is meant in any way to reflect on the ability and competence of Canadian Pacific Airways. It and its parent company form one of the great organizations in Canada, and I have every admiration for it. I do, however, in common with possibly all the caucuses from the Atlantic region, deplore that decision.

At a time when we are giving lip service to strengthening the regions of Canada, and trying to remove some of the inequities that exist in certain areas, for this decision to have been made is most regrettable, and I do hope it will be reversed.

I wish to give honourable senators some information which may not be known by them regarding EPA. I have it on good authority that the failure of the Canadian Transport Commission to recognize, in a positive way, EPA's application, will probably lead to—in fact, I have heard a word stronger than "probably" used by persons competent to make the statement—the eventual collapse of EPA. This would be a very serious matter.

I have here the verbatim decision of the Canadian Transport Commission on this matter. One of the arguments used is that EPA already has a right to a route from Halifax to Montreal. It entirely excludes the fact, for reasons which I am not going to go into at this time, that during the last several years there has been a serious decline in traffic between eastern Canada and Montreal. EPA has suffered from that decline. Although it has always been high, there has been a corresponding increase in traffic, in inverse proportion, between eastern Canada, where Halifax is perhaps the pivotal point, and Toronto. There has been a vast increase.

● (2140)

EPA has been kept going in recent years largely by profits it made on capital account; not on operating account. It was fortunate enough to invest in the acquisition of a number of planes and other capital equipment, and it was able to sell some of that, without prejudice to its services, at very substantial profits, which is largely what has kept EPA in the black, so to speak, during the past two or three years.

[Senator Rowe.]

Even so, the situation is very serious, even with the profits to which I have alluded. Last year EPA's turnover was $70 million; its profits were $500,000, and it cannot even look forward to that much in the coming year and in the coming years. How, then, can a company such as that get the credit, the financing—on that basis? What banks or financial institutions will look with any favour on advancing money to EPA under those circumstances? I have learned from company authorities that the projected loss for EPA over the next two or three years is $2 million.

It may come as a surprise to some people to learn that EPA directly employs 900 personnel in the Atlantic region, many of them in Halifax. Of course, a large number of them are at Gander, the home base. We also have to consider the large number of people who are identified with auxiliary services connected with EPA operations, which would not apply to the same extent at all with Canadian Pacific Airways operating a service from Halifax to Toronto.

I know the Authority has taken a negative attitude towards it, and there are, of course, some very good reasons for that, but the least that can be done is to give EPA a chance to compete. They ask for a chance to compete in that market. If they cannot be given the right to operate in place of Canadian Pacific Airways, then they ask for the right to compete.

The Authority recognizes in its report, in so many words, that EPA has a real need for a larger revenue base, and they advise EPA to go ahead and, in effect, to put it simply, try to make more money out of its existing runs. That is impossible; it is out of the question; it cannot be done.

That is the situation, and that is why I hope this decision will be repealed. For the sake of all eastern Canada, and perhaps in the long-run for the sake of all Canada, I hope that this decision will be repealed, and that EPA will be given a chance, in one way or another, to engage in an operation between Halifax and Toronto.

I was interested, as I am sure all honourable senators were, in specific allusions in the Speech from the Throne to the government's proposed programs. Inevitably a Speech from the Throne has to be fairly general; it cannot be too specific. Nevertheless, I thought it was significant that in the field of social welfare the Speech emphasized a number of policies and programs which it is the government's intention to try to implement in the near future, such as help for elderly people with low incomes, a national pension conference in 1980, training for women—where I think the emphasis will be on single women and widows who are able to work—for new occupations; more employment for the handicapped. There is also something I have been harping on, as Senator Godfrey knows, *ad infinitum*, *ad nauseum* perhaps, and that is increasing attention to reform of the Criminal Code in respect of, for example, crimes of violence, and reform of the Criminal Code in respect of the rights of women and the protection of women. This is very gratifying to me, as I am sure it is to all honourable senators.

At one time, not too many years ago and in our time, Canada led the world in pioneering social welfare programs. When Senator Croll was speaking on his report I was reviewing in my mind Canada's record in the field of social reform in the 1940s and 1950s and even in the 1960s, when Canada led the world in introducing new programs, revolutionary programs, such things as family allowances and old age pensions, and, not so many years ago, medicare, the introduction of which was, in my opinion, the greatest innovation in the history of social welfare in Canada.

I was interested to hear Senator Croll use the term "wasted or lost years" in respect of the last decade or so, which to some extent I think is true. Canada has lost its momentum in this field in recent years. Canada is no longer a world leader. I could name a dozen countries that are, right at this moment, ahead of Canada in the general field of social welfare. I say therefore that is a matter of gratification to me, as it must be to all honourable senators, to know that the government has placed this emphasis in the Speech from the Throne on new social welfare policies.

I realize, as we all do, that some of our programs have been abused in their implementation. There has been a good deal of waste connected with some of them. Nevertheless, I repeat that we must be careful, when we throw out the bath water, not to throw out the baby with it. The fact that a program is abused does not mean the program is not right; it does not mean the program is not required. We know that there have been abuses in, for example, medicare. It makes me shiver when I hear people talking about doing away with medicare. We can remove some of the abuses; we can see to it that some of the waste is eliminated, and we can do that without doing any real violence to the programs themselves. I, as a Canadian, should like to see Canada resume its former position of being a leader in the social welfare area. There are so many things that can be done.

● (2150)

It is only during the past few years that we have come to realize the problem of child abuse in this country, and it is not a unique problem. It is only now that we are appreciating the fantastic amount of discrimination the women of Canada have faced, as have women of other countries. We have not done much about it, as we have not done much in other areas that need attention, such as revision of the Criminal Code.

I do not wish to go into detail on that again, but I cannot help at times feeling that we are dissipating our resources in relatively unimportant areas and we are neglecting some of the most serious problems, notably child abuse of one form or another. We are neglecting this far more extensively than the average person realizes.

While I am on the matter of Canada's role in world affairs, I am reminded that we have in recent years lost out in another area. There was a time when Canada was one of the world leaders in basic scientific research. In fact, Canada was a leader in the practical implementation of that research. I regret to say that that is no longer true. To remind us of that, we need only think of the pioneering work of Canadians in the forties, the fifties and the sixties in the field of medical research, particularly in brain, heart and kidney research.

Canada, which is a small nation, was virtually leading the world in this area, but it is not doing that today, so I am informed, and I believe common sense would indicate that. Canada is not one of the world leaders in those areas today.

The same applies to the field of aerodynamics. It is not many years ago that Canada was one of the world leaders in that field. I do not think that the most chauvinistic among us would argue that Canada is a world leader in that field today, yet our resources, vis-à-vis the rest of the world, are still greater on a per capita basis than those of any of the 161 or so countries on the face of the earth. Certainly, I would argue that our human resources are no less, qualitatively, than those of any other country on the face of the earth. That is another way of saying that, with those human and physical resources, Canada should be able, in the years ahead, to resume its former position of leadership in social reform, scientific research and a dozen other areas.

Senator Smith (Colchester): Honourable senators, in a moment I shall move the adjournment of the debate, but perhaps you will bear with me for not more than two sentences while I say that I would like it to be well known that many of us in Nova Scotia feel exactly the same way about Eastern Provincial Airways. It is as important to the Atlantic region, as was said by Senator Rowe a few moments ago.

Having made clear my concurrence with that view, honourable senators, I now move that the debate be adjourned.

On motion of Senator Smith (Colchester), debate adjourned.

FOREIGN AFFAIRS

BOYCOTT OF 1980 OLYMPIC GAMES IN MOSCOW—DEBATE CONTINUED

The Senate resumed from Wednesday, April 23, debate on the motion of Senator Nurgitz:

> That the Government of Canada formally support the boycott of the 1980 Olympic Games by the United States of America and that the Government take note of the resolution adopted by the Ontario Legislature, via a free vote, calling upon the Government of Canada to boycott the Games;
>
> That the Government of Canada affirm its solidarity with the dissidents, cultural and religious minorities in the Soviet Union, who, like the people of Afghanistan, are now under totalitarian Soviet dictatorship; and
>
> That the Government of Canada affirm Canada's strong continued support for international human rights and worldwide peace.

Hon. Stanley Haidasz: Honourable senators, I welcome this opportunity to speak on Senator Nurgitz's motion of April 16, and I commend him for his initiative. The motion of Senator Nurgitz consists of three parts, in short, a calling for the Canadian government's boycott of the Summer Olympic

Games in Moscow; affirmation of solidarity with dissidents and minorities in the U.S.S.R.; and, again, an affirmation of Canada's strong continued support for international human rights and peace.

Briefly, I would like to confirm that the Canadian government not only has met and continues to meet its international obligations in all three parts of Senator Nurgitz's motion, but has also taken important initiatives and given strong leadership in these matters. Because of the excellent record of the Canadian government in that area of international concern, I think it is worthwhile to comment on it.

It was on April 22, precisely seven days ago, that the Secretary of State for External Affairs, the Honourable Mark MacGuigan, condemned the U.S.S.R. invasion of Afghanistan. He stated that, after the fullest consultation with allies and friends, the Canadian government adopted a broad spectrum of measures (initiated under the previous government), such as the cancellation of visits by ministers and officials, and also halted a wide variety of exports and exchanges. On that day the minister also announced that the Canadian government had taken the decision to boycott the 1980 Olympic Games in Moscow to demonstrate its opposition to the Soviet aggression in Afghanistan. Also, he urged the Canadian Olympic Association to inform the organizing committee that Canadian athletes will not be participating in those Games. Last Sunday, by a majority vote, the Canadian Olympic Association supported the stand of the Canadian government.

The policy of the federal government is clear and strong in impressing upon the Soviet Union that international terrorism, in all of its manifestations, whether by armed students or disciplined troops, is unacceptable to Canada. This strong stand of the government is one of which I am sure we are all proud, and to which we give our fullest support.

It is despicable that the U.S.S.R. has used—indeed, has abused—the Olympic Games spirit by trying to politicize it and also by using it as an instrument to propagate its foreign policy. I should like to take this opportunity to commend our athletes for the great sacrifice they are making by refusing to go to Moscow. However, their investment of years of hard training should not be wasted. That is why I support all efforts by the governments of free countries and sports organizations of the world to organize alternative international games, which could be called, as Senator Nurgitz suggested the other day, the 1980 Freedom Games.

● (2200)

I also commend the CBC for cancelling its coverage of the Games, because the Olympics are also a great media event. However, the Olympic boycott is a peaceful weapon of great impact, which should let the U.S.S.R. rulers and people know how much we cherish freedom and human rights.

With respect to the second part of the motion, the affirmation of solidarity with the dissidents and persecuted cultural and religious minorities in the U.S.S.R., evidence abounds that Canada has met its humanitarian obligations in this field with a fine record, and not mere rhetoric. The Canadian government has—in some cases privately and, in others, publicly—made representations to other governments on these important matters. Furthermore, the government has made great efforts—and achieved substantial results, I am proud to say—particularly in the matter of reunification of families, mostly from Eastern European countries and the U.S.S.R.

[Senator Haidasz.]

I took part in discussions held by the present Prime Minister in Moscow that eventually made it possible for several hundred Jews to leave the U.S.S.R. and settle in Canada. Our government has had success in dealing bilaterally, and in the context of the Helsinki Final Act, with Eastern European countries and the U.S.S.R. in a wide range of humanitarian matters.

In 1977 and 1978, at the Belgrade Review Meeting of the Helsinki Final Act, following the Conference on Security and Co-operation in Europe, Canadian government representatives were most outspoken in exposing and condemning human rights violations in individual cases and in general. Moreover, the Canadian government has an enviable and impressive record of support for refugees and displaced persons from all areas of the world.

Since the Second World War, Canada has resettled more than 350,000 persecuted and displaced persons, and supported generously the United Nations Commissioner for Refugees. Recently, new initiatives have been taken by the government, approving a special order in council allowing 2,300 refugees from Eastern Europe and self-exiled people from that area of the world to apply for admission to Canada in the recent fiscal year.

At international meetings, we have prodded, and continue to prod, the world community and individual countries to live by their commitments and fulfil their responsibilities to humanity.

I should also like to take this opportunity to deplore the persecution of all human rights activists, not only in the U.S.S.R., but in other countries as well. In particular, I commend all those parliaments and governments which have condemned the U.S.S.R. government for the arrest, degradation and internal exile of the eminent physicist and human rights activist and Nobel Peace Laureate, Dr. Andrei Sakharov. Dr. Sakharov has an immense following in Canada and, indeed, throughout Europe and other parts of the world. His forced exile is of extraordinary significance in that he has been the champion of human rights within the U.S.S.R. and has commanded a good deal of public attention. In taking action against Dr. Sakharov, the Soviet authorities have made it clear that their tolerance of dissent has come to an end, and that Dr. Sakharov, who carries the hopes of countless thousands both within the Soviet Union and outside it, can dissent no longer.

It is my hope that more governments and parliaments will insist that the Soviet government restore Dr. Sakharov's honours, and release him from his sentence of exile.

The third part of the motion calls upon the Government of Canada to affirm its strong continued support for international human rights and worldwide peace. As in the past, so today and, I am sure, in the future, the Canadian government will

continue to press for respect for human rights and the promotion of peace throughout the world.

I take this opportunity to commend highly Ambassador Taylor for his courage and skill in helping several American diplomats escape from Iran, thus sparing them from the abuse now suffered by their colleagues held hostage against all norms of decency and international law. Ambassador Taylor's admirable efforts have shown Canada's deep friendship for her American neighbours to the south.

The strong statement made last week by the Secretary of State for External Affairs condemning the U.S.S.R. invasion of Afghanistan, and supporting the boycott of the 1980 Summer Olympic Games, is the most recent evidence of Canada's support for international human rights. Earlier, in the Speech from the Throne opening this Parliament, the federal government made an official commitment to pursue peace. I can do no better to emphasize this point than to read the appropriate passage from that Speech wherein it is stated:

> My Government takes office against the most sombre international background of recent years. Events in Iran and Afghanistan have done great damage to international laws and institutions and undermined confidence and stability.
>
> In response, my Government intends to conduct an active foreign policy. Canada will rely upon its strong ties of friendship throughout the world. Part of our international response must be a determination to increase the ability of the NATO Alliance to provide security for its members and to advance the cause of peace, and my Government is committed to doing its full part.
>
> But while recognizing the need for Canada to strengthen alliance security, the dangers of nuclear holocaust cannot simply be forgotten. If anything, these dangers are heightened by current tensions and by the continuation of the arms race. Canada's imperative is clear. This Government must continue its strategy to suffocate the deadly growth in the nuclear arsenals of the world. We must, and we will, actively co-operate in international efforts to negotiate agreements on verifiable means of arms control and disarmament, and seek to rally others to a cause that is no less than human survival on this planet. To assist in this process, a new position of Ambassador for Disarmament will be created within the Department of External Affairs.

I think we should be proud of our country's record and resolve in promoting peace and defending human rights. Canada has signed and ratified all of the international declarations and covenants dealing with human rights. Domestically, the culmination of many efforts to assure human rights for our citizens was the Royal Assent given in this chamber, on July 14, 1977, to the Canadian Human Rights Act, which eliminates all forms of discrimination, ensures the protection of individual privacy, and establishes a Human Rights Commission to enforce its provisions.

Before I conclude my remarks this evening, I should like to draw to the attention of honourable senators the fact that 1980 in being commemorated as the Katyn Year by Canadians of Polish extraction. It was 40 years ago during the Second World War that 15,000 Polish officers and soldiers disappeared. Some time later, a mass grave of brutally murdered soldiers, all prisoners of war, was found in the Katyn forest in the U.S.S.R. I am sure all honourable senators join with me in condemning the perpetrators of this heinous act and violation of basic human rights, and I am sure all honourable senators join with me in paying tribute to the heroic Polish people, who paid such a great price for the defence of freedom against such tremendous odds.

Honourable senators, in extolling Canada's record and comparing its accomplishments with the performance of other countries and with what still remains to be done at home and abroad, the challenge seems insurmountable. How can we not begin with anguish the 32nd Parliament of Canada, which is opening against a backdrop of disunity at home and armed conflict abroad. Peace is threatened. Human rights are still being violated. It is important and timely to remind ourselves, our government and the world that peace and justice do not rest on armed force alone.

In conclusion, I would like to quote the most prestigious champion of human rights and of peace, His Holiness Pope John Paul II: ". . . in the final analysis, peace is but the respect of the inviolable rights of man."

On motion of Senator Macdonald, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, April 30, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

FOREIGN AFFAIRS

DESECRATION OF CANADIAN WAR GRAVES IN FRANCE—QUESTION OF PRIVILEGE

Hon. David A. Croll: Honourable senators, I rise on a question of privilege. Yesterday the Honourable Senator Jack Marshall raised a question about the desecration of Canadian war graves in France, those of Jewish veterans. I am the National Commander of the Jewish Veterans of Canada and have been since the beginning of the year. In my capacity I had occasion to ask the War Graves Commission to investigate a report that came to me about lack of attention to the war graves. They investigated it and came to the conclusion that all that could be done was being done. I was quite satisfied.

● (1400)

When the desecration took place recently, they called me, even before I had the opportunity to call them, to let me know what the situation was. They immediately put it into the hands of a man who would be in Great Britain the next day to attend a meeting and to investigate what actually happened.

When he came back he telephoned to tell me exactly what had taken place and I asked him to put it in writing and send it to me, which he did.

Yesterday when Senator Marshall asked his question I had the information here but I thought I would wait until today when I would have all of the documentation. I now have in my possession that information and I would ask your permission to place it on the record. It is an apology from France together with a memorandum prepared for the minister in the event that he needed to reply to a similar question in the House of Commons. No question was put to him, although it was asked here.

The Hon. the Speaker: Is it agreed, honourable senators, that the material be placed on the record as an appendix to today's proceedings?

Hon. Senators: Agreed.

(*See appendix, p. 160.*)

Senator Croll: Because they took such quick measures and showed their concern in giving me the information so quickly, I thought I should bring to the attention of this house that they were doing everything they could to keep us fully informed. I thought they were entitled to be given credit for what they did.

Hon. Jack Marshall: Honourable senators, I should like to thank Senator Croll very much for the statement he has made. I hope I did not imply in my question that the Commonwealth War Graves Commission was in any way at fault, because I have the greatest admiration for that commission. As recently as last November, when I was over at a memorial service at Vimy, I visited many of the war graves, and in my opinion all Canadians should be proud of the Commonwealth War Graves Commission.

In thanking Senator Croll for his answer, may I say that I do not think he indicated whether he had had the assurance from the Minister of Veterans Affairs that the 22 war graves that were desecrated would be repaired and restored to their original state.

Senator Croll: The report is complete in that respect, senator. New headstones have already been ordered from Italy, and the graves will be fully restored to their original state by June 6.

RETIREMENT AGE POLICIES

REPORT OF SPECIAL COMMITTEE—CORRECTION OF STATEMENT IN DEBATE

Hon. Florence B. Bird: Honourable senators, I wish to correct a statement that I made in this house. On page 125 of the *Debates of the Senate* for April 24, which records my speech on the report of the Special Committee of the Senate on Retirement Age Policies, entitled *Retirement Without Tears*, I said that I was glad the government had agreed to raise the guaranteed income supplement by $35 a month for every married couple. That is, indeed, true. I then went on to say that it would also provide $17.50 for each of the unattached males and females who are receiving the GIS. This, of course, is not the case. The unattached males and females, who are the ones who are suffering the most at the present time, will receive the full $35.

I apologize to the Senate for this inexplicable reversal of the facts.

There is a second point of order that I must make. It has been drawn to my attention that I did not say that survivors' benefits are not mentioned in the committee's recommendation on pension sharing—that is, pension splitting between husband and wife. In my speech I only said that "presumably" if the present system of survivors' benefits were applied after the pensions were shared, each surviving member of the couple would receive 80 per cent of the total.

Of course, the survivors' benefit could be adjusted to give survivors the 60 per cent that they now receive. That would be for the government to decide. On the other hand, I believe the committee should have discussed survivors' benefits, and I still

think so. It should not have recommended that a surviving spouse receive less than he or she is receiving now.

● (1405)

I am making the statement so that it will appear on the record.

[*Translation*]

HON. PAUL DESRUISSEAUX

TRIBUTES ON RETIREMENT FROM SENATE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, today is the last day of attendance in the Senate of our distinguished colleague Senator Desruisseaux. He was called to this house in 1966, and tomorrow is his 75th birthday.

[*English*]

Senator Desruisseaux has enjoyed a magnificent career in both private and public life. We all know his credentials. He has applied his many talents in so many fields. Indeed, a two-hour speech could be made on the subject of his career. In business, finance, the arts, benevolent work, the law, military, broadcasting, education, and a number of other fields his contributions have been most impressive.

In this place he has been most active, bringing great credit to the Senate in all of his activities. He has worked on many Senate committees including Standing Rules and Orders, National Finance, and Banking, Trade and Commerce. He has also demonstrated an interest in international affairs.

We have benefited enormously from his participation in our activities here and from his constantly good advice. We shall greatly miss his presence and counsel.

On behalf of the government, I want to wish Senator Desruisseaux every happiness in his post-Senate years. Judging by his eventful life to this point, we all know how vigorous and active he is going to be. We look forward to having him visit with us as often as he can. A great Canadian of his capacity, with such an enormous love for his country, will always be welcome here and everywhere in this nation.

[*Translation*]

Such a great Canadian, so talented and so infused with a profound love for his country will always be welcome among us.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, *tempus fugit*. It seems as if Senator Desruisseaux had just been appointed yesterday to this chamber. I had been sitting in the Senate for four years, having been appointed back in 1962. I think that Senator Desruisseaux's choice falls into the category of the typical choices made by the former Prime Minister, the late Right Honourable Lester B. Pearson. These appointments by Mr. Pearson bear a distinctive mark. I certainly do not want to take anything away from the merits of those who were nominated afterwards. Certainly not in the case of Senator Goldenberg who is looking at me in a rather anxious manner. Yet I remember quite well the time when Senator Desruisseaux came to this place after an exceptionally diversified career in just about every field of activity, as the Leader of the Government emphasized: radio, television, teaching, military service, law, private industry, you name it. He has gained experience in all these areas of human endeavour and done so with success.

● (1410)

I remember some of his initial reactions after coming here. For several years he was somewhat at a loss, and with good reason. There is reason to be lost for someone who had been as active as he had been in various fields. It is not easy to understand how this house operates. Indeed, it is not any easier to understand how the other house operates. It may be even more mysterious. One wonders how they can sometimes arrive at decisions over there. Here at least there is progress, we pass legislation and do something. In any event, that is our democratic system, the worst, as Sir Winston Churchill said, barring all others.

Coming back to Senator Desruisseaux, he finally got used to it and understood how this house operates. Furthermore, on several occasions he made very important speeches here which had a decisive effect. I remember in particular some of his interventions on the textile industry which led to very favourable decisions from the government for that industry which is particularly important in the Eastern Townships area from where he comes.

So, on May 1, 1980, Senator Desruisseaux reaches the set age of 75. Had he been appointed before 1965, like some 27 or 28 of us, he could continue. He would not be facing the problem of the age of retirement which Senator Croll would like to solve. He could continue like Senator Croll who, and this will be highlighted this evening, will certainly continue for a good 20 years without having to start a new career. But Senator Desruisseaux will have to find a new career. We wish him well, of course, in that new endeavour. Indeed, as the Leader of the Government pointed out, he will always be welcome here. We will remember well what he has accomplished in this house. Canada is grateful to him for the work he did, just as Quebec and his Eastern Townships region must be grateful to him for his dedication to them before and since coming here.

Hon. Paul Desruisseaux: Honourable senators, I would like to thank the Leader of the Government as well as the Leader of the Opposition for their kind words. I must recognize what has been said about me and, as they said, I have been very active. However, I will not take up the time of the Senate by talking about it at length. But during the first four months I sat here in this house, I had a letter of resignation in my pocket. Senator Flynn put it well when he said I was lost when I came to the Senate.

I must admit I have made a lot of friends here and appreciated the very useful action of the Senate on both sides of the house. It was also constructive action that allowed Canada to move forward, and consolidated my views, for

example, on separation and federalism.

[*English*]

● (1415)

A few months after I started here I felt lost. It was quite a change from my usual occupation. I had been used to fighting without letting it be shown and to achieving whatever goals I had without hurting anyone. However, I do not believe I have had many enemies during my public life. I am leaving here with the knowledge that I have made a great many friends in this place.

I am glad now to have the opportunity to pursue activities which I hope will be to the benefit of other Canadians. I will go no further than to express my very best wishes and to say that I regret leaving this place today. Thank you.

Hon. Senators: Hear, hear.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I would ask you to consult your diaries while I make some suggestions about sittings for next week, based on consultations I have had with our colleagues opposite.

The intention is that the Senate should sit next Monday evening, May 5, at 8 o'clock, and again on Tuesday evening, May 6, at 8 o'clock rather than Tuesday afternoon. We will also sit on Wednesday at 2 o'clock and on Thursday at 2 o'clock. We expect to receive some bills, so we should have enough business to keep us occupied on Thursday afternoon. During the week I expect we will deal with the Address in reply to the Speech from the Throne along with other matters. If that schedule works to the advantage of any committees that might want to meet, on Tuesday, for example, during the day at any time, then the appropriate chairmen will take that into account.

● (1420)

Within the framework of those Senate sittings, the committee meetings that I am aware of are as follows. This afternoon, when the Senate rises, the Standing Senate Committee on Health, Welfare and Science will have its organization meeting. Coincidentally with that, the Standing Senate Committee on Foreign Affairs will have its organization meeting. Both those meetings, then, will take place today when the Senate rises.

Tomorrow we will meet as usual at 2 p.m. Just to complete the picture, let me say again that we will meet on Monday at 8 p.m. and on Tuesday at 8 p.m.

If the order of reference for the Standing Senate Committee on Foreign Affairs is adopted, the committee will meet at 2.30 next Tuesday afternoon. On the same day, Tuesday, May 6, the Standing Senate Committee on National Finance will meet at 4.30 p.m. There may be other committee meetings, and if there are honourable senators will be notified of them.

There is one final matter for your calendars, honourable senators. We expect the supply bill will be passed by the other

[Senator Desruisseaux.]

place on Thursday evening, May 15, and we will be asking honourable senators to sit on Friday, May 16, at 11.00 a.m. to deal with that bill.

That is the schedule that is planned for the Senate for the next two weeks. Have honourable senators any questions? The anomalies are, as I have said, next Monday night, next Tuesday night and Friday, May 16.

Senator Beaubien: What are the intentions for Monday, May 12? Will we sit on that Monday?

Senator Frith: There is no present plan to sit on Monday, May 12.

Hon. Jacques Flynn (Leader of the Opposition): I have a question on the supply bill. I think it depends on an agreement made in the house that it be passed on May 14 or 15.

Senator Frith: May 15.

Senator Flynn: Is there any reason why it should be passed by this chamber the following day? Is there any practical reason?

Senator Olson: It is supply.

Senator Flynn: I know it is supply, but why May 15? The end of the month I could understand.

Senator Olson: There are a lot of other things to get to.

Senator Flynn: I should like some explanation as to why this is necessary in the middle of the month.

Senator Frith: The reason we picked May 16 is that it would not be possible to meet on the following Monday, May 19, Victoria Day, and the day before the referendum, or later. The hope is that we can meet to deal with supply for the normal reasons of urgency that attach to the matter of supply. There are no special reasons other than those that normally apply to supply motions. There is also the fact that, as honourable senators will recall, these estimates have been referred to the Standing Senate Committee on National Finance, which will be meeting on that subject next week.

Senator Flynn: I understand that, and I am not criticizing. I was wondering why there was a deadline. You mentioned May 19, which is the day before the referendum, and I can understand that, or even May 20. But what difference would it make if the Senate were to adopt this bill on May 21 or May 22? Is there any practical difference for the government?

Senator Frith: As I understand it, there is, but I cannot give the Leader of the Opposition the details as to why.

Senator Flynn: Will you try to do so tomorrow?

Senator Frith: Yes, I shall.

● (1425)

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Canada Deposit Insurance Corporation, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1979, pursuant to section 46 of the *Canada Deposit Insurance Corporation Act*, Chapter C-3, R.S.C., 1970.

Report relating to warrants issued under the *Official Secrets Act* for the year ended December 31, 1979, pursuant to section 16(5) of the said Act, as amended by Chapter 50, Statutes of Canada, 1973-74.

Report relating to authorizations and interceptions under the *Criminal Code* for the year ended December 31, 1979, pursuant to section 178.22(4) of the Code, as amended by Chapter 50, Statutes of Canada, 1973-74.

SPEECH FROM THE THRONE

TERMINATION OF DEBATE ON ADDRESS IN REPLY—MOTION RESCINDED

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 47(2), moved:

> That the order of the Senate of April 15, 1980, that the proceedings on the order of the day for resuming the debate on the motion for an Address in reply to His Excellency the Governor General's Speech from the Throne addressed to both Houses of Parliament be concluded on the eighth sitting day on which the order is debated, be rescinded.

[*Translation*]

Honourable senators, before the motion is put and by way of an explanation, I should like to add a few words. Honourable senators will remember that we had passed this motion, that is now before us for rescission, since the Throne Speech debate is usually limited to eight days. Now, however, under the present circumstances, we have chosen to consider the possibility of rescinding the motion; this in fact would allow us to pursue the debate for nine, 10 or any number of days, or until the whole list of honourable senators who want to take part in the debate has been gone through.

I do not mean that the senator or his audience will be exhausted, just the list. In addition, in this way the debate will be given some flexibility, sparing us the problem that has come up, that is that on occasion only one honourable senator deals with the question. Then, we use up one day out of our eight days. So, with the consent of Senator Flynn, we have decided that it is far better not to set a time limit. That is why I ask that this motion be adopted.

Motion agreed to.

QUESTION PERIOD

[*English*]

REQUEST FOR ANSWERS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, before proceeding to questions, I am wondering whether the Leader of the Government has for us today replies to the many questions that remain unanswered. If he were to give us the replies that he has ready now—including, I hope, a reply to the question respecting the areas of responsibilities of the ministers sitting in the Senate—that may shorten the Question Period this afternoon.

The Leader of the Government has said he wished to consult me in connection with the responsibilities of the ministers sitting here. I do not know why he would want to consult me. I have no objection to being consulted, but I do not have anything to do with the areas of responsibility of the ministers sitting here. That is more a problem for the Prime Minister than for me.

• (1430)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, as the deputy leader stated yesterday—and I note with interest that the Leader of the Opposition was in his place—an endeavour will be made to clear up the backlog of questions as quickly as possible. Indeed, certain information was provided yesterday, so a start was made. The outstanding information will be forthcoming very shortly, and inquiries are going forward each and every day. I know the importance of some of the questions posed by the opposition, and I think the opposition should be congratulated for its vigorous approach to the Question Period.

Senator Flynn: My understanding then is that you have no replies available today to the 30 questions that remain unanswered.

Senator Perrault: Honourable senators, the information could arrive by courier at any moment.

Senator Smith (Colchester): Or by carrier pigeon.

ENERGY

EXCISE TAX ON DOMESTIC CRUDE OIL

Hon. R. James Balfour: Honourable senators, last evening I directed the following question to the Minister of State for Economic Development.

> Is the Minister of State for Economic Development, on behalf of the Government of Canada, prepared to make a commitment now that the total increase in the 1980 price of oil, including all extra taxes in whatever form they may be imposed, will not exceed the $4-per-barrel increase provided for in the Crosbie Budget?

The honourable senator's response was:

> Honourable senators, of course, we have never made that kind of a commitment. We have said that the total price to the consumer in the package that we are about to begin negotiating, will not exceed the total price of what was involved in the previous government's proposal, including excise tax.

I direct the honourable senator's attention to the *House of Commons Debates* of April 25 at page 414, where the Minister of Energy, Mines and Resources is reported as stating:

> Madam Speaker, the government is working on various scenarios in terms of pricing . . . but I can assure the honourable member that for this year the wellhead price increase that the government is working on is below $4.

Will the honourable minister explain, if he can, the apparent contradiction between his statement in this place and that of his colleague, the Minister of Energy, Mines and Resources in the other place.

Hon. H. A. Olson (Minister of State for Economic Development): Well, honourable senators, I do not see any discrepancy to explain. The honourable senator may want to put that interpretation on it, but now that he has drawn to his own attention that he knew about that answer coming directly from the Minister of Energy, Mines and Resources, I really fail to see why he asked me the question.

Hon. Jacques Flynn (Leader of the Opposition): Why not simply tell us that the other minister was right and you were wrong.

Senator Argue: They were both right.

EXCISE TAX CREDIT

Hon. Richard A. Donahoe: Honourable senators, I have a question for the Leader of the Government in the Senate. This country recently went through an election campaign. In the course of that campaign my honourable friends opposite, and their honourable friends in the other place, went up and down the length and breadth of this country attacking the government for its proposal to raise revenues through an 18-cent tax on gasoline. At no time did they ever acknowledge or admit that concurrent with that proposal was an undertaking that the revenues so raised were to be expended on energy-related products. Would the minister now tell us in the light of the increasing likelihood that Liberal prices may turn out to be higher than Progressive Conservative prices, if it is also the intention of his government to offer a generous energy tax credit so as to permit low and middle-income Canadians to bear Liberal energy costs?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I regret the fact that there seems to be a tendency on the part of the honourable senator to refight a campaign now long passed. Surely our endeavours are better invested in the task of devising policies and programs to help the Canadian people from coast to coast.

Secondly, honourable senators, it would take Sherlock Holmes assisted by a bevy of other detectives to determine what the Conservative energy proposal would have amounted to in terms of ultimate energy costs to the Canadian consumer. But it can be said that the government proposal, which the honourable senator has spoken about in such deplorably critical terms, is designed to provide adequate energy supplies for the Canadian people and to maintain a competitive edge in relation to other countries. Certainly the proposal will, in the ultimate, we believe, be more advantageous to the Canadian people than would have been the proposal advanced by the previous government. In addition, there is a determination on the part of the government to attain energy self-sufficiency as soon as possible.

ATLANTIC PROVINCES—SUBSIDIZATION OF ELECTRICAL POWER GENERATION

Hon. Richard A. Donahoe: I have a supplementary question. Insofar as I am able to follow the convolutions of the answer which has just been given, I take it that what it was intended to say was that this government has no intention of offering any generous tax credit, energy tax credit or any other tax credit, to assist low and middle-income Canadians to bear Liberal energy costs. That is the meaning I take from the answer that was given to me.

The honourable gentleman will recall that that same Crosbie budget, among other benefits, provided for a large subsidy to electrical power generation in the Atlantic provinces, and I am sure that I need not tell him that the Atlantic provinces, by reason of the failure over the years of successive Liberal governments to develop a true national policy, have been left dependent upon offshore imported oil, and that is where the costs are flying out of sight at the present time. It is in that area, therefore, where so much of our electrical energy is generated from oil, and of necessity from offshore oil, that the cost of electricity is likely to soar. It is all the more reason, then, that the energy tax credit, to subsidize electrical power generation proposed in the Crosbie budget, be given at this time.

My question is: With the likely higher Liberal prices, will it be your intention to give that subsidy or a larger one?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, may I say that the honourable senator has demonstrated a far greater faith in the potential of the unrealized Crosbie budget than the Canadian people had. The people of this nation were not convinced that there were any similarities between the Crosbie budget and the Conservative campaign promises prior to May of 1979.

● (1440)

Secondly, let it be said that there were substantial increases in Liberal support in the Atlantic provinces during that campaign which indicates that the people of the Atlantic provinces have great faith in the ability of this government to provide for their energy needs at equitable and fair prices. And it remains a concern of this government.

Senator Flynn: It is the concern of everybody in Canada.

Senator Perrault: You know, the speculative nature of this question, the suggestion that the government apparently intends to charge higher prices for energy than would have been the case had the Crosbie budget been implemented, is simply the dragging of—

Senator Smith (Colchester): It is justified speculation.

Senator Perrault: —is the dragging of highly odoriferous red herrings across the political trail.

Senator Smith (Colchester): Perhaps some day you will answer a question.

FINANCE

CANADA SAVINGS BONDS—INTEREST RATE AND REDEMPTIONS

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development. I would not dare get involved in the energy field. It seems to be a rather sensitive subject and the honourable gentleman opposite seems to be getting quite exercised.

I should like to refer to a question I asked a little while ago with reference to Canada Savings Bonds. The minister took the question as notice at that time, and kindly supplied an answer for which I thank him. As I studied the answer, various points were raised in my mind with reference to the redemption rate and the interest rate of the Canada Savings Bonds.

I wonder if the minister could tell us what is the present status of the plans of the government in this particular instance. Does the government have any plan to staunch the outward flow of cash. Is there a substantial cash drain on the treasury? There appears to be from the amounts that have been cashed. Is it affecting the cash position of government? Is there a serious problem with the cash flow?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will take that question as notice and ask the Minister of Finance for those details, although I am sure the honourable senator knows that there are statistics published on a regular basis in which all of that information is given, with perhaps the exception of any changes in the amount of Canada Savings Bonds redemptions. I can also get that figure for him, however.

Senator Doody: Thank you, senator. I have a supplementary question along the same lines. Perhaps the minister can obtain this information for the chamber at the same time. Before I put my question perhaps the minister honourable senator will allow me just to quote from his answer contained in *Hansard* of April 22, 1980. On that date the Honourable Senator Olson told me:

> While the present level of Canada Savings Bonds redemption is considerably higher than normal, any decision with respect to a change in the yield on these bonds would have to be taken in consideration of the best interests of the taxpayers as well as the holders of Canada Savings Bonds. In view of the very high level of interest rates presently prevailing, a yield adjustment on Canada Savings Bonds would be very costly to the government and might well exceed the cost of substituting other forms of government debt to offset the loss of funds now occurring as a result of Canada Savings Bonds encashments.

Does the government then intend these measures to encourage the Canadian people to invest in financial instruments other than Canada Savings Bonds? Perhaps in view of the inflation rate it intends to discourage the purchasing of bonds and such instruments generally, particularly Canada Savings Bonds.

Senator Olson: Well, honourable senators, the government has stated a number of times that it hopes the current rather high interest rates will be a short-lived aspect of the financial markets. Indeed, there is now some indication that they are starting to come down—not by much, but a little. Of course, the other influencing factor is what is happening in the United States. We have maintained a position substantially better than that in the United States, but even taking that into account our rates have moved down at about the same time as the decline that has taken place in the United States.

I hope that if the Minister of Finance has some positive statement to make on any major change in the debt management of Canada he will make it, but I will have to wait until he makes such a statement. I was going to say a moment ago that perhaps it would be useful if, before any major changes were made, this whole matter were to settle down a bit, and it seems to me that is what is happening.

Senator Doody: I have another supplementary question. I thank the minister for his statement but he did not really apply himself to the intent of my question. Perhaps I did not phrase my question properly.

● (1450)

I am afraid that the measures mentioned by the minister as government policy, or at least as part of the formulation of government policy, might tend to discourage Canadians from buying Canada Savings Bonds, or, indeed, might discourage them from saving at all, in view of the inflation rate and so on.

But leaving the Canadian inflation rate out of it, and simply referring to the lack of competitiveness of Canada Savings Bonds, is it the intent of the Government of Canada to try to discourage people from investing in Canada Savings Bonds?

Senator Olson: No, it is not. I hope I am saying what the Minister of Finance might say, but indeed the figures show that the savings rates in Canada are either at or near an all-time high.

ENERGY

ALASKA HIGHWAY GAS PIPELINE

Hon. Ernest C. Manning: Honourable senators, may I ask the Secretary of State for Economic Development if he can make a brief statement on the present status of the Alaska Gas Pipeline project. He is no doubt aware of recent press reports that further interventions could conceivably lead to still fur-

ther delays in final approvals. I wonder if he could update us on just where the matter stands?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will try to give a brief statement in response to that question now and perhaps in a day or two, or by the middle of next week, I can give a more complete answer.

The status at the moment is that we have an expression of renewed determination by Secretary Duncan of the United States Government that they wish to get on with this project. That happened a few days ago. There have been some modifications made to Schedule III of the act authorizing the pipeline by the National Energy Board, which would allow Foothills to proceed with the pre-build section, providing they satisfy the National Energy Board that they have a firm financing plan for the pre-build section as well as a plan, though not necessarily complete and firm, for all of the rest of it in Canada. Those hearings are under way now.

While the National Energy Board has recommended, indeed approved, the change in clause 12 of Schedule III, this has not been approved as yet by an order in council.

There is at least one other condition which needs to be met, and that is that, in compliance with the agreement between Canada and the United States, we need an affirmation or letter from the United States Government stating that they are satisfied that the United States section can be financed. And we need to give to the United States a letter or an affirmation that in the opinion of the Government of Canada the Canadian section can be financed.

I hope that all of these things will come into place so that we can deal with them shortly, and particularly so that the construction year 1980 can be used for building at least the western leg of the pre-build section. I hope that can be done in time so that Foothills can put in the looping, and it is a limited mileage of looping, to carry the volumes destined for that section.

● (1500)

I should also advise those honourable senators who are not already aware of the fact that Foothills announced yesterday that it is prepared to award contracts for 1,120,000 metric tons of pipe for the entire section. It still requires ministerial approval. Yesterday's press release indicated that 505,000 metric tons would be purchased from Ipsco—that is in Regina—and 615,000 metric tons from Stelco.

I hope to have later today, or tomorrow, a more detailed explanation of the economic benefits that will flow from that order all across the country. Indeed, it is understood, of course, that the firm order to begin fabrication and delivery is contingent upon their getting a construction permit. That is the up-to-date information that I have. However, if any further detail is required, I shall be happy to provide the information by about the middle of next week.

[Senator Manning.]

AIRLINES

APPLICATION OF EASTERN PROVINCIAL AIRWAYS TO EXTEND SERVICE

Hon. G. I. Smith: Honourable senators, I wonder if I might ask either the Leader of the Government or the deputy leader a supplementary question arising out of the reply given last night by the deputy leader to a question concerning Eastern Provincial Airways, as to whether or not that organization had launched an appeal with the Government of Canada from the decision of the Canadian Transport Commission.

In his reply, the Deputy Leader of the Government mentioned April 25, which is now some days ago. I am not clear from his reply—it was no doubt based on the way I phrased my original question on April 23—whether the reply was supposed to deal with the government as a whole—that is, that no department, or the Minister of Transport had received such an appeal—or with the Prime Minister's Office. I notice that it acknowledged that a telex or a letter had been received from the four Atlantic premiers. Perhaps I could be enlightened on that subject.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, an inquiry went forward from my office this morning with respect to this matter. The information available at that time was that no formal appeal to cabinet had yet been received. So far as the other departments are concerned, I do not have that information. It is anticipated, however, that some formal appeal will be made to cabinet.

Senator Smith (Colchester): May I ask another question? The inquiries I have made about the usual channels lead me to believe that the Department of Transport or the Minister of Transport would normally have been the recipient of such an appeal. I am wondering whether the inquiry that has now gone forward included that department.

Senator Perrault: As I said earlier, I understand that no formal appeal has yet been directed to cabinet. There is a procedure for this, as the honourable senator is aware. The other avenues will be checked and the information sought. Perhaps a reply can be given tomorrow. I say that cognizant of the fact that some information on a number of subjects has not been available as soon as we would have wished. However, I think that information can be obtained fairly easily.

Hon. Royce Frith (Deputy Leader of the Government): In reply to part of the question that was raised again today by Senator Smith (Colchester), I thought that when we were talking about "formal" appeals, we were talking about appeals under the statute from a decision of the Commission, which I believe go to the Governor in Council.

ENERGY

COST OF OIL IMPORTED FROM MEXICO

Hon. R. James Balfour: Honourable senators, I have a question for the Minister of State for Economic Development, and I will understand if the honourable gentleman takes it as notice. Can the minister advise this chamber of the estimated

foreign exchange cost to the people of Canada of the Mexican oil purchase contract over the next five years?

Hon. H. A. Olson (Minister of State for Economic Development): If and when an agreement is concluded, price may be involved, certainly perhaps in the initial stages. However, I shall have to take that question as notice. I cannot anticipate an early definitive reply until such a deal or agreement is concluded.

Senator Balfour: Is the minister stating that no estimates have been made internally within the Government of Canada concerning at least the parameters of the cost to the people of Canada of this contract?

Senator Olson: I am sure that the people who are doing the negotiating, especially in the Department of Energy, Mines and Resources will be aware of what our offshore requirements are, and what are anticipated in the future. They perhaps already know the price of the oil that Mexico has been selling to other international customers, but I expect that is about as far as we can go at the moment. If we are going to apply that to a Canadian agreement, there would have to be an assumption that we pay the same price. I am sure that Senator Balfour will recall that he indicated yesterday that the international oil market may have changed, and we might be able to negotiate a deal at substantially lower prices than some of the prices which it has been indicated Mexico is receiving now.

PETRO-CANADA—SUBSIDY ON IMPORTED OIL IMPORTED FROM MEXICO

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a supplementary question. Is this Mexican oil purchased by Petro-Canada, and does Petro-Canada receive the subsidy when it resells it?

Hon. H. A. Olson (Minister of State for Economic Development): I believe the Minister of Energy, Mines and Resources has stated that he will be asking Petro-Canada to be involved in the negotiations. So far as the subsidy is concerned, I expect that any oil that is brought in from Mexico, or anywhere else, at a price over and above the uniform price across Canada, would come under the oil price equalization arrangements.

SASKATCHEWAN

SASKATOON—TRANSFER OF DISTRICT POST OFFICE

Hon. Sidney L. Buckwold: Honourable senators, I have two questions for the Minister of State for the Canadian Wheat Board and, as such, the cabinet representative of the province of Saskatchewan. I have to warn the minister that he will be getting questions that he might think are coming from the opposite side, but I am sure that all honourable senators will understand.

My first question concerns the proposed movement of the district post office in Saskatoon to Winnipeg, which will result in a relocation of 103 positions—a situation which is causing grave concern in Saskatoon. It will mean that Saskatchewan, a province which is on the verge of great growth and development, will be the only province in the country, other than Prince Edward Island, that does not have a district post office. Under the proposal, Saskatchewan's district post office is being moved to Manitoba.

Some Hon. Senators: Shame.

Senator Buckwold: I can assure the minister that many representations have been made by myself and others in an appeal to the minister to reconsider this proposal. The effect on 103 employees, who are presently working in the district post office, is a disastrous one. The dislocation is of real concern. I would hope that the minister might have good words for us in this regard.

Senator Flynn: Words, yes.

Senator Buckwold: Perhaps he might have an answer to the first part of my question.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I thank Senator Buckwold for raising this important question. It is of particular importance to Saskatoon. I might say that I have received representations from the Mayor of Saskatoon, from the unions involved and from others in Saskatoon. The information I have been given is that the move was started before the last election.

Some Hon. Senators: Oh, oh!

Senator Argue: It was either started before the last election, or it was not. If I find that the move was not started before the last election, I shall be prepared to say when it was started.

• (1510)

It may be that the movement of this post office to some other place, and consolidation, might result in greater efficiency. I do not know that, but there was talk at one time that the movement of the weather station out of Regina would lead to greater efficiency. Soon after it was moved, a cyclone hit Regina, and there was no weather warning. Rightly or wrongly, everybody in Saskatchewan assumed that that weather station would have been serving a more useful purpose, and probably would have provided more accurate forecasting, if it had stayed in Regina.

Senator Buckwold asked me to reconsider. There is nothing that I need to reconsider, because obviously I am not the minister responsible for the location of post offices, even though they may be moved into or out of Saskatchewan. However, this is an important question. It is important to Saskatoon.

I might inform Senator Buckwold that I have already made representations to the minister, the Honourable André Ouellet. I was doing that this morning from my office. I am certainly happy to make such representations to him and to ask him to reconsider any plans that there may be for having this post office moved out of Saskatchewan.

As the minister from Saskatchewan, I certainly have, with Senator Buckwold, an interest in this particular question, and I am pleased to bring it to the attention of the appropriate minister. I think my hand will be strengthened by the obvious

support of the senator from that area, and, I would think, other members of this house.

Senator Buckwold: Honourable senators, I thank the minister for his somewhat encouraging statement. I was interested in his comment that after the meteorological station was moved away from Regina a cyclone hit the area. I just want to warn the minister that if the district post office is moved out of Saskatoon that cyclone will look like a small windstorm compared to what will blow up in my city. I hope, therefore, that further consideration will be given to the question of moving this important service.

GRAIN

TRANSPORTATION FACILITIES AT PRINCE RUPERT, BRITISH COLUMBIA

Hon. Sidney L. Buckwold: My second question perhaps involves the minister more directly as the minister responsible for the Canadian Wheat Board. It concerns the ship and grain handling facilities that have been proposed for the port of Prince Rupert. Several representations have been made to me by farm organizations, wanting to know just where the government stands on this issue.

We receive different versions of what is happening—

Senator Perrault: From the Tories.

Senator Buckwold: —some from Tories, some from Liberals, Mr. Leader, and I think it is important that we know just what the intention of the government is regarding this important development, particularly as far as western farmers are concerned. I wonder if the minister is now able to give me a definite statement, such as: "Yes, the project as proposed is going forward," together with some kind of time schedule.

Senator Argue: The answer is that the project as proposed is going forward. The objective—and I think it is an accurate objective, and one that will happen—is that all of the contracts and all of the necessary procedures for the start will be in place by May 15. That is not very far away.

The information I have is that negotiations are down to, I would think, probably the last item, which has to do with the costs that will be paid by the consortium towards the cost of leasing the land itself. These are negotiations that are going on, and the information I have is that the parties concerned are coming closer and closer to an agreement. I was asked by the Honourable Jean-Luc Pepin to participate in discussions about this matter soon after I was appointed the minister responsible for the Canadian Wheat Board. I saw nothing in any of those discussions that would indicate to me that the present government was not fully determined—and is not fully determined—to have this project go forward, and go forward on schedule.

I want to say that Senator Perrault has taken an active interest in this project.

Senator Flynn: Oh, has he? So the project will fail.

[Senator Argue.]

Senator Argue: I might inform my political friends opposite that the western caucus of the Liberal Party—and it is a big one—is united in support of this project. We think it is something that will be of great service to western Canada, and will support the target set by the Canadian Wheat Board in every way possible—that is, the target of being able to export 30 million tons by 1985. That will be a tremendous gain.

With this kind of facility in place, and with the transportation system of this country updated, transportation difficulties, in the main, as far as export of grain is concerned, will be things of the past in a very short time. The challenge then will be for producers to produce all the grain for which there is a market and for which transportation facilities are available.

Hon. Jack Marshall: Honourable senators, on a point of order; I think the Honourable Senator Argue should be commended for broadening his horizons beyond the Canadian Wheat Board. In view of his answers, I am wondering if the leader could advise the chamber whether we can now direct questions to the Minister of State for the Canadian Wheat Board regarding the post office, the environment, and transport.

Senator Flynn: Anything concerning Saskatchewan.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I want to thank my honourable colleague for a most eloquent reply to that question with respect to the grain terminal in Prince Rupert. I say this seriously. Here is an example of western ministers including two of our colleagues, Senator Olson and Senator Argue, with the co-operation of other members, working to promote something which will benefit all Canadians wherever they live. I want to thank them for their superb efforts in helping to bring about this magnificent terminal facility, which, although on the west coast of Canada, will benefit not only the west but the whole of Canada.

I may say to all honourable opposition senators who may wish to attend the opening of this facility, whenever that opening may be, that we will attempt to arrange invitations both to the sod-turning and the opening, in spite of certain expressions of a lack of faith in the possibility of the event taking place.

Furthermore, I point out that Honourable Senator Argue and Honourable Senator Olson and other honourable senators on this side, of course, possess knowledge in many fields. They will endeavour to answer questions in certain other areas where logic and common sense dictate.

Senator Flynn: I hope so.

FOREIGN AFFAIRS

CUBAN REFUGEES—CANADIAN COMMITMENT

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate.

On April 17, in response to a question from Senator Bosa concerning the Cuban refugee situation, we had a reply to the effect that we would have an answer "next week". On April 23

a question posed by me was taken as notice. On April 24 there was an assurance that an answer would be given "tomorrow", which I assume meant the next sitting, or yesterday. Yesterday the Deputy Leader of the Government ably gave answers, to a series of questions, though, of course, not to that particular one.

My question now to the Leader of the Government in the Senate is: In view of the recent tragedies of those people that are attempting to escape from Cuba, and who are crossing to the Florida coast, is the government expecting to announce any expansion of its earlier commitment, and, if so, when?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the reply should have been received by now. I cannot understand why it is not available. There have been a number of important events recently, including preparations for the forthcoming visit of the Prime Minister of Japan, Mr. Ohira.

● (1520)

ROYAL CANADIAN MINT

PRICE OF 1980 SILVER DOLLARS

Hon. Peter Bosa: Honourable senators, my question is directed to the Leader of the Government. It relates to an answer given yesterday by the Deputy Leader of the Government concerning the high cost of the commemorative 1980 silver dollar. Since the Mint admits that the price of the 1980 silver dollar is high in comparison to the current value of silver, which is hovering around $17 an ounce, and since it is appreciated that the Mint would experience administrative difficulties in lowering the cost of the silver dollar at this time after it has marketed its commodity to approximately 250,000 subscribers throughout the world, would the Leader consult with the marketing division of the Mint to see if it would consider a two-price silver dollar—one price for consumption in the Canadian market and one for customers outside this country? There should be a lower price for Canadians, a price commensurate with the costs and profits of the Mint.

Senator Flynn: A Canadian price.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the proposal that we establish a made-in-Canada price in this area presents certain difficulties, including the difficulty of control and the difficulty of protecting such a system against abuse. However, the question will be taken as notice.

FOREIGN AFFAIRS

INTERNATIONAL SPORTS INVOLVING CANADA AND U.S.S.R.—GOVERNMENT POLICY

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wish to reply to a question asked by Senator Donahoe during the Question Period yesterday, concerning the government's position with respect to the Canada Cup hockey series.

The government's position is that stated by the Prime Minister on Monday. In specific terms, our decision has been not to ban the Olympics or sporting events per se, but to ban them because they are being held in Moscow. In other words, we are condemning the Moscow Games. That is the purpose of this government's policy.

As a matter of fact, Russian athletes were in the United States at Lake Placid just a couple of months ago. Therefore, the creators of the policy of the boycott, the Americans themselves, are interpreting the policy the way we are.

However, I am sure honourable senators will be interested to know that an announcement concerning the Canada Cup tournament is expected from Hockey Canada today. I would just like to make it clear that this announcement will be based on the decision by Hockey Canada's directors, taken in light of the government's stated position in this matter, but it is not to be construed as a statement of government policy.

INDUSTRY

ASSISTANCE TO AEROSPACE INDUSTRY

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have an answer to Senator Roblin's question concerning the aerospace industry, which is as follows:

> Honourable senators, I wish to reply to a question posed to me by Senator Roblin regarding possible new money to assist Canadian companies competing for contracts arising from the new fighter aircraft purchase.
>
> The government is looking at various initiatives that might be undertaken to provide assistance to the aerospace industry to assist it in executing work on the F-18A engine and avionics. However, we are not in a position at this time to announce any specific changes to existing programs.
>
> We are fully aware of the tremendous opportunities created for further development of high technology in the aerospace industry as a result of the NFA contract. The Department of Industry, Trade and Commerce is presently developing a sectoral strategy for the aerospace industry which will result in recommendations to ministers regarding the total needs of the industry for their consideration in relation to the needs of other sectors.
>
> The government is also committed to implementing a new industrial policy. My colleague, the Minister of Industry, Trade and Commerce, has instructed his officials to review current policies and programs and develop various options on ways and means to improve and expand them. This work is still in the preliminary stage. When complete, recommendations will come forth to ministers so that the level and type of expenditure can be determined, keeping in mind the commitment of this government to policies of expenditure restraint, as indicated in the Speech from the Throne, Mr. MacEachen's

address of April 21 and the address by the President of the Treasury Board on April 22.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have the information I undertook to acquire for Senator Flynn as to what, if any, special circumstances apply to the need for our meeting of Friday, May 16. My instructions are that the warrants run out on May 15. The government feels it can manage for a few days, but as we approach May 21 or 22 we will start to run into the problem of having to hold up cheques. Because Monday, May 19, is not only the day before the referendum, but Victoria Day, the feeling is that we should meet on the Friday.

Hon. Jacques Flynn (Leader of the Opposition): In other words, in the other place they decided to get through this piece of legislation at the last minute, counting on the fact that the Senate, as usual, will co-operate.

Senator Asselin: As usual.

Senator Flynn: The opposition is in the same position as in the last session.

Senator Frith: I do not know whether it is, in fact, the last minute over there because I am not that familiar with their business. However, Senator Flynn is certainly right when he says we will find ourselves in the position, for good or bad reasons, of having to meet in order to solve the problem I have just described.

Hon. Raymond J. Perrault (Leader of the Government): I know Senator Flynn will wish to contact his people in the other place and urge them, in the strongest, most persuasive terms, to expedite this matter so that we may deal with it earlier here.

Senator Flynn: I can certainly do better than your leader in the other place.

Senator Muir: Urge them, but do not blackmail them.

CANADA-FRANCE TRADE AGREEMENT ACT, 1933 SUPPLEMENTARY CANADA-FRANCE TRADE AGREEMENT ACT, 1935

BILL TO REPEAL—THIRD READING

Hon. John Morrow Godfrey moved the third reading of Bill S-5, to repeal the Canada-France Trade Agreement Act, 1933 and the Supplementary Canada-France Trade Agreement Act, 1935.

Motion agreed to and bill read third time and passed.

IMMIGRATION ACT, 1976

BILL TO AMEND—SECOND READING

The Senate resumed from Tuesday, April 29, the debate on the motion of Senator Lewis for the second reading of Bill C-2, to amend the Immigration Act, 1976.

[Senator Olson.]

Hon. Heath Macquarrie: Honourable senators, I must commend Senator Lewis for his concise and lucid presentation of this bill. He urged speedy passage and cited the reason therefor, which was, simply, that the time within which the government could ask for a Governor General's warrant was soon to expire and other means would have to be found. The fact that we deal with this highly important matter under forced draft is a somewhat unfortunate legacy of too-frequent elections. Both parliamentary programs and administrative procedures do suffer under such circumstances.

However, honourable senators, even if we are not responsible for the state of affairs, we must do our best to ameliorate the situation, and I would predict that the senator's call for speedy action will be heeded by this chamber. I note that in the other place, as we traditionally and rather foolishly call the House of Commons, the bill received second reading, discussion in Committee of the Whole, the report stage and third reading all in the space of one sitting. There are reasons, I believe, for like dispatch here, and I hope that this chamber will not find itself in second place in the matter of dispatch of public business. Indeed, the only situation whereunder the upper house should come second to the lower house is in reference to money bills!

We, honourable senators, are proud of our country's record in aid to refugees. That is one of the reasons why I think we can move quickly on this.

I was proud of the magnificent program mounted by the Clark government in reference to the suffering thousands of refugees from Indochina. The fact that both government and citizens were jointly responsible was heartwarming—and as sensible as it was sensitive. It might be said about the Clark government that, while it was brief in tenure, it was not inglorious in its achievements.

While proud of our role, honourable senators, we must realize the enormity of the problem. I only wish it were possible, as I hope it will be on some other occasion, for this chamber to look at this tremendous question that faces the whole world, so that we can give thought to how overwhelming is the challenge and how grievous the suffering.

• (1530)

Earlier this month I had the honour to attend the IPU meeting in Oslo, on which no doubt our colleague, Senator Molgat, who is a very popular and important person in the IPU, will be reporting. At a meeting devoted to the question of refugees I heard the Finnish delegate talk about ten million refugees in the world. Five minutes later the Japanese delegate, an equally intelligent man, and equally concerned, spoke about there being twelve million. At the time I wondered in what kind of world we live when thoughtful, careful people cannot even estimate within two million the displaced, stateless, homeless, suffering people who are found literally all over the world in increasing numbers.

The Canadian role has been commendable, and we have reason to be proud of it, but the burden is lighter for us than it is for some other countries. With anguish, I heard the report of

the delegate from Thailand, which is a little country, with such a fragile, vulnerable border. He spoke about the hundreds of thousands of bona fide refugees, and many, many more who were coming in occasionally, and regrettably, to raid food supplies, and other thousands who were coming in as a kind of infiltrating fifth column. I think of Sudan receiving thousands of people. I think of little Somalia, which today has three-quarters of a million refugees. Where are the people from Chad going, with all the bloodshed there?

The Honourable Senator Nurgitz was talking about refugees from Cuba. At the same time that the Soviet Union is criticized for discouraging people from leaving its country, Castro is criticized for encouraging people to leave his country. When there is an appeal to accept Cubans, there is an equally strong and deep concern about the many Haitians who are fleeing from an intolerable situation there. Canada cannot take them all. Canada cannot solve the problem alone, but Canada must do its part.

With all our economic travails in this country—and we have them; we have problems, and our people face inequities and iniquities in the economic field—all we are being asked to do is to vote some money. Indeed, in a sense it is just an advance, as the honourable senator set forth the record. Considering the gravity of the situation, I think the least we can do is to expedite the passage of this measure and bring up to date our increasing and continuing contribution to solving a problem which is so vast and is surely the problem of all decent mankind.

Motion agreed to and bill read second time.

Hon. Royce Frith (Deputy Leader of the Government) moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

QUEBEC AND MONTREAL PORT WARDENS ACTS

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Léopold Langlois moved the second reading of Bill S-3, to amend an Act to provide for the appointment of a Port Warden for the Harbour of Quebec and to amend an Act to amend and consolidate the Acts relating to the office of Port Warden for the Harbour of Montreal.

[*Translation*]

He said: Honourable senators, I assume I shall be allowed a few minutes to take this first opportunity to address the house in the course of this Parliament, to extend my warmest congratulations to our new Speaker, with my best wishes for a successful career in the eminent responsibilities he is assuming with such talent and dignity. I am convinced his past experience is a guarantee of success in his new functions.

[*English*]

Honourable senators, I will begin my speech by giving the house some preliminary information on the background of Bill S-3, which came to this house during the last session, and was then called Bill S-6.

This bill is indeed short and simple enough, as it purports to amend two very old statutes respecting the authority of the Port Wardens of Quebec City and the City of Montreal. The first of these old statutes is an act to provide for the appointment of a Port Warden for the Harbour of Quebec, assented to on April 14, 1871, the preamble to which reads:

> Whereas the increasing trade of the City and the business of the Harbor of Quebec render the office of Port Warden necessary; Therefore, Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows.

Then the act provides for the appointment of a Port Warden by the Governor in Council, on the recommendation of the Board of Trade of Quebec, and thereafter provides for the appointment of a Board of Examiners to choose suitable candidates for the position of Deputy Port Warden, and the prerequisites to the exercise of the function, such as the oath of office and so on.

• (1540)

The second act to be amended by this bill is an act to amend and consolidate the acts relating to the office of Port Warden for the Harbour of Montreal, assented to on May 17, 1882. Under that act, several acts of the legislature of the late Province of Canada and an act of the Parliament of Canada were amended, "save and except that the Port Warden of the Harbour of Montreal, the Deputy Port Warden of the said harbour, and the Board of Examiners appointed under the said last-mentioned Act, shall continue to hold their respective offices until their successors have been appointed under this Act." It then provided for the prerequisites to the exercise of these functions.

One final comment before dealing with the contents of the bill before us. I should like to refer honourable senators to Part XIII of the Canada Shipping Act, under the title "Port Wardens" where it is provided, in respect of other ports and public harbours of Canada, that port wardens are appointed, not on the recommendation of local boards of trade, such as is the case for Quebec and Montreal, but directly by the Governor in Council. The act itself then provides for the appointment of these port wardens, their duties, and so forth.

The first section under Part XIII of the Canada Shipping Act is section 602, which reads as follows:

> This Part does not apply to the harbour of Quebec or Montreal.

So, we are dealing with special legislation having to do with two major ports of this country.

By way of background, this measure, in the original Bill S-6, received first reading in the other place on November 9, 1979, first reading in the Senate having been given on October 18 of the same year. Second reading by the Senate was on November 6, following which the bill was referred to the Standing Senate Committee on Transport and Communications. The first meeting of the committee on this measure took place on November 15, 1979, followed by a second meeting on November 29. During those two meetings of the committee, three

modifications were adopted to the text of the amendments to the Quebec Port Warden Act so as to harmonize the text of that act with the text of the amendment dealing with port wardens for the Harbour of Montreal. Those modifications now form part of the bill before the Senate.

Third reading of Bill S-6 by the Senate was scheduled for December 18, 1979. However, on that date, as we all know, Parliament was dissolved. Consequently, Bill S-6 died on the order paper.

Bill S-3 would permit increases over and above those now allowed in respect of charges for the services provided by the port wardens for the ports of Montreal and Quebec. The duties of port wardens are varied, but basically deal with the examination of the condition and stowage of goods carried as ship's cargo. Port wardens are required, among other things, to survey ships on arrival in Canada to ascertain the causes of damage to cargoes, to superintend the loading of grain, concentrates, timber and dangerous goods to established international safety standards, and to arbitrate disputes that may arise among the various parties involved in the loading and/or discharging process.

The amendment of these acts would eliminate the provisions calling for a ceiling on the maximum fees and disbursements chargeable for the services of the port wardens in these two respective ports. The new proposals would allow the councils of the boards of trade in Quebec and Montreal to establish fees and charges, subject to approval by the Governor in Council, in excess of the maxima now legally permitted under the present legislation.

Those maximum rates, with the approval of the Governor in Council, have been exceeded several times during the past 20 years. However, in 1977, when the last application for a similar increase was received from Montreal, the Department of Justice declined to sanction further increases until such time as the act was amended. We now have a situation in which the tariffs in both ports would appear to be *ultra vires*.

The Montreal Board of Trade advises that the port warden's office is now operating at a loss, and will continue to do so until such time as tariffs can be increased. It should be understood that neither port wishes to operate this service on a profit-making basis. Services are provided for the benefit of Canadian exporters and are an additional incentive to purchasers of Canadian products in that prospective purchasers are assured that all cargoes will be loaded safely under supervision and, as a consequence, should normally arrive at the port of destination in good order.

Similar services are provided at other Canadian ports through port wardens employed by Transport Canada on a cost-recovery basis. The ports of Montreal and Quebec wish only to be permitted to charge similar rates to those of their federal counterparts. The shipping fraternity, together with Canadian exporters, have indicated their willingness to pay reasonable rates for a service that is today internationally accepted as an integral part of the customer service provided by Canada to her trading partners.

[Senator Langlois.]

Should the ports in question be denied this request, then both cities would be obliged to subsidize a service that is provided in all other Canadian ports, on a cost-recovery basis, by the federal government. This would obviously place both ports at an unfair disadvantage, especially when one considers that the costs in question are largely recovered from foreign shipowners.

Although Quebec and Montreal both operate their port warden services independently, it is an integral part of both acts that all tariff increases have to receive the approval of the Governor in Council. What is envisaged is that the tariffs for both ports largely parallel the rate structure charged by Transport Canada port wardens, as established under the Canada Shipping Act in the fashion that I have previously described.

Of a less important nature, the proposals to change the titles of both corporations are necessitated due to the fact that, first, the 1882 Montreal act inadvertently used the term "Chambre de Commerce" rather than "Bureau de Commerce" the latter being the term used when the Montreal Board of Trade was incorporated in 1842; secondly, the Quebec organization changed its title, through letters patent, in 1971, as a result of which it is now named "la Chambre de commerce et de l'industrie du Québec métropolitain."

In conclusion, I would remind honourable senators of the decades of excellent service that have been provided to Canadian exporters and to the marine industry in general by port wardens throughout Canada. In order that this level of service may be maintained in Quebec and Montreal, and to allow the costing for the services provided to be standardized nation-wide, I call upon all honourable senators to support the proposed amendments outlined in Bill S-3 now before us.

As this bill, in the form of Bill S-6, was thoroughly studied by the Standing Senate Committee on Transport and Communications in the last Parliament, I suggest that it is not necessary that Bill S-3 be referred to that committee. In making this suggestion, I assume that I shall have the support of the chairman of the committee. It seems to me that Bill S-3 could be proceeded with without the necessity of a second referral to committee.

Senator Smith (Colchester): Honourable senators, in the event that I am not here when this question arises again, may I take this opportunity to say that, as Chairman of the Standing Senate Committee on Transport and Communications, I concur entirely in Senator Langlois' view that the bill not be again referred to committee.

On motion of Senator Charbonneau, debate adjourned.

● (1550)

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from yesterday consideration of His Excellency the Governor General's Speech at the Opening of the First Session of the Thirty-second Parliament, and the motion of Senator Rousseau, seconded by Senator Hays, for an Address in reply thereto.

Hon. G. I. Smith: Honourable senators, as I rise to take part in this debate, my first words are ones of very warm congratulation to His Honour the Speaker on his having been chosen to preside over the activities of this chamber. I know that he will perform his duties with grace, with dignity, with wisdom and with firmness, and that at those functions outside this chamber at which he will be called upon to represent this house he will always do so in a manner consistent with its ancient and proud traditions.

I should like to offer my very warmest congratulations to His Honour's predecessor, Senator Allister Grosart. He was not granted a long time in which to use, for our benefit, his wit, his wisdom and his ability, but it was long enough to demonstrate to all his great capability, his firm prudence, his breadth of learning and his knowledge of parliamentary rules and procedures.

I should like next to offer my congratulations and good wishes to the two honourable and distinguished senators who have become ministers of the Crown following the events of February 18. I regret that they have not been able to stay to avail themselves of the benefit of the gems of knowledge and wisdom which I meant to impart to them, but perhaps the Deputy Leader of the Government will explain to them their great misfortune in missing it.

It is impossible not to notice that these two honourable ministers did not come to their high estate in the usual way—that is, by the electoral victory of the party to which they belong in that part of the country from which they come. Indeed, they arrived at their present state by just the opposite route. But by whatever means they arrived, they have my very good wishes as they discharge the heavy responsibilities which have come to them.

I am sure that with all other honourable senators I share a sense of satisfaction in knowing that we have among us a total of three ministers of the Crown and two others of our colleagues who occupied similar posts in the last Parliament. It may be that as time goes on these three honourable ministers will come to feel that we do not over-emphasize approval of the way in which they and their colleagues discharge the duties of government. However, be that as it may, I wish them well, although I do not suppose that they will find it easy to equal the high standards set by their predecessors as ministers in this chamber during the last Parliament.

I offer my congratulations and good wishes to the Honourable the Leader of the Government in the Senate. He too will have a hard time to equal the wit, wisdom and ability with which his immediate predecessor discharged the duties of Leader of the Government. I congratulate also the Deputy Leader of the Government in the Senate and look forward, in due course, to exchanging words of mutual wisdom with him from time to time.

To the Honourable Leader of Her Majesty's Opposition in the Senate I must say that I wish that the circumstances of life had continued to allow him to carry out those functions which he performed so ably in the last Parliament as Leader of the Government in the Senate and as Minister of Justice and Attorney General of Canada. However, that was not to be, and so now I welcome him once again as a Leader of the Opposition whom I am proud and pleased to follow. The Deputy Leader of the Opposition, is, of course, one of the ablest and best-known public figures in our country. Though I would much rather have seen him continue in the role of Deputy Leader of the Government, I feel a sense of satisfaction as one of his colleagues as he carries out the duties of his new office.

Honourable senators, I join with those who have preceded me in this debate in offering congratulations to the mover and seconder of the Address in reply to the Speech from the Throne. The gracious speech so eloquently delivered by His Excellency, but not written by authors of equal talent, is not much of a speech; but the mover and seconder wisely did not allow it to hinder them by paying much attention to it. Consequently, they were able to make excellent speeches which we were all glad to hear.

As might be expected in these times, the gracious speech made a number of references to the question of energy and the various aspects thereof. One such reference was to the much discussed gas pipeline to Quebec and the Maritime provinces, often called the Q & M Pipeline. In Nova Scotia we hope to see that pipeline bringing in gas from Alberta for use in Nova Scotia and the other maritime provinces before many years have passed. We hope that it will also be capable of carrying gas from Nova Scotia westward, as that becomes feasible, as we are all confident it will.

As is consistent with the role of a member of this chamber, although first I am a Canadian, one of my duties here is to speak for the ancient province which I represent and the beautiful region in which it is set. I had hoped that this government might show a more sensitive regard for the Atlantic region than did its predecessor which was relieved of duty last May. Alas, honourable senators, the gracious speech does not show much evidence of such improvement. Indeed, it does not wait long to dampen any such hopes. Its first reference to the Atlantic region occurs in the third page of the seventeen pages for which it rambles on. Far from raising hopes for better things, this reference is couched in words of insulting disdain which I never thought even this government would sink so low and grow so small as to ask His Excellency to read about any part of Canada. Instead of rejoicing that this historic region seems likely, at long last, to share in some of the good fortune and excellent resources so long enjoyed by other Canadians, listen to the way the authors of this document give the backs of their hands to the Atlantic region and our new-found potential opportunities.

> In the Atlantic, disadvantaged for so long, the promise of new resource riches has already led to squabbles about their future distribution.

I put the use of these disdainful words to the Minister of State for Economic Development the other day, and I was sorry to see that he did not seem to think that there was anything wrong with the use of them. Let us look at them for a moment, distasteful as they are.

• (1600)

The word "squabble" is not a gracious or a complimentary word. It conjures up visions of petty people engaged in petty quarrels about petty things in a loud and petty way. Let me give you the definition of the word "squabble" in Funk & Wagnalls Standard Dictionary of the English Language. Here it is: "squabble—to carry on a petty or unseemly wrangle".

The word "wrangle" is defined in the same dictionary as "an angry or noisy dispute or quarrel."

For those who prefer the Oxford Dictionary, I quote from the Concise Oxford Dictionary, Fifth Edition, 1964: "squabble—engage in petty or noisy quarrel."

Honourable senators, although I am not able to give this government credit for any overabundance of wisdom, I think even its most vigorous critics would have to agree that it does know the dictionary meanings of ordinary, everyday words. Accordingly, I cannot help but believe that their use of the word "squabble" was intentional; that they knew what it means and they meant what it means! Accordingly, the sentence we have just read in fact means: "In the Atlantic, disadvantaged for so long, the promise of new resource riches has already led to petty or unseemly wrangles, or angry or noisy disputes or quarrels, or a petty or noisy quarrel."

Honourable senators, is that a reasonable way in which to approach one of the great, historic regions of this country? Is that a reasonable way in which to promote Canadian unity? How can it be a petty, noisy wrangle to insist on claiming one's actual rights? Would it be a petty, noisy wrangle, for instance, for Alberta to say, "We in the province of Alberta own the oil and gas found within our geographic boundaries"; or for Saskatchewan to say, "We claim our oil and our potash"; or for British Columbia to claim, "We own our forests."? Would that be a petty wrangle?

Well, honourable senators, I agree it might turn out to be noisy, if it was noisily disputed by the federal government, but it would certainly not be a petty wrangle on the part of any of those provinces that I have mentioned.

How, then, honourable senators, can it be said to be a petty, noisy wrangle by the Atlantic provinces to claim that they own the rich resources which are potentially creating an opportunity for them to enjoy something that some parts of Canada have enjoyed for many years?

Is the ownership of the oil found in the Hibernia well off the shores of Newfoundland a petty matter? Is Newfoundland engaging in a petty, noisy, wrangle when it claims the ownership of these riches? What about the ownership of any gas or oil which may be found off the shores of Nova Scotia—particularly as now seems to be a proven fact in Sable Island and in the waters adjacent to it? Is it a petty wrangle for Nova Scotia to say, "Those are our resources. We want to control them." No, honourable senators. No, indeed! I answer as loudly and as vigorously as I can, and I am most grievously disappointed—and I am not alone—that the federal government should look upon these vitally important things in such a disdainful light. Again I ask: Is this the way to preserve national unity? Is such a way to be found in the disdainful attitude of the Government of Canada?

Honourable senators, this brings me to a question which I discussed last October in this chamber for a while and which I wish to mention rather briefly today, and that is jurisdiction over offshore oil and gas. This is a complicated subject which would take considerable time to consider properly, and so it is my intention soon to give notice of an inquiry about various aspects of this important matter which will provide an opportunity for full debate about it. It is of particular significance to the Atlantic region, but it is of great concern to all Canadians. It is well known that Nova Scotia and Newfoundland claim jurisdiction over all minerals in the continental shelf. Nova Scotia also claims Sable Island. Perhaps it is not so well known that a bill is now before the Nova Scotia legislature which, among other things, claims jurisdiction over the continental shelf.

There are many people who claim, or think, that the Supreme Court of Canada decision in the British Columbia Reference case in 1967 decided against such provincial claims. But that is not so. The court itself said it was not deciding anything but the British Columbia claim and that different historical facts in other cases might lead to different decisions in other cases. There are such different historical facts in the Atlantic provinces.

It is my intention, with your consent, honourable senators, in discussing the inquiry of which I have said I intend to give notice, to draw attention to these significantly different facts—facts which I think strongly support the Atlantic claims, with particular reference to Nova Scotia.

Honourable senators, I have briefly submitted now that the Atlantic provinces, and particularly Nova Scotia, have the right to exploit the mineral resources of all kinds contained in the continental shelf, and that Nova Scotia claims and owns Sable Island. It seems to me that this legal claim is well founded and ought to be accepted by the Government of Canada without further dispute on purely legal grounds. There is, however, I submit, honourable senators, just as strong a claim to such ownership by those provinces in a political sense and as a case of doing simple justice.

Such claim arises from the fact that the areas contained within the boundaries of the provinces of Quebec, Ontario and Manitoba were greatly enlarged in 1912. That enlargement was accomplished by extending the boundaries of those provinces to include very large portions of the northern lands which belonged to Canada as a whole, but without any arrangement to compensate the maritime provinces for the loss of their share in the ownership of those lands.

The area of Quebec was increased from 351,873 square miles to 594,860 square miles. About 240,000 square miles were added to that province—an area, incidentally, about ten times that of Nova Scotia. The area of Ontario was increased from 260,862 square miles to 412,582 square miles, an increase of about 150,000 square miles, while the area of

Manitoba was increased from 73,732 square miles to 251,000 square miles.

It does not require a very careful search to ascertain that a high proportion of the total wealth of those provinces in natural resources arises from the lands thus conveyed to them to enlarge their boundaries. No such opportunity existed then, or exists now, to enlarge the dry land boundaries of the maritime provinces. Consequently, up to this time, so far as dry land boundaries are concerned, they have been compelled to exist within the boundaries established before Confederation, which I assert on legal grounds reach to the continental shelf. For those who do not agree, I would say, here is the opportunity to extend the boundaries of Nova Scotia, New Brunswick and Prince Edward Island in a way to equal the extension granted those provinces I have mentioned.

• (1610)

They have had no such opportunity to enrich their reservoir of natural resources by extensions of the kind granted to Quebec, Ontario and Manitoba—although as original members of Confederation, Nova Scotia and New Brunswick were at least part owners of the lands used to enlarge the other three provinces; and their consent was never asked or given.

No constitutional amendment was required to effect this enlargement of the boundaries of the three provinces I have mentioned. It was done pursuant to section 3 of the British North America Act of 1871, which reads:

> The Parliament of Canada may from time to time with the consent of the Legislature of any Province of the said Dominion, increase, diminish, or otherwise alter the limits of such Province, upon such terms and conditions as may be agreed to by the said Legislature, and may, with the like consent, make provision respecting the effect and operation of any such increase or diminution or alteration of territory in relation to any Province affected thereby.

As I have said several times, we in Nova Scotia believe we already own the continental shelf off our shores and all that therein is. We claim it because, as stated in the Truman proclamation of 1945 dealing with the matter of the continental shelf, the continental shelf may be regarded as an extension of the land under the territorial sea and thus naturally appurtenant to that land under the territorial sea.

But for those who claim that the shelf belongs to Canada and not to the province, what a golden opportunity to render justice to Nova Scotia, New Brunswick and Prince Edward Island! Let Canada renounce by statute any claim to the shelf in favour of those provinces, just as Canada, by simple statute, gave nearly 600,000 square miles to the provinces of Quebec, Ontario and Manitoba—600,000 square miles of rich territory in which at least Nova Scotia and New Brunswick owned a share, a share of which they were deprived without their consent or consultation.

Let the Parliament of Canada, consistent with the authority of the B.N.A. Act of 1871, a portion of which I have just read, increase the limits of each of the provinces of Nova Scotia, New Brunswick and Prince Edward Island, with the consent of the legislatures of those provinces, to make it clear that their boundaries do include such of the continental shelf as lies off their shores.

Honourable senators, let me assure you that the people of the Atlantic region are good and loyal Canadians, devoted to a united Canada, with a central government strong enough to govern our great country in the interests of all its people, wherever they may live. We do not seek control of territorial resources that we claim as ours in order to deprive other Canadians of the benefits which flow from ownership of those resources, but rather to ensure that those resources are used and developed with reasonable regard for our best interests as well as the best interests of Canada.

Honourable senators, Nova Scotia did not join as an original partner in creating Canada for economic reasons. Nova Scotia joined in that great enterprise because of the belief that here, in the northern half of North America, we could help build a great nation, independent of the United States and independent of any European or other power; a great nation where people could live in freedom, cherishing and nourishing the growth of liberty consistent with the rights of individuals and the public good. Canadians have accomplished much of this grand goal. Let us not let those accomplishments slip away.

On motion of Senator Frith, for Senator Lang, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 144*)

FOREIGN AFFAIRS

DESECRATION OF CANADIAN WAR GRAVES IN FRANCE—COMMUNICATION FROM CANADIAN EMBASSY IN PARIS

From: Paris, France
April 11, 1980
To: DVA, Ottawa
Re: Desecration of Canadian Cemetery

Following is the text of a letter received yesterday from the Secretary of State to Veterans, Maurice Plantier.

> I have learned with deep indignation and a sincere affliction of the desecration of 22 Canadian graves at Cintheaux Cemetery, under the odious pretence that they cover the remains of soldiers of the Israelite faith.
>
> The Government of France and France itself do not forget the sacrifices made by the soldiers from the other side of the Atlantic, in order to bring back to Europe a liberty chased away by Nazism.
>
> In the name of all French veterans, please accept, Your Excellency, the deep regrets of our fellow citizens.

The particularly warm tone of this letter together with the rapid reaction of the Secretary of State indicate the wish of the French authorities to underline the disgust shown in France towards desecration of Canadian graves.

STATEMENT PREPARED FOR THE MINISTER OF VETERANS AFFAIRS

As you may know, the Minister of Veterans Affairs is the Canadian agent of the Commonwealth War Graves Commission. In this capacity I wish to provide you with an interim report received through the Commission's Canadian agency.

On the weekend of April 5-6, 1980, of 2,872 headstones marking the burial places of Canadian war dead at Bretteville-sur-Laize Canadian War Cemetery near Caen, France, 23 were damaged. The act is seen as deliberate and motivated by anti-Jewish sentiment. All damaged headstones were engraved with the Star of David religious symbol.

Works teams of the Commonwealth War Graves Commission on April 7-8, 1980, commenced clean-up and installation of temporary markers. Since damage was found to be severe, new headstones will require to be ordered from Italy, engraved in the France area workshop and emplaced as soon as possible. This is in progress. Commission records and site plans preclude the possibility of error in the process.

The senior official of the Commune of Cintheaux, Province of Calvados, France, in whose area the cemetery lies has apologized to the Commission. This constitutes an apology to the people of Canada. I should add that the Commission holds title to the land where the cemetery is located on behalf of the participating Commonwealth governments. This land is a gift in perpetuity from the people of France.

This despicable act, together with other non-described but less severe and equally mindless activity, perpetrated at the same time, is under investigation by French authorities.

THE SENATE

Thursday, May 1, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Royce Frith (Deputy Leader of the Government) tabled:

Report of the Canadian Turkey Marketing Agency, together with financial statements and the auditors' report thereon, for the year ended December 31, 1979, pursuant to section 31 of the *Farm Products Marketing Agencies Act*, Chapter 65, Statutes of Canada, 1970-71-72.

Report respecting operations of the *Medical Care Act* for the fiscal year ended March 31, 1978, pursuant to section 9 of the said Act, Chapter M-8, R.S.C., 1970.

BANKING, TRADE AND COMMERCE

REPORT OF COMMITTEE EXPENSES TABLED

Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, tabled, pursuant to rule 84, a report of expenses incurred by the committee in the First Session of the Thirty-first Parliament.

[For text of report, see today's *Minutes of the Proceedings of the Senate.*]

● (1405)

FOREIGN AFFAIRS

REPORT OF COMMITTEE EXPENSES TABLED

Hon. George C. van Roggen, Chairman of the Standing Senate Committee on Foreign Affairs, tabled, pursuant to rule 84, a report of expenses incurred by the committee in the First Session of the Thirty-first Parliament.

[For text of report, see today's *Minutes of the Proceedings of the Senate.*]

CANADA-UNITED STATES RELATIONS

FOREIGN AFFAIRS COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. George C. van Roggen, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Foreign Affairs be authorized to continue its examination of and report upon Canadian relations with the United States;

That the papers and evidence received and taken on the subject in the Twenty-ninth, Thirtieth and Thirty-first Parliaments be referred to the committee;

That the committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the purpose of the said examination and for the purpose of its examination and consideration of such legislation and other matters as may be referred to it, at such rates of remuneration and reimbursement as the committee may determine, and to compensate witnesses by reimbursement of travelling and living expenses, if required, in such amount as the committee may determine; and

That the committee have power to sit during adjournments of the Senate.

Motion agreed to.

● (1410)

LEGAL AND CONSTITUTIONAL AFFAIRS

CHANGE IN COMMITTEE MEMBERSHIP

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Lamontagne be added to the list of senators serving on the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

NATIONAL FINANCE

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Lewis be substituted for that of the Honourable Senator Davey on the list of senators serving on the Standing Senate Committee on National Finance.

Motion agreed to.

[*Translation*]

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

That the Standing Senate Committee on National Finance have power to sit while the Senate is sitting on

Wednesday next, May 7, 1980, and that rule 76(4) be suspended in relation thereto.

Honourable senators, before the motion is put and by way of explanation, I must say that I moved this motion because the committee will consider the supplementary estimates and we hope it will be possible to submit a report to the Senate before the bill based on these estimates is received from the House of Commons.

Motion agreed to.

[*English*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved that when the Senate adjourns today it do stand adjourned until Monday next, May 5, 1980, at 8 o'clock in the evening.

Motion agreed to.

● (1415)

QUESTION PERIOD

[*English*]

ENERGY

DOMESTIC OIL PRICE—FEDERAL-PROVINCIAL NEGOTIATIONS

Hon. R. James Balfour: Honourable senators, my question is directed to the Minister of State for Economic Development. The Prime Minister is reported to have said yesterday that the domestic price for gasoline will increase this year by 12.5 cents a gallon, such amount to be derived from the per-barrel increase to be negotiated with the producing provinces. Would the Minister of State for Economic Development explain how the federal government can achieve revenues comparable to those which the previous government had anticipated by allowing the price to increase by only 12.5 cents per gallon?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not believe the federal government intends or has ever said that it intends to achieve a revenue as high as, for example, the excise tax would have involved.

Senator Balfour: I have a supplementary question for the honourable gentleman. The Minister of Energy, Mines and Resources is reported to have said on April 16 that the government expects to receive as much from the anticipated agreement with the producing provinces as the previous government would have received. Since the previous government foresaw a 16-cent per gallon increase exclusive of the excise tax, would the minister try again to tell us how his government expects to receive as much revenue from a smaller price increase?

[Senator Frith.]

Senator Olson: The honourable senator is asking, of course, for the details and the results of a whole series of negotiations that have not yet begun. We will go to those negotiations hoping that all parties involved will be reasonable. Certainly he would not expect me to tell him the results of those negotiations before they have concluded.

Senator Flynn: Before they have started.

Senator Balfour: I have a further supplementary for the honourable gentleman. The Minister of Finance has said that he expects the net outlay for the oil import compensation program to decrease by $1 billion upon conclusion of a pricing agreement. How does the Minister of State for Economic Development reconcile that expectation with Mr. Lalonde's expectations and with the promise of the Prime Minister that the oil import compensation formula would not be tampered with, and with the Prime Minister's statement yesterday that prices will increase by only 12.5 cents per gallon?

Senator Olson: Honourable senators, to put it more accurately, I think the Minister of Finance said that he hoped the cost involved at some point in the future, after the negotiations are completed, would reduce that expenditure by as much as $1 billion or about $1 billion. He has a right to express that hope. Here again it will certainly depend on the details of the agreement when it comes to be. It is perfectly obvious to everyone who has looked into this matter that narrowing the gap between the domestic price and the import price lowers the federal expenditure in that respect.

Senator Balfour: Honourable senators, what has become obvious is that two and two do not make five.

Senator Olson: I do not think the problem was with my arithmetic though.

Senator Flynn: It was with your campaign.

OIL IMPORTED FROM MEXICO—COST OF CONVERSION

Hon. Guy Charbonneau: I should like to ask a question of the Minister of State for Economic Development. I wish to refer again to the government's or PetroCan's negotiations, if they have begun, with Mexico for the purchase of oil. Since this oil is among the world's most expensive and cannot be used in most Canadian refineries without expensive conversion, would the minister tell us who will bear the cost of these conversions?

● (1420)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I could not comment at this stage without some notice in order to examine the technical implications of what the honourable senator has referred to as differences in quality. I suppose that depends on which field you get the oil from in Mexico. There is a variation in that. Some of it is compatible with the installed refining capacity that we have; there are probably some other grades of oil where the hydrocarbon ratio is different, where there would be some additional costs. That would probably come out in the negotiations. I

would also expect it is fair to assume that if there is a difference in quality it would be priced differently.

Senator Charbonneau: Is the minister telling me that these additional costs have not been taken into consideration as possible subsidies for imported oil? In other words, if I may rephrase it: are we going into negotiations without having looked to the possible additional costs of conversion, which of course could have a big impact on our subsidies?

Senator Olson: I don't mind honourable senators opposite trying to get from me, if they can, a conclusion to negotiations between Petro-Canada and Mexico and between the federal government and the provinces. I would hope honourable senators would not expect me to give the results, or even all of the details of the terms and conditions that are being negotiated, including price, while the negotiations are going on.

Senator Asselin: Why not?

Senator Olson: I could try to get some of that information, but I would expect that these and a whole lot of other details are on the table to be negotiated, and we cannot give the results until the negotiations are finished.

Senator Charbonneau: The only point I am getting at is that surely our negotiators have an idea of the costs of conversion because of the different type of oil from Mexico, and before going into any negotiations I presume that these costs have been looked into.

Senator Olson: I presume they are being looked into too.

Senator Flynn: You only presume? You should know.

Senator Olson: To satisfy the honourable senator, I will give an undertaking to convey his concern so that the negotiators know for sure that there might be a difference in the conversion costs, that they should take that into account so that there will be no question of their slipping on negotiating that as well.

Senator Charbonneau: If I understand the minister aright, he is telling me that absolutely no cost differentials have been studied—

Senator Olson: No, I am not.

Senator Charbonneau: —and we are going out to negotiate without having any idea of what our conversion costs are going to be.

Senator Olson: No, not at all. The honourable senator's question was phrased in such a way that he assumes the negotiators are unaware of that. I do not accept that. I believe they are aware of it. I have given him an undertaking that I will send a message to them that the honourable senator has raised it here, and that they must take it into account because he thinks it is important.

EXPORTATION OF NATURAL GAS

Hon. Nathan Nurgitz: I have a question for the Minister of State for Economic Development. Now that the National Energy Board has approved the pre-build portion of the Alaska Highway gas pipeline and recommended that extra gas exporting rights be granted to Pan-Alberta Gas Limited, I trust the government is soon to be faced with approving those exports.

● (1425)

Given that the Minister of Energy today was vocal in his opposition to gas exports announced last December by the former government, and accusing the former government, I believe, of selling our birthright, is it the government's intention to refuse those exports?

Hon. H. A. Olson (Minister of State for Economic Development): I think it is wrong for the honourable senator to say that the National Energy Board has approved the pre-build portion. I hope that he is not dragging me into making any comments on hearings that are now going on before the National Energy Board.

Senator Flynn: And we would have to drag you, in fact.

Senator Olson: The fact is that it has approved certain volumes if the pre-build portion goes ahead. That is known. There are some amendments to clause 12 of Schedule III of the act that have to be made. They have approved them, too. At this moment there are hearings taking place respecting the financing. There will not be any approval until it considers that and approves the financing. So I do not think the preamble to the question was accurate. However, to deal with the question respecting the government's position relating to exports of gas, the National Energy Board now has found, as a result of conducting other hearings, that there is some additional gas supply surplus to Canada's requirements. That is what is involved in the export through the pre-build.

COST TO CANADIAN GOVERNMENT OF FUEL PURCHASED IN CANADA BY FOREIGN AIRLINES AND MOTORISTS

Hon. Robert Muir: Honourable senators, I should like to pose a question to the Minister of State for Economic Development. Is the minister aware of figures which indicate that foreign airlines will save $300 million this year by purchasing jet fuel in Canada?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have heard some figures mentioned and I have been given an unconfirmed indication that commercial jetliners are taking on larger fuel supplies in Canada than they have traditionally done. This is of concern to the government and we are looking into it.

Senator Muir: I am glad to hear that you are concerned about it and that you are looking into it. My supplementary question is whether it is the government's intention to continue the policy of hiding the true price of fuel from Canadians, thereby making it possible for foreign airlines to benefit to the tune of $300 million this year?

Senator Olson: There is no truth at all to the statement that the government is attempting to hide the true price of fuel from Canadians.

Senator Flynn: Only during election campaigns.

Senator Muir: I am trying to elicit information. With the high-priced staff surrounding the minister, he should have all the facts at hand. It is not my job to do the research for him.

Honourable senators, I have a supplementary question. The Minister of State for Economic Development mentioned reports in his last answer, so I will refer to reports. Reports last week indicated that American motorists may receive what amounts to a subsidy of $100 million this year on gasoline purchases in Canada. In light of the apparent resolve by this government not to have Canadian fuel prices reflect the true costs of that fuel, is action anticipated which would set a different price for foreign consumers of jet fuel and gasoline so that Canadian taxpayers will not have to subsidize these consumers to the extent of approximately $400 million a year? Why should Canadian taxpayers have to subsidize foreign consumers of jet fuel and gasoline?

Senator Olson: There is a great deal involved in that question. For example, if you put in a control mechanism that is not going to allow tourists to buy gasoline when in Canada, there would be some objection to that kind of regime from a large number of people in Canada who rely heavily on the tourist industry. That is one thing. We have heard reports that some Americans are coming across the border, filling up their gasoline tanks, and then going home. That, perhaps, is a significant amount in total, but there are some administrative problems involved in controlling or stopping the practice. I think the honourable senator should give us at least a little time to look into these matters and try to establish some kind of reasonable administration. We do not wish to close our border with the United States in this respect. Also, I think we need a little more time—

• (1430)

Senator Flynn: How long?

Senator Olson: —with respect to the problem of foreign commercial airliners taking on larger than normal supplies of fuel in Canada. We are concerned about the fact that in some cases these airlines are buying this fuel at a subsidized price. We are as concerned about that as my honourable friend.

Senator Flynn: Yes, now that you have won the election.

Senator Muir: I thank the honourable minister for his reply. However, I am sure he is misconstruing—whether intentionally or not, I do not know—my question. I served with him in the other place, and he knows of my interest in tourism in this country, an industry that brings in many dollars.

Senator Olson: And you would not want to interfere with that.

Senator Muir: Far be it from me to ever suggest that anything should interfere with genuine tourism. However, I would like to know, as my leader wants to know, how long it is going to take the government to decide on a course of action to prevent these giant multinational companies, billionaire companies, from flying into Montreal and loading up with thousands and thousands of gallons of jet fuel at a price subsidized by the Canadian taxpayer, and then flitting off somewhere else. The Canadian people are paying for this subsidy to the extent of $400 million. That is one estimate. I am sure the minister has the figures at hand.

Senator Steuart: You had nine months in which to do something. What did you do about it?

Senator Flynn: We presented a budget which you defeated. Come on, wake up, Senator Steuart!

Senator Frith: The Canadian people defeated the budget.

Senator Charbonneau: We tried to do something about it, but you would not let us.

Senator Muir: Go ahead, Mr. Minister. Don't let those at the back interfere.

Senator Olson: I think the background comments were appropriate.

Senator Flynn: Of course, you would.

Senator Olson: As far as the cost of the subsidy being $400 million, that is a figure that must come from the "Muir Bureau of Statistics." It is not our figure. As a matter of fact, one of the difficulties is to ascertain the extent of the amount. I am sure Senator Muir, if he really thinks this thing through, would agree that we should not move into severe controls in this respect without carefully looking at all of the ramifications of such controls. As far as we are concerned, we believe in there being as much free trade as possible.

Senator Muir: But you want to hit the Canadian taxpayer as hard as you can.

AGRICULTURE

ASSISTANCE FOR FARMERS

Hon. Orville H. Phillips: Honourable senators, I have a question for the Minister of State for Economic Development. In view of the fact that Canadian farmers have to borrow approximately $7 billion this year for seed, fertilizer, pesticides, and so forth, the Minister of Agriculture stated last week that the government would be announcing, early this week, a program to assist farmers in these purchases.

Is Thursday "early" enough in the week for the minister to give the chamber some information on that program?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I shall seek to obtain any statement which the Minister of Agriculture makes in respect of that program and convey it to this chamber as rapidly as possible. I am unaware of any such statement having been made to this minute.

Senator Phillips: A supplementary, honourable senators. Approximately 25,000 Canadian farmers will have difficulty in obtaining loans this spring. Could the minister assure us that they will receive the same urgent consideration as Chrysler Canada is receiving?

Senator Olson: That will probably be part of the statement of the Minister of Agriculture that the honourable senator has said is coming, and I will look at it with great interest.

SCIENCE AND TECHNOLOGY

RESEARCH AND DEVELOPMENT—GOVERNMENT FUNDING

Hon. Allister Grosart: Honourable senators, I have a factual question which, if our rules permitted, I would address to Senator Lamontagne, who could give me a factual answer. However, because of our rules, I address it to Minister "Who?"

• (1435)

The question relates, of course, to a statement published in the Toronto *Globe and Mail* this morning attributed to the Minister of Science and Technology. I do not have it on my desk in this case, and must rely on a newspaper report—although I am surprised that that is so—which states:

> Science Minister John Roberts says he plans to raise federal science spending by $190 million for 1980-81 in an effort to train more researchers and increase technological innovation in industry.

My question to whomever may be capable of answering it is: How can this be related to the following statement in the Speech from the Throne:

> My government reaffirms its commitment to increase Canada's overall expenditures on research and development to 1.5% of the value of the Gross National Product.

How does this very small amount of $190 million relate to that reaffirmation of a commitment?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I shall be pleased to pass that question on to the relevant minister.

Senator Grosart: I have a supplementary question which I would ask the deputy leader to also pass on. Does this represent a change of policy or a decision by the government not to implement that reaffirmation of its former commitment? I ask that because we are speaking in terms of 1.5 per cent of what we call gross expenditures on research and development as related to gross national product. I suspect that that statement in the Speech from the Throne may well have been inspired by the recognized Canadian expert on the subject, Senator Lamontagne.

I am interested to know, since Senator Lamontagne or others were able to get that statement placed in the Speech from the Throne, if there has been a change in policy.

Now I recognize that it is difficult for the deputy leader to answer, so perhaps he will permit me to add a few supplementaries, because this is the kind of factual question to which I think the Senate is entitled to a factual answer.

Because of the Senate's interest in this subject, I refer to the four reports by the Senate committee, commonly known as the Lamontagne committee. In its first report the committee recommended that this amount be 2.5 per cent of the gross national product. It has been whittled down now to a promise by the present government, carried on by the last government, that it would be about 1.5 per cent.

Perhaps the deputy leader would obtain an answer for me to this question with respect to this new policy: When will the gross expenditures on R&D reach 1.5 per cent of the gross national product? I ask that question because it seems to me of the utmost importance that we have an explanation of the following statement attributed to the Minister of Science and Technology:

> I don't think that it is practical for us—

I presume "us" means the Government of Canada.

> —to reach 1.5 per cent before the mid-decade, 1985.

I am sure that if Senator Lamontagne has not read that it will come as a shock to him.

Senator Asselin: He might not have been consulted.

• (1440)

Senator Grosart: A statement is alleged to have been made yesterday, or today, contradicting the statement that I quoted, to the effect that the government reaffirms its commitment to increase Canada's overall expenditures on research and development to 1.5 per cent of the value of the gross national product.

Hon. Joseph-Philippe Guay: Put the question!

Senator Grosart: The senator has just asked me to put the question. Well, I put that question and some other questions.

Senator Guay: Don't make a speech; just put your question.

Senator Grosart: I have asked for an answer, but certainly not from Senator Guay.

Senator Guay: Honourable senators, I would just remind the honourable senator that he, more than any one of us, should know how to put a question, and that he should take only a reasonable amount of time to do so.

Hon. Royce Frith (Deputy Leader of the Government): I am sure all honourable senators will understand why I am rather diffident about even suggesting that someone with the distinguished career that Senator Grosart has had in this chamber, as a member of the Committee on Standing Rules and Orders, as a former deputy leader, and indeed, as a former distinguished Speaker, might be out of order. However, I do think there is some doubt as to whether his question is in order. If I understood him correctly, he had some concerns about it himself.

For the sake of the record, his question might not be in order because it inquires whether statements made in a newspaper are true, which comes under a rule of the House of Commons that I believe would apply here as well owing to our rule 1.

I would prefer, with the permission of the Senate, not to so treat the honourable senator's question. If I understood the first part of the supplementary question, it was whether I would pass on his observations to the minister when I am

passing on his first question, and the answer to that is: "Yes, I will".

Senator Grosart: On a point of order, honourable senators, it is rather interesting that this matter should have been raised in this manner. I understood the Deputy Leader of the Government to say that it might not be in order for me to ask if a statement attributed to a minister is true. Of course, I did not ask that question at all. I quoted the statement by the minister and asked if that was a reflection of government policy. If that is not in order, then few of the questions asked in this house are in order. Surely it is quite in order to quote a statement attributed to a minister, and ask if that reflects government policy.

Senator Frith: I am sure all honourable senators will support me in the interpretation that I put on the question raised, which is the same charitable interpretation that the asker of the question has just put on it. I am quite content to leave it at that.

Senator Grosart: Again on a point of order, I might ask the deputy leader if he will inform the Senate whether a statement was made by the minister to the effect that is indicated by the report I quoted from.

Senator Olson: That is just asking if it is true or not.

Senator Grosart: No, I am asking if he made that statement. I am not asking if it is true. I am asking: Did he make that statement?

Senator Frith: I think it is already on the record, honourable senators, that I have said that I will gladly—I did not say "gladly" and, in fact, I am not sure that I am glad to. However, I will pass on the question and the observations made by the honourable senator.

Senator Grosart: That is all I ask. Thank you.

FINANCE

SOURCES OF PROJECTED FINANCIAL REQUIREMENTS

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development. In view of the large financial requirements of government for the year, as indicated in the mini-budget, will the minister give the chamber some detail on how the Government of Canada intends to obtain the projected $11.7 billion of financial requirements? What sources does the government intend that money to come from, or think that money is to come from?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, again the senator insists on using words in the preamble that really wreck the question, because he refers to something called a mini-budget.

Senator Flynn: What is it then?

Senator Olson: You can call it what you like. The minister was asked to give—

[Senator Frith.]

Senator Flynn: That is just what we are doing, so don't criticize us.

Senator Olson: He was asked to give a statement on the economy, and he did. The opposition chose to call it a mini-budget. They can do that, but we don't call it a mini-budget.

Senator Flynn: Well, you can agree or you can disagree.

Senator Asselin: What was it? A joke?

Senator Olson: The other part of the question, as I understood it, was as to where the government intends to obtain the financial requirements for the balance of this, and indeed the next, fiscal year. A simple answer, I guess, is that we intend to obtain that money from the traditional sources.

Senator Flynn: Very simple indeed!

Senator Olson: You don't understand it?

Senator Doody: I would have called the mini-budget something else, had I realized I was going to get such a warm and all-embracing, informative answer. However, I will refer to it this time as a financial statement and perhaps that will elicit some information for the house.

Would the minister tell me if these traditional sources will be primarily Bank of Canada printings? Obviously, if we put an extra bunch of money in from the Bank of Canada in return for bonds, that will simply add to the money supply, while obviously the inflationary effect will be even more devastating than it is now. Or will it be borrowed from the bond markets? Will we go to New York and put the country into hock, and to what degree? How much will be raised in Canada as an internal debt? Or will we go to Europe to get some of the more exotic currencies, some of the higher-priced, fluctuating currencies? What about the interest rates involved, and that sort of thing?

The third traditional source is the sale of Canada Savings Bonds here in the country itself. Well, answers to questions asked previously on Canada Savings Bonds seem to indicate that the government is not really trying to sell its own paper to the people of Canada, since it has decided that to make the interest rates competitive with the private marketplace would not be in the best interests of Canada.

In view of these matters, perhaps the honourable minister can give us some more information.

Senator Olson: Honourable senators, the Department of Finance has a number of people who are competent in assessing the financial markets on a day-to-day basis and certainly on a week-to-week basis. They anticipate the financial requirements of the government and, based on their judgment, they suggest which markets to go to, the timing and so on. All factors to the greatest advantage of Canada are taken into account when they offer bonds or other instruments for sale. I expect that that will continue.

All of the questions the honourable senator mentioned are not mine to decide, either before or after the fact, however.

Senator Flynn: Thank God.

Senator Olson: That is the responsibility of the Minister of Finance and his advisers, and I am sure the honourable senator knows that. Therefore I take the question as notice and I will ask the Minister of Finance, but I can almost assure the honourable senator what the minister's reply will be.

Senator Flynn: Oh, yes; he simply doesn't know.

Senator Olson: It is not the practice of the Department of Finance to give answers to all of those questions in advance or in anticipation of placing bond offerings.

Senator Doody: I have a further supplementary question. I realize that there are skilled and knowledgeable officials in the Department of Finance whose duty it is to look after the technical end of the government's cash requirement program. I would have suspected that those people in the ministry responsible for the economic development and direction of the country, however, would have some knowledge as to what direction the borrowing program or cash requirement program will take. Obviously, that will have a major effect on the economy during the coming year. If the Minister of Finance will make that information available to the honourable senator, perhaps he can bring it to the chamber.

There is another reason for my concern, and perhaps the honourable minister can obtain an answer to this question: Has the government or, as I understand it now, have the officials of the Department of Finance consulted with their counterparts in the provinces to try to co-ordinate the borrowing programs for the entire cash requirements of the country for the coming year? Obviously amounts as huge as we see here are going to have a big effect on the marketplace, if indeed we go to the marketplace. The public utilities, the municipalities and the provinces could very well clash with the Government of Canada in the marketplace if there is not some co-ordination. Can the minister tell us if this approach has been looked at?

• (1450)

Senator Olson: Honourable senators, I would expect that the pattern of exchange for cash requirements that has gone on between the provinces and the federal government will continue. I do not know if there is any change in the practice that has been followed in the past.

FOREIGN AFFAIRS

PLIGHT OF IRANIAN STUDENTS ENROLLED AT AMERICAN UNIVERSITIES

Hon. Edward M. Lawson: Honourable senators, my question is for the Minister of State for Economic Development, and it concerns the very delicate subject of the Iranian students, with specific reference to those who are presently in Vancouver, British Columbia. While I agree with the reason for President Carter's adopting the very firm policy of not allowing any more students into the country, and while I agree with the Canadian government's lending its support to that policy, my concern is with those students presently in Vancouver who appear to be the innocent victims of that policy.

I refer to two groups of students, some of whom came from Washington State University and some from the University of Idaho. They are architectural students who came to Canada on a field trip authorized and sponsored by their university, and they happened to be in Vancouver at the time the announcement was made and were denied re-entry into the United States. Some have since been allowed to go back to their respective universities to resume their studies.

I am advised that in all cases the students concerned, who are either fourth-year or fifth-year students, commenced their studies in the United States some time prior to this despicable hostage-taking incident.

I should like to know whether any responsible minister, on behalf of the Canadian government, has made any attempt to find out why the two groups of students are being treated differently, some being allowed to re-enter the United States and some not? Secondly, in the case of the five who have not been allowed to return to the University of Idaho, I am advised that an application was made for special status to enable them to continue their studies at the University of British Columbia, and that the application was denied yesterday. So they have no option but to terminate their studies.

I should like to know if the government or any responsible minister will be making an appeal to the United States for those students to be allowed re-entry into that country to enable them to complete their studies. They appear to be innocent victims of this policy, and I am concerned about the matter.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the best I can do with that question is to refer it to the Secretary of State for External Affairs. What we are really talking about here is United States policy. I am not aware of the full details, but I do not think the students are the only innocent victims. There are a number of other people involved in that clash. There are also innocent victims for whom some countries do not have much regard.

OFFICIAL LANGUAGES

REPORT OF COMMISSIONER—PROPOSED JOINT COMMITTEE

Hon. Lowell Murray: Honourable senators, I have several questions arising from the annual report of the Commissioner of Official Languages which I should like to direct to the Deputy Leader of the Government. My first question falls within his own area of responsibility. The commissioner has noted that both the Clark government and the previous Trudeau administration had moved to establish a joint committee on language matters, and that because of the intervention of two general elections the committee has not been set up. What is the position of the present government on this matter?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I cannot speak for the position of the government in any formal way, but I do know of my own knowledge that active steps are being taken to arrange to have that committee established.

REPORT OF COMMISSIONER—AGREEMENT BETWEEN GOVERNMENT OF CANADA AND FÉDÉRATION DES FRANCOPHONES HORS QUÉBEC

Hon. Lowell Murray: My second question concerns an observation by the Commissioner of Official Languages to the effect that the Secretary of State in the Clark government, Mr. David MacDonald, had signed an agreement with the Fédération des francophones hors Québec. I should like to know whether the present government is, indeed, bound by that agreement and will honour it. My concern in the matter arises from the fact that recently in the other place the government denied unanimous consent to a member who sought to move a motion calling on the new Secretary of State, Mr. Fox, to affirm the present government's commitment to that agreement.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on the question of whether or not the present government is bound *de jure* or constitutionally, I take it that that is not nearly as important as whether it intends to continue that undertaking. I shall pass on the question to the minister and will try to obtain an answer.

REPORT OF COMMISSIONER—COLLECTIVE BARGAINING IN THE PUBLIC SERVICE

Hon. Lowell Murray: Finally, honourable senators, I should like to know the position of the government on the recommendation by the Commissioner of Official Languages that provision of services in both official languages should be a matter for bargaining with the Public Service unions and should be included in the collective agreements. I should like to know what the position of the present government is with regard to that recommendation.

Hon. Royce Frith (Deputy Leader of the Government): Of course, the honourable senator will know that section 9 of the statute requires such services to be given. With regard to the provision requiring language services to be granted where there is a need, I shall have to find out whether there is some suggestion that the legislation should be amended. The honourable senator will note that there is a section of the Official Languages Act which asks the commissioner in his annual report to make recommendations for any legislative changes that he thinks would better fulfil the spirit and intent of the act. I know of the existence of the recommendation to which he refers, but I do not recall whether it falls within that section or another section. However, I shall look into the matter, and if it does come to a question of a response by the present government to that recommendation, I will find out what it is.

May I add that it seems to me that there is a useful connection between Senator Murray's first question and his second question, since it is hoped that one of the principal functions of the joint committee on bilingualism, if it is established, will be to study the recommendations of the Commissioner of Official Languages in his annual report.

Senator Murray: For the record, and by way of clarification, the commissioner's point, as I understand it, is that the provisions of the Official Languages Act, to which the deputy leader refers, are sometimes frustrated by other provisions of collective agreements. He therefore makes the point that the provision of language services ought to be negotiated and put into collective agreements, as are some other linguistic matters.

[Senator Frith.]

FOREIGN AFFAIRS

RENEWAL OF NORAD AGREEMENT

Hon. Heath Macquarrie: Honourable senators, I have a question concerning the extension of the current NORAD agreement which is due to expire on May 12, and which, on April 22, the government leader said was under discussion by the government. Has a decision on this matter yet been reached and, if so, what is the decision, and what is the procedure or instrumentality whereby this important agreement was dealt with?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, we should be able to provide an answer to that question shortly, since it does not appear to be one that requires a great deal of research. I shall try to provide a reply early next week.

OFFICIAL LANGUAGES

REPORT OF COMMISSIONER—PROPOSED JOINT COMMITTEE

[*Translation*]

Hon. Joseph-Philippe Guay: Honourable senators, as a follow-up to the question by Senator Murray about the report of the Commissioner of Official Languages and the committee that was mentioned, did I understand correctly that there will be representation from both houses on that committee, not only from the House of Commons, as often happens?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, unless I am mistaken, the committee proposed by Mr. Joyal would be a joint committee. He put his idea to the former Prime Minister, the Right Honourable Joseph Clark, who accepted it not only in principle but, if I am correct, he started to set up such a committee. The idea was surely to have a joint committee. There is no suggestion that this be only a committee of the other place.

But whether that is also the intention of the present government, I do not know. I am sure, based on the personal information I mentioned earlier, the idea is to have a joint committee of both houses.

Hon. Martial Asselin: It is the intention of the government that counts.

Senator Frith: I beg your pardon?

Senator Asselin: It is the intention of the government that counts. You were being asked whether or not it is the intention of the government to have a joint committee.

Senator Frith: Yes, I agree entirely that that is what counts.

Senator Asselin: No, but the government has made its decision, as far as you know.

Senator Frith: No, no. I said I am sure, based on my own experience, that the discussions were to set up such a committee now. But whether the government has made such a decision, I do not know. I agreed to get the information, and I will pass it on to the Senate.

• (1500)

[*English*]

Senator Asselin: But no decision has been taken up to now by the government.

[*Translation*]

HOUSING

CANADA MORTGAGE AND HOUSING CORPORATION— LOW-RENTAL ACCOMMODATION

Hon. Guy Charbonneau: Honourable senators, I direct my question to the Minister of State for Economic Development.

The Minister of Public Works, who is responsible for the Canada Mortgage and Housing Corporation, stated a few days ago that one of his priorities—the second, I believe—would be to stimulate the rental housing building industry.

Since the corporation is already stuck with thousands of unleased units across Canada, could the minister explain the rationale behind such a policy?

[*English*]

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will take the question as notice and ask the Minister of Public Works to explain his own statements.

Senator Charbonneau: Honourable senators, as a supplementary, would the minister also ask the Minister of Public Works to tell us how many rental units are "non-louées", as I said in French.

Senator Olson: I will ask that question also.

Hon. Jack Marshall: Honourable senators, I wonder if I could ask the same minister a supplementary question having to do with housing.

I asked a question recently about the Residential Rehabilitation Assistance Program, to which I was given a very general answer. In view of the fact that there is such a vast need for the repairing and upgrading of deteriorated homes right across the country, I wonder if I could get a definitive reply as to any increase in funding which may be forthcoming in order to alleviate that problem so that through the conservation of oil many, many millions of dollars can be saved for Canada and for the indigent people concerned.

Senator Olson: I take the question as notice, honourable senators.

NATIONAL DEFENCE

PURCHASE OF F-18A AIRCRAFT

Hon. H. A. Olson (Minister of State for Economic Development): I notice, honourable senators, that Senators Roblin and Smith (Colchester) are not here, but I have a fairly complete answer with respect to the questions they asked concerning the new fighter aircraft, the CF-18A. The anwer is of medium length, but since I will not be here next Monday and Tuesday I think perhaps I should read it now.

Senator Flynn: Senator Roblin will be away for two weeks.

Senator Olson: I wish to reply to a question asked by Senator Smith (Colchester) and Senator Roblin during Question Period on April 17 regarding the anticipated industrial benefits to the Atlantic provinces and Manitoba as a result of the new fighter aircraft contract. I wish first to clarify that the CF-18A is being bought "off the shelf". The offsetting business provided by McDonnell Douglas and its associated companies in the F-18A program to Canadian companies provides a limited number of opportunities to make components for these aircraft.

However, a great deal of other work will be made available to Canadian companies as a result of the provisions in the contract negotiated by this government. A guaranteed proportion of this work will be in the aerospace and electronics industries. At the same time, there will also be a considerable volume of business in other industrial sectors involving purchases, investments, technology transfer, export marketing assistance and tourism.

Honourable senators will understand that the federal government is not in a position to tell the prime contractor which individual firms it must do business with; however, we will ensure that an appropriate regional balance is maintained over the life of the contract. I am sure that you will all agree that Canadian firms should seek the business to which I have been referring in a competitive manner, and this makes it impossible to be precise about the exact figures for contracted work for each province or region of the country. However, I would like to give some specific examples to illustrate the type of industrial benefit I have in mind.

Firms outside of Toronto and Montreal will receive an estimated $200 million worth of work on DC-9 and DC-10 components.

Bristol Aerospace of Winnipeg has already received a contract of $35 million for engine components.

An estimated $75 million in subcontracts will be available to western Canadian and Atlantic firms for work on the DC-10, DC-9, Super 80 and KC10-A projects.

McDonnell Douglas this week announced that it is inviting a number of Canadian companies to enter proposals for the manufacture of airframe assemblies for the Canadian Forces CF-18A as well as for the U.S. Navy and Marine Corps

F-18A Hornet fighters, and for Hornets to be manufactured for allied nations. Included among the Canadian companies are both Enheat of Amherst, Nova Scotia, and Bristol of Winnipeg.

I would like to add some further perspective to the benefits already accruing to the various regions of the country through military expenditures. I would be remiss if I did not bring to honourable senators' attention the substantial operating and capital expenditures of the Department of National Defence.

A table provided to me by the Department of National Defence indicates that, for example, in the fiscal year 1979-80 DND had operating expenditures of $688,840,000 in Atlantic Canada, and $732,900,000 in western Canada. For the information of honourable senators I will place the table on the record. [*The table follows:*]

DEPARTMENT OF NATIONAL DEFENCE

Expenditure by Province

Province	Operating Expenditure 1979-80	Capital Construction & Related Costs 1980-81	Equipment Values
British Columbia	308,119,000	30,213,000	4,109,700,000
Alberta	239,326,000	19,301,000	1,767,900,000
Saskatchewan	62,772,000	3,390,000	459,800,000
Manitoba	122,685,000	12,229,700	171,300,000
Total Western Provinces:	732,902,000	65,133,700	6,508,700,000
New Brunswick	138,156,000	70,059,600	467,300,000
Nova Scotia	484,697,000	47,123,100	6,466,600,000
P.E.I.	40,626,000	3,000,300	277,600,000
Newfoundland	25,361,000	3,384,200	46,800,000
Total Atlantic Provinces:	688,840,000	123,567,200	7,258,300,000

Finally, I would like to emphasize the importance to all Canadian firms, but particularly those in the western and Atlantic provinces, of the contract provision for technology transfer and export market assistance. Used together, these provisions will do much to expand existing businesses and, indeed, to create new ventures based on new projects. I am also optimistic that the tourism development program will be of particular benefit to the western and Atlantic regions.

Hon. Robert Muir: Honourable senators, I should like to thank the Minister of State for Economic Development for the answer he gave to Senator Smith's question. I should like to commend him for what I feel is a very full and comprehensive report, and here I speak only for myself. He made particular mention of Amherst in Nova Scotia where they have had layoffs, and I am sure that anything which may be forthcoming from this project would be of great benefit and be good news to those people involved.

[Senator Olson.]

ENERGY

PRICE OF DOMESTIC OIL—FEDERAL-PROVINCIAL NEGOTIATIONS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have an answer to a question posed by Senator Flynn on April 24.

Senator Flynn asked about the effect of changes in the federal sales tax on motor gasoline and diesel fuels from a specifically set cent-per-litre level to 9 per cent of the manufacturers' price, which was introduced in the Minister of Finance's statement on April 21.

The answer is that up to this time it is not quite clear how the *ad valorem* tax will be administered by the Department of National Revenue. We expect that the tax will be 9 per cent of the invoice value f.o.b. at the regional level. However, because of the variation in the way in which the industry establishes retail prices, the effect of the tax change is expected to range from 0.3 to 0.7 cents per litre, with the majority of product price increases being at 0.4 cents per litre.

It says "0.4 cents" in the document. Frankly, I am not quite clear as to whether that means 4 cents or four-tenths of a cent. I will try to get an explanation of that. Someone who knows the subject better than I might know what the figure is.

• (1510)

Senator Flynn: I hope they knew what they were doing.

INDIAN AFFAIRS

CONTRIBUTIONS TO BANDS AND COUNCILS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a response to a question asked in the Senate by Senator G. I. Smith on April 29. I see he is not present, but I propose to put the answer on the record and he can study it when he returns. The answer is as follows:

> At the present time, only one of the 28 bands in the Atlantic Region has signed a contribution arrangement for the fiscal year 1980-81. Indian leaders in the region have been consulted throughout the year by district and regional staff of the Department of Indian Affairs and Northern Development. As a result of these consultations, revisions were subsequently made to the terms and conditions, but these have not been accepted by some bands. On April 16, 1980, the Minister of Indian Affairs and Northern Development announced a three-month extension to July 15, 1980, in order that mutually satisfactory financial arrangements can be worked out between himself and Indian leaders.

AIRLINES

APPLICATION OF EASTERN PROVINCIAL AIRWAYS TO EXTEND SERVICE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have an answer to a question raised by

Senator G. I. Smith concerning Eastern Provincial Airways. Senator Smith asked if Eastern Provincial Airways has made any formal appeal, on the recent decision of the Canadian Transport Commission, to the Minister of Transport.

The answer is that as of today, that is May 1, no appeal has been received by the Minister of Transport.

FOREIGN AFFAIRS

CUBAN REFUGEES—CANADIAN INVOLVEMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have an answer to questions posed by Senator Bosa on April 17 and by Senator Nurgitz on April 30. I notice that Senator Bosa is not present. The answer is as follows:

> Honourable senators will remember that Senators Bosa and Nurgitz have expressed concern over the well-being of the Cuban asylum seekers. As honourable senators know, Canada has agreed to accept 300 of the asylum seekers once they reach a third country. As well, Canada has agreed to contribute funds to any international effort undertaken to provide the asylum seekers with food, medicine and other assistance.
>
> As to the question posed by Senator Nurgitz, as to whether Canada is prepared to expand its commitment, I can only say that this government is deeply concerned at this situation and is following the events in Havana very closely.

STATUS OF WOMEN

PARLIAMENTARY COMMITTEES AND TASK FORCES

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have an answer to a question raised by Senators Bielish and Roblin on April 23, 1980. The question raised concerned the six parliamentary task forces and whether or not the intention was to make them joint committees of the House of Commons and the Senate. As well, Senator Roblin asked whether these proposed committees report to Parliament, what the plan is with respect to their responsibilities, and whether they would be reporting back to Parliament.

The answer is as follows:

> Consideration is being given to making these task forces joint committees. If so, the Leader of the Opposition would be asked to participate. Exact terms of reference for these task forces will be detailed by chairman, members and ministers involved, but these task forces are intended to be action-oriented and to report before the opening of the House in the fall so that their recommendations can be taken into account in legislative planning.

DOCUMENTS TABLED

Hon. H. A. Olson (Minister of State for Economic Development) tabled:

> Copies of News Release, dated May 1, 1980, respecting details of a meeting of several members of the Cabinet Committee on Economic Development and members of the British Columbia Cabinet, to be held in Victoria, British Columbia, on May 5, 1980, issued by the Minister of State for Economic Development.
>
> Preliminary figures on man-years of employment generated as a result of pipe procurement for the Alaska Highway Gas Pipeline.

He said: Honourable senators, the second document is a preliminary assessment of the man-years of employment which will be created across Canada if and when Foothills purchase the $2 billion worth of pipe and other fittings which they announced the day before yesterday. We are presently working out in more detail where these jobs and man-years will be created.

Hon. John J. Connolly: Honourable senators, I rise on a point of order. I noticed that the first document the minister mentioned was not tabled but was given to the *Hansard* reporter. Perhaps he intended to have it inserted in *Hansard*, I do not know, but if it is to be tabled it should be given to the Clerk. I think the page made a mistake. We have to be very clear about what we do with these documents. If a document is to be tabled, it should go to the Table; if it is to be inserted in *Hansard*, then the *Hansard* reporter should get it.

Senator Olson: I am glad that clarification has been made. I intended it to be tabled so that it would be available for the information of any senator, but not that it be printed in *Hansard*. As to the preliminary survey of man-years, I would not ask that it be printed in *Hansard* either.

IMMIGRATION ACT, 1976

BILL TO AMEND—THIRD READING

Hon. William J. Petten moved the third reading of Bill C-2, to amend the Immigration Act, 1976.

Motion agreed to and bill read third time and passed.

[*Translation*]

QUEBEC AND MONTREAL PORT WARDENS ACTS

BILL TO AMEND—SECOND READING

The Senate resumed from Wednesday, April 30, the debate on the motion of Senator Langlois for second reading of Bill S-3, to amend an Act to provide for the appointment of a Port Warden for the Harbour of Quebec and to amend an Act to amend and consolidate the Acts relating to the office of Port Warden for the Harbour of Montreal

Hon. Guy Charbonneau: Honourable senators, Bill S-3 aims at amending the acts which now set a ceiling for the maximum rates applicable to the services of port wardens for the harbours of Quebec and Montreal. This bill has been discussed several times by the committee since the last debate in this chamber and those of you who sit on the committee will therefore be more familiar with this matter. I shall summarize briefly the important elements of this bill.

An amendment in Bill S-3 would allow the board of directors of the Board of Trade and Industry of Metropolitan Quebec, subject to the approval of the Governor in Council, to establish rates exceeding those now allowed by law for the services of port wardens.

You will also be aware that years ago the Board of Trade of Quebec changed its name to the Board of Trade and Industry of Metropolitan Quebec. The bill would therefore replace the outmoded designation used in the act in accordance with the changes made by Letters Patent issued in 1971.

The same change would be made in the case of the Board of Trade for the City of Montreal and would provide for its council the same authority, also subject to the approval of the Governor in Council. Another change would be to amend the designation of the board in the French version of the act so as to make it consistent with the name given to it when the Board of Trade of Montreal was incorporated in 1842.

The maximum rates set by the present legislation have been increased repeatedly in the last 20 years. It was only in 1977 that the Department of Justice responded by refusing the latest request for an increase made by Montreal. Because of inflation, these rates have long been too low and there is no doubt that the office of the port warden of Montreal is operated at a loss and that this will continue as long as a rate increase is not granted.

The fees charged nowadays for equivalent services either by the departments of the federal government or by private sector experts are not comparable to the maximum rates now applied under the acts for Quebec and Montreal and are obviously anachronistic. The abolition of maximum rates would allow the authorities to establish a parallel with the system now being used by the government and would provide the same fees for the services rendered throughout the country.

The United States charge substantially higher rates than Canada and would therefore have no objection to rate increases for Quebec. As for the private sector, it already applies the proposed increases because of inflation and willingly recognizes the need to maintain the services of port wardens.

The rate increases would not be excessive since they would be subject to the approval of the Governor in Council. The main concern of the Boards of Trade of Montreal and Quebec is to provide proper service to the shippers and carriers on a no gain, no loss basis.

Finally, there is little if any risk in amending this act, which is obviously outmoded. By doing so, we shall only be standardizing and legalizing a situation which had prevailed for several years before the Department of Justice reacted to it in 1977, and until now this situation does not seem to have caused any trouble. I therefore propose that Bill S-3 be agreed to immediately without referral to any committee.

• (1520)

Motion agreed to and bill read second time.

[*English*]

Hon. Léopold Langlois moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

[Senator Charbonneau.]

INCOME TAX CONVENTIONS BILL

SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Hicks, seconded by the Honourable Senator Deschatelets, P.C., for the second reading of the Bill S-2, intituled: "An Act to implement conventions between Canada and Spain, Canada and the Republic of Liberia, Canada and the Republic of Austria, Canada and Italy, Canada and the Republic of Korea, Canada and the Socialist Republic of Romania and Canada and the Republic of Indonesia and agreements between Canada and Malaysia, Canada and Jamaica and Canada and Barbados and a convention between Canada and the United Kingdom of Great Britain and Northern Ireland for the avoidance of double taxation with respect to income tax".—(*Honourable Senator Grosart*).

Hon. Henry D. Hicks: Honourable senators, with your permission I ask that this Order stand until Tuesday evening, May 6.

Senator Flynn: For Senator Grosart?

Senator Hicks: I cannot be here on Monday evening. I have discussed this with Senator Grosart, who says he has some questions he wants to put to me.

Order stands.

RETIREMENT AGE POLICIES

REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

The Senate resumed from Thursday, April 24, consideration of the Report of the Special Committee of the Senate on Retirement Age Policies, entitled *Retirement Without Tears*, tabled in the Senate on April 15, 1980.

[*Translation*]

Hon. Jean-Paul Deschatelets: Honourable senators, I think you are lucky. I have good news for you. I had prepared a rather elaborate speech but I forgot it when I left Montreal. So I will only comment for a few minutes this afternoon on two aspects of what is commonly referred to as the Croll report.

Honourable senators, we recommended in that report, first of all, the phasing out of the mandatory age of retirement at 65. Senator Croll elaborated on that recommendation.

However, the only point I would like to make is that when we started our proceedings the U.S. government, by legislation dated January 1, 1978, had already decided that the mandatory age of retirement would be abolished in the U.S. civil service and would be pushed back from 65 to 70 in the private sector.

So one of the main recommendations in the Croll report is not an innovation. There is nothing revolutionary in that recommendation, as we just simply followed a successful U.S. experiment that caused no social upset. I believe this is a very important point because our system is more or less comparable

with that of the United States so that what meets with success over there we submit can also be done here.

What is, honourable senators, the concept that led us to go along with that recommendation? Well, it is the fact that at a time when we are moving forward on the issue of human rights, we believe that freedom of choice is an exceptionally important concept so that when we are asked "At what age should an individual, man or woman, retire?" we can answer, "At the age which that individual, man or woman, considers appropriate, at which he planned and wanted to retire, so that it results from his freedom of choice".

This is very important, as Senator Croll put it so well, at an age around 60 when anyone can hope to live another third of his adult life, it is very important, I repeat, that we do away—and this is one of the purposes of our recommendation—in our Canadian society with that tradition we have tolerated until now that a person 45, 50, 55 or 60 is no longer able to work because our society is made that way. Before leaving this subject, I would remind you that we questioned the Department of Manpower and the Department of Education, and employment officers in this country admitted that the effort to find Canadians a job was aimed at younger people and it was nearly out of the question to give any assistance to an older person, man or woman.

So we hope that recommendation, which is based on the U.S. legislation, will be welcomed by our society in Canada, and we hope that in the years to come, or as soon as possible, the man or the woman who wants to work will not be deprived of that opportunity just because of his or her age.

I will now briefly touch upon the second point, the proposed amendments to the Canada and the Quebec Pension Plans.

This raises the old problem of state pensions versus private sector pensions. I must remind honourable senators that we have had the most important employers in the country appear as witnesses. We have had actuaries, witnesses working for the pension plan here, witnesses from the federal Department of Health and Welfare. It seemed very clear to us, in light of that evidence, in the public interest and the interest of all Canadians that the state pension plans are more suited to the needs of Canadians than private ones. There was a great deal of information to support this. Here are some examples: no more than 40 per cent of Canadian workers are covered under private pension plans; they do not provide for immediate payment of the employer contribution; they are not portable and, more important, they are not indexed to the cost of living. The Canada Pension Plan and the Quebec Pension Plan have these features.

But I would like to be quite clear: though our report may have been rather tough on private pension plans, we had no intention of recommending that they be done away with; we are convinced that the government pension plan and the Quebec Pension Plan must be the bases for pensions in Canada but we do not object in any way to their being supplemented by private pension plans. As honourable senators know, the Canada Pension Plan and the Quebec Pension Plan have been in force since 1966, if I remember correctly. These pensions have not been substantially increased; consequently we feel that they do not satisfy current needs with regards to their contribution and to their contribution limits which have remained at $11,000 and therefore do not correspond to today's average salaries. We are therefore convinced that the government must take measures to review the state pension plan with a view to improving it. We would like to see the contributions doubled from 1.8 to 4 per cent of remuneration. Furthermore the amount paid for the state pension is actually the lowest of practically all countries comparable to Canada, such as the United States, France, England and others. So, there is still a wide margin.

● (1530)

I for one am happy with the general principle of the Throne Speech debate which is, and I quote:

> Beyond providing immediate relief for elderly people—

The reference in my view is to the $35 income supplement.

> —my government intends to convene a National Pension Conference—

Honourable senators, it is my hope that such a national conference will consider the total pension issue, because, as must be realized, our recommendations only include the sector under federal jurisdiction, and clearly we cannot affect the provinces' roles, so that if we want to review pensions, this must be done in co-operation with the provinces. I feel satisfied at this point with the reference to the calling of a national pension conference in the fall.

I would now like to deal with a final matter. Honourable senators took an active part yesterday in the so-called "Senator Croll event", which in my view was a great success. It also celebrated the tabling of the Croll report.

I simply want to raise the question of the Senate at a time when we hear from every quarter, so to speak, that this institution must be reformed. My point this afternoon is that we have been perceived along the years as parliamentarians mainly interested in external affairs, financial, fiscal matters and so on. We have not yet been perceived by the public as parliamentarians concerned over the years with the have-not sectors of the Canadian people.

Last night, I think the Speaker of the Senate and also the government leader and the official opposition leader referred to the fact that over these last 15 to 20 years, a number of improvements in our social security policies evolved from the numerous reports and studies submitted to the upper chamber. We did not always receive the credit for these studies. This may in some way be our own fault. There have been very elaborate studies to help the Canadians who most urgently need it, without always getting the credit.

I must suggest that last evening the aim was more or less to make the public more aware that there are here parliamentarians who, in a non-partisan atmosphere that is not always easy to achieve in the other place, can study problems for a year or two before putting forward recommendations we are ready to support. I must say that since January many committee mem-

bers have been called upon, on radio or TV programs or in their own communities, to defend a report that meets people's needs in our view.

This is my last point. I feel this is important. I would like to thank the Speaker, the Honourable Jean Marchand, the government leader and the opposition leader who took an active part in organizing yesterday's event. It is my hope that the public, in increasing numbers, will realize that when it comes to the needs of the least privileged, the door to the Senate is always open to the demands of Canadians who feel they have grievances and look to Parliament to deal with them.

● (1540)

[*English*]

Hon. Stanley Haidasz: Honourable senators, I consider it a privilege to follow Senator Deschatelets in the debate on the Report of the Special Committee of the Senate on Retirement Age Policies. Indeed, it was a privilege to have served on that committee, and especially to have served under our distinguished colleague, Senator David Croll, an individual who has made a significant contribution, as chairman of this and other important committees, to the resolution of the problems of disadvantaged Canadians.

It was a gratifying and pleasant experience, indeed, to have assisted at yesterday's testimonial dinner in honour of Senator Croll. It was also a very interesting and informative experience for me to have served with those of my distinguished fellow members of this chamber appointed to that special committee. Their dedication and expertise were both helpful and admirable.

Pension reform in Canada has been the object of parliamentary interest and debate, one could say, since shortly after the commencement of the First Parliament of Canada in 1867. The first pension program during the first 50 years of Parliament related to federal pensions for permanent public servants precisely in 1870. That was followed in 1908 by a national annuities program to help old people save for their retirement years, and of course in 1927 the federal government came up with a means-test old age pension scheme for senior citizens.

Since that time, there have been increases and reforms in old age pensions and social programs for elderly citizens. However, it is only since 1976 that intensive efforts have been made to do something more, the reason for that being the demographic implications of the so-called "greying of Canada." One of the efforts of the federal government in that respect was the establishment, in 1976, of an interdepartmental task force, and that task force finally submitted its report entitled *The Retirement System in Canada* and subtitled *Problems and Alternative Policies for Reform*, tabled last week.

To my mind, a fundamental and profound effort, with up-to-date proposals, was made by the special committee of the Senate which was established following the adoption of a motion by Senator Croll. I was pleased that such a committee was appointed.

[Senator Deschatelets.]

In the course of the past 50 years, a social revolution has occurred, due mostly to the scientific progress we have experienced. One of the results of that scientific progress has been an increase in the life expectancy of both men and women. Demographic studies in Canada forecast a steady increase in the number of people aged 65 years and over. For statistical purposes, those 65 years of age and over are classified as old, though many of them do not feel old and can lead a productive life.

There were about 2.1 million of these so-called old people in our country in 1978, and it is estimated that the number will rise to 3.4 million by the year 2001, and to approximately 8 million 50 years from now. Demographic transformations of this magnitude have profound effects on society, and it is our task in this Parliament to foresee the implications and then help solve the problems.

Partly as a result of social security legislation, it came to be accepted that people should retire at age 65. Retirement is a complex subject, and has its bright as well as dark side. This whole subject was examined thoroughly by our committee during 1978 and 1979. The committee received voluminous information from the many competent witnesses who appeared before it respecting the problems of the compulsory retirement age of 65, in particular the inadequate retirement old age pension and other income of senior citizens, the process of aging and the necessity of adequate preparation for retirement.

● (1550)

Honourable senators, in my remarks today I would like to focus on certain human and health features of the aging process and give you some information that was given to us by expert witnesses such as representatives of the Canadian Medical Association, the Canadian Association on Gerontology, senior citizens' organizations, Dr. Colin Smith, a geriatric specialist who was very interesting and, of course, the then and now again Minister of National Health and Welfare, the Honourable Monique Bégin. This is just to mention a few of the witnesses.

During the course of the committee's hearings, it was emphasized that successful and productive retirement requires not only an adequate retirement income but also improved health and living conditions. We heard witness after witness tell us that proper counselling, planning and special medical treatment of the aging is a pressing problem, and that the future outlook is gloomy unless decisive action is taken without delay. The urgency and fundamental difficulty is that the social and medical problems of the aged will continue to multiply as people grow older and their numbers increase.

Some interesting biostatistics were given by several witnesses. For example, about 50 per cent of Canadians die suddenly with their first major illness. About 71.4 per cent die suddenly before a doctor can get to the scene. Ten per cent of these sudden deaths are accidental, and 90 per cent of them occur in people under the age of 50. Almost all the remaining sudden deaths are due to a single pathological process in the human body called atherosclerosis, commonly known as hard-

ening of the arteries, mostly in the heart (49 per cent) and in the brain (20 per cent).

Furthermore, less than 30 per cent of Canadians see a doctor in the last month before their death. About 10 per cent of survivors of such illnesses and accidents drop out of the labour market, too frail or chronically ill to perform their work. We are fortunate in Canada to have hospital and medical insurance to look after their illness. In many cases drug, and some dental, expenses are covered, plus sickness weekly benefits and workmen's compensation plans. It is laudable that our socially responsible provincial and federal administrations have provided such comprehensive health and hospital care.

But as I mentioned earlier, the social and medical problems of the aged multiply as the population grows older. The over-65 group now is 8.4 per cent of the total population. In the next 30 years that percentage will reach about 18.6, depending on the fertility projection used and the results of advances in health sciences.

As responsible legislators we should begin now to recognize these problems because they are coming. Dr. Colin Smith, in alarming testimony before the commitee, stated that if we do not improve the lot of our retirees, and if we fail to find alternatives to hospitalization and institutionalization, we may really need the equivalent of 166 more hospitals with 300 beds each for the over-65 population by the year 2001.

Indeed, the aging phenomenon has various implications for the health and social sciences. According to the testimony of the Canadian Medical Association, the shift in age structure projected for the year 2001, predicated on today's patterns, will lead to a level of 43 per cent utilization of total patient-days in general and allied hospitals for those 65 years of age and over.

● (1600)

The corresponding level of utilization in 1971 was 35 per cent. The prime causes making institutional care necessary were heart disease 16.6 per cent, cerebrovascular disease 13.7 per cent, accidents 7.4 per cent, respiratory disease 6.7 per cent, and the nervous system diseases 4.9 per cent.

Perhaps the saddest scene in these institutions for the elderly is the number of patients who have been found incompetent because of age-related mental deterioration. Some people who have organic mental deterioration before the presently accepted retirement age, which we consider to be 65, can be helped if their condition is caught in time. These include nutritional diseases, and certain other diseases—for example, pernicious anemia, and also beri-beri and pellagra, most frequently seen in Canada as a result of malnutrition. Specific brain damage can also be caused by alcohol abuse.

Furthermore, during the course of our hearings we were told that 20 per cent of organic brain damage is caused by vascular disease. Even sufferers of transient ischaemic attacks, or small strokes, are left with a residue of permanent damage, although the patient's personality may remain intact for years. But the saddest and most troublesome variety of organic brain and mental deterioration is Alzheimer's disease. Recent research implicating excess aluminum absorption and slow-acting virus particles in nerve cells may some day help to prevent this most cruel form of dementia.

Other witnesses made revealing comments on the state of geriatric care in Canada, in particular on problems with institutional care of the elderly and the status of geriatric medicine.

Under our Constitution, the provincial ministries of community and social services have eventually been given the responsibility of the continuing care of the elderly. This has led to fragmentation and lack of co-ordination, which often produces inappropriate use of the available facilities for continuing care of the disadvantaged, the disabled and the frail.

With the cutting of provincial money for hospitals and allied institutions, hardship has been a sad experience for many. With sick-care dollars stretched to the limit, it is evident good sense to invest in a viable home instead of spending more money on an expensive institutional bed.

Apparently, the capital cost of a chronic hospital bed is more than $40,000, that of an extended health care bed about $25,000 and that of a nursing home bed about $21,500. Not only is the capital cost of an institutional bed high, but the per diem rate for such beds is extremely high, owing to labour and equipment costs.

A chronic hospital bed costs a patient about $75 per day, an extended care bed about $30 a day, a nursing home bed $26 a day. In general, an institutional bed costs more than $1,000 per month per patient, whereas continuing care in the home is averaging only $80 per month per person.

A more efficient service, which was formerly denied the old, the poor and ethnic minority groups, is now emerging at no increase in cost to the taxpayer. In order to make this service a success, we must have dedicated professionals willing and able to make home visits while not being deterred by inadequate financing of any part of the system. Specially organized residences for the aged according to the expert witnesses, are simply the most sensible method of housing the frail, old or handicapped people.

During the course of our hearings, witnesses stated that, although overall care in our provincial institutions is generally good, staffing for the mentally frail is found wanting in most jurisdictions and especially in nursing homes. It was revealed by witnesses that in some of these nursing homes the standards of treatment and care remain inadequate where financing is insufficient. Unfortunately, the restrictions in spending in the past few years have gone beyond the cost-effectiveness level.

Another factor in caring for our elderly, which was emphasized by witnesses, is the lack of sufficient knowledge about the biology of aging. It requires a new type of medical science which we often call "geriatrics"—a major modification in the doctors' traditional techniques. Although more geriatrics is now taught in universities, and one or two full-time professors of departments of geriatrics do exist in Canadian universities, the committee was told that there seems to be some resistance

to accepting geriatrics as a viable sub-specialty of medicine for teaching purposes. However, the nursing, occupational therapy, physiotherapy, and social work schools are graduating more people with gerontological expertise. We also discovered that although there is a lot of poor geriatric medicine, nursing and social work being done, nevertheless the updating of knowledge in geriatrics is on the increase.

In general, honourable senators, your committee has found that retirement policies and treatment of the aged are still inadequate, often discriminatory and sometimes cruel. It is intolerable today that so many old people, feeling useless and rejected by society, are unnecessarily bored, ill, lonely, poor and sometimes living in conditions of severe privation. Our witnesses offered many solutions.

Your committee concluded that better pensions are better than welfare. The recommendations of your committee are formulated in its very interesting report, which is in your hands, entitled *Retirement Without Tears*. This report contains, as you will find, 36 recommendations that could greatly improve the lot of our retirees, if adopted by government, employers, employees, as well as the married and the single.

The highlights of the report call for the gradual elimination of the mandatory retirement age, a review of human rights legislation to eradicate discrimination based on age, the provision of flexible retirement policies, improved pension benefits for spouses and survivors, assistance to provide more homemaking services, and, of course, more federal "New Horizons" programs, effective pre-retirement programs, more retirement organizations demanding conditions to achieve dignity, higher incomes and better medical, social and recreational services.

Many of us in this chamber either knew or have heard of a former distinguished colleague, the late Senator Arthur Roebuck, who inspired and encouraged me and, I am sure, many others, in the pursuit of politics. He lived a full and long life into the nineties. One day in the parliamentary dining room, as he was putting a saccharin tablet into his cup of tea, I asked him to what secret he attributed his long, productive and vigorous life. He replied jokingly, "I never resisted temptation." Of course, we all had a hearty laugh. George Bernard Shaw once wrote: "Man does not cease to play because he grows old; man grows old because he ceases to play." I think Senator Roebuck agreed with that kind of philosophy of life.

• (1610)

Play is not just for children. Adults also need to become involved in activities which satisfy personal needs and make life more enjoyable. Boredom, loneliness and isolation do not need to become increasingly larger parts of one's life as one grows older. This point was also emphasized by some of our witnesses—bright, elderly people who made their life enjoyable and worthwhile by joining organizations and getting involved in community affairs.

Is there anything special that the federal government is doing today about all this? We heard from the Honourable Monique Bégin in the committee, prior to the 1979 election, that there was established in the Department of National Health and Welfare a bureau on aging. Sadly it consisted of only two people, and even that bureau on aging faded away with the financial restraints of the previous government.

There are rumours that the minister will be making some kind of announcement either today or tomorrow on what is to be done about this problem, but I would urge, and seek the support of the Senate for, the establishment of a national institute on aging to provide leadership, research and education in gerontology. I am convinced that this proposal, and the 36 recommendations of your special committee, if implemented vigorously, would, to paraphrase Cicero, make old age a dignified period, more valued than the pleasures of youth—or, as Browning once wrote:

Grow old along with me!

The best is yet to be,

Honourable senators, that time has not yet come for the majority of our elderly. Its fulfilment will demand all our best efforts.

On motion of Senator Godfrey, debate adjourned.

The Senate adjourned until Monday, May 5, at 8 p.m.

THE SENATE

Monday, May 5, 1980

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

HIS EXCELLENCY MASAYOSHI OHIRA PRIME MINISTER OF JAPAN

ADDRESS TO MEMBERS OF BOTH HOUSES

[*Translation*]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have the honour to move that the address of His Excellency the Prime Minister of Japan to members of both Houses of Parliament, together with the introductory speech by the Prime Minister of Canada and the speeches delivered on that occasion by the Speaker of the Senate and the Speaker of the House of Commons be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day, and form part of the permanent records of this house.

Motion agreed to.

(*For text of addresses, see Appendix "A", pp. 189-193.*)

• (2005)

[*English*]

DOCUMENTS TABLED

Hon. Royce Frith (Deputy Leader of the Government) tabled:

Annual Report to the Governments of the United States and Canada by the Columbia River Treaty Permanent Engineering Board for the period October 1, 1978 to September 30, 1979.

Final Report, dated March 15, 1980, of the Task Force on Review of Unification of the Canadian Forces (Mr. G. M. Fyffe, Chairman).

RETIREMENT AGE POLICIES

REPORT OF COMMITTEE EXPENSES TABLED

Hon. David A. Croll, Chairman of the Special Senate Committee on Retirement Age Policies, tabled, pursuant to rule 84, a report of expenses incurred by the committee in the First Session of the Thirty-first Parliament.

(For text of report, see today's *Minutes of the Proceedings of the Senate.*)

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(*g*), moved that when the Senate adjourns today it do stand adjourned until tomorrow, Tuesday, May 6, at 8 o'clock in the evening.

Hon. Allister Grosart: I wonder if the acting leader would indicate to the Senate the program for the rest of the week.

Senator Frith: Honourable senators, the plan is to continue with the program that was discussed and suggested last week—that is, we will sit, as mentioned in this motion, tomorrow night at 8 o'clock, and then on Wednesday and Thursday afternoons at 2 o'clock.

Motion agreed to.

AGRICULTURE

COMMITTEE EMPOWERED TO ENGAGE SERVICES

Hon. Harry Hays, with leave of the Senate and notwithstanding rule 45 (1)(i), moved:

That the Standing Senate Committee on Agriculture have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of its examination and consideration of such legislation and other matters as may be referred to it.

Motion agreed to.

COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. Harry Hays, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Agriculture be empowered, without special reference by the Senate, to hear submissions from representatives of agricultural and related industries; and

That the committee have power to sit during adjournments of the Senate.

Motion agreed to.

CHILDHOOD EXPERIENCES AS CAUSES OF CRIMINAL BEHAVIOUR

HEALTH, WELFARE AND SCIENCE COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. M. Lorne Bonnell, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Health, Welfare and Science be authorized to inquire into and report upon such experiences in prenatal life and early childhood as may cause personality disorders or criminal behaviour in later life and to consider and recommend such remedial and preventative measures relating thereto as may be reasonably expected to lead to a reduction in the incidence of crime and violence in society;

That the committee have power to engage the services of such counsel, technical and clerical personnel as may be required for the purpose of the inquiry;

That the papers and evidence received and taken on the subject in the Thirtieth and Thirty-first Parliaments be referred to the committee; and

That the committee have power to sit during adjournments of the Senate.

Hon. Allister Grosart: Honourable senators, in view of the comprehensive nature of this resolution, I wonder if this might be a case in which it would be wise to have notice given so that the Senate is in a position to assess the request made. I may be wrong, but perhaps the honourable senator who introduced the motion would care to indicate why he feels it necessary to have leave to move it at this time.

• (2010)

Senator Bonnell: I think leave should be given because this resolution was before the Senate in the last two Parliaments, and the committee's report is about ready to be printed. The committee would like to hold a meeting this week with a view to presenting its report to the Senate as soon as possible.

Senator Grosart: Does the honourable senator suggest, then, that leave be given this evening?

Senator Bonnell: I do so suggest.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*English*]

ENERGY

GOVERNMENT NUCLEAR POLICY

Hon. R. James Balfour: Honourable senators, I direct a question to the Deputy Leader of the Government. Who speaks for the government in this chamber this evening?

Hon. Royce Frith (Deputy Leader of the Government): That depends, honourable senators, on what we mean by "who speaks for the government." If the question is asked in the Question Period, then, according to the rules, questions can be directed to the Chairmen of committees and to the Deputy or Acting Leader of the Government in the Senate, and I am here to fulfil that role. To the extent that someone is here to take questions to the government in the Question Period, that, as I understand it, is my function, but in many cases I shall have to take them as notice.

Senator Balfour: I direct a question to the house leader. Does the government intend to initiate an inquiry into domestic and international nuclear policy in Canada as was proposed by the previous government?

Senator Frith: I will take that question as notice.

Senator Balfour: I will ask a supplementary question, if I may. Does the honourable gentleman agree or disagree with the resolution passed at the Liberal Party meeting at Harrison Hot Springs, which called for a national public inquiry into nuclear energy, and approved a motion calling for research into alternative energy sources including nuclear power?

Senator Frith: Honourable senators, that resolution was passed this weekend in Vancouver. I was not there and whether I agree or do not agree personally, I suppose, is somewhat academic, but in any event I cannot say whether I agree or disagree until I have had a chance to study the resolution.

Senator Balfour: I wonder if the house leader would inform us as to whether it is still a policy of the government to attempt to represent western Canadian ridings by twinning them with the Liberal members of Parliament in eastern Canada, and, if not, when was this change in policy decided upon and when will it be announced?

Senator Frith: Honourable senators, I will see that that question is passed on to the government.

INDUSTRY

ASSISTANCE TO CHRYSLER CORPORATION

Hon. Nathan Nurgitz: I have a question for the Deputy Leader of the Government in the Senate, but I understand it will be directed to the Minister of State for Economic Development. Is it still the policy of the government to tie the question of job guarantees to financial aid to the ailing Chrysler Corporation? I assume the question will be taken as notice, and that being the case I should like to ask a second question concerning this matter. Will the statement made over the weekend by the International President of the United Auto Workers that such a guarantee is unacceptable have any effect; will that change the government's policy at all on the question of job guarantees?

• (2015)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I shall take that question as notice in the name of the Minister of State for Economic Development.

REGIONAL ECONOMIC EXPANSION

PROGRAMS—REQUEST FOR FUNDS

Hon. Robert Muir: I should like to ask a question of the Acting Leader of the Government. I do hope he will not take it

as notice, because I know that with his background and brilliance he has all the answers at hand. I say that with sincerity.

On Friday of last week the Minister of Regional Economic Expansion took the unusual step of appealing publicly to the government in the other place for more funds so that he could fulfil even those commitments made by the previous Liberal government. Does the acting leader concur with the minister that DREE is under-funded, and will he end this practice of exercising restraint on the backs of those who live in Canada's economically depressed regions, such as many parts of Quebec and the Atlantic provinces?

Hon. Royce Frith (Deputy Leader of the Government): I am grateful for the flattering comments made by the honourable senator. I am sorry to disappoint him if my answer is less brilliant than he anticipated it would be. However, I do not believe the question should be whether I personally agree or disagree. I am sure the question is: What is the government's position on that matter? I will see that that question is passed on to the appropriate authority.

Senator Muir: I should like to ask a supplementary question. I think it is unfortunate that we have three cabinet ministers, or are supposed to have three cabinet ministers, in this chamber and they are not here. If we are going to sit here all night and ask questions, and some Charlie McCarthy—not the acting leader of the house—just stands up and plays a record saying, "I'll take it as notice; I'll take it as notice," it would be just as well if we adjourned.

To continue with my supplementary question, I wonder if the acting government leader would advise me if he is aware that the Minister of Regional Economic Expansion said last Friday:

> Third, perhaps I could appeal to members in all corners of the House, including the Prime Minister and all other ministers and the official opposition, to help me arrive at means—

By which he meant money, as is obvious from the previous part of his statement.

> —to help Canadians, wherever they live, achieve equal opportunity.

That is at page 653 of *Hansard* of the other place. At page 654 the minister is reported as saying:

> So, I am really very strapped with the financial constraints I have. Even if we do not answer or do not take one more commitment, the financial resources of the department now are stretched to the limit. I have barely enough just to honour the commitments that were made by our administration before and the hon. member's administration.

He finished up by saying:

> Give me the means—

Which means cash.

> —and my job is to answer positively to all those requests.

I am asking the acting minister, or acting house leader, if he is aware of this very important statement made by the Minister of Regional Economic Expansion, who says he is very strapped with financial constraints, and if it includes the moneys promised for the modernization of Sydney Steel.

Senator Riley: It is a long preamble.

Senator Muir: I was going to say that there are so many brilliant senators on the other side that they should be filling the positions of those ministers who are not here tonight. I mean that sincerely. There are many senators on the other side who, I am sure, could answer these questions.

Does this mean that the millions that were promised for the Sydney Steel Corporation by the present administration are not going to be forthcoming because of the financial constraints, and that we're down to the bottom of the barrel; that, as the minister has said, there is no more money available?

• (2020)

Senator Frith: Honourable senators, to answer both questions, yes I am now aware, and as to the meaning of the statement, I will see that it is passed on to the person who made it. It seems to me he would be the most appropriate person to discuss its meaning.

Senator Muir: A supplementary question: Would the Acting Leader of the Government take it upon himself—forgetting for the moment the ministers who are not here; perhaps they are not coming back, I don't know—to inquire of the government and the ministry concerned, DREE, whether or not the Sydney Steel Corporation is going to receive the moneys necessary for it to continue its operation, and would he bring a report back to this chamber? I ask him kindly to do that.

Senator Frith: Honourable senators, I shall see that the honourable senator's comments and questions are passed on to the appropriate minister.

BUSINESS OF THE SENATE

MOTION TO ADJOURN NEGATIVED

Hon. R. James Balfour: Honourable senators, in view of the obvious disdain which has been demonstrated by the government side for the opposition in this chamber, as exemplified by the absence of all three ministers of the Crown who are here to be answerable to the opposition, I move that this chamber do now adjourn.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the reason for the absence of the three members of the cabinet is, I suppose, known. There is a meeting of a large number of cabinet ministers taking place in British Columbia and that, in turn, is associated with the visit of his Excellency the Prime Minister of Japan to Vancouver and other areas on the west coast. That is the reason for their absence.

If I understand the Rules of the Senate correctly, a motion to adjourn is not debatable, so I do not want what I said taken as debate. This is the third time somebody has referred to the

absence of the three ministers, so I thought it only reasonable to advise honourable senators of the reason for that. That is simply by way of explanation. However, as I understand the Rules, a motion to adjourn is not debatable, and it is a matter of putting the question.

The Hon. the Speaker: There is a motion preferred by Senator Balfour that the house do now adjourn. Is there a seconder to the motion?

Hon. John M. Macdonald: Yes.

The Hon. the Speaker: Is it the wish of honourable senators to vote on the motion? It is not debatable.

Senator Frith: Put the question.

The Hon. the Speaker: Will those honourable senators who are in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And more than two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

• (2025)

Motion of Senator Balfour negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Balfour	Macdonald
Bélisle	Macquarrie
Bielish	Muir
Choquette	Nurgitz
Donahoe	Sherwood
Doody	Yuzyk—13.
Grosart	

NAYS

THE HONOURABLE SENATORS

Adams	Frith
Anderson	Giguère
Barrow	Guay
Bell	Hastings
Bird	Hays
Bonnell	Inman
Bosa	Lafond
Cameron	Lang
Connolly	Lapointe
Cook	Manning
Croll	McGrand
Denis	McIlraith
Fournier (Restigouche-Gloucester)	Molgat
	Molson

[Senator Frith.]

THE HONOURABLE SENATORS

Norrie	Rousseau
Petten	Thériault
Riley	Wood—33.

The Hon. the Speaker: I declare the motion defeated.

• (2030)

Hon. Robert Muir: Honourable senators, I rise on a point of order. Since we cannot get answers to questions from ministers who are not present, and we are unable to get answers from the acting government leader—and I do not fault him for that—and since the government knew we were sitting tonight, I cannot understand why at least one minister is not present. So, tongue in cheek, would it be in order to put questions to those who do not represent the Liberal Party in this house and who voted against the motion to adjourn, such as Senator Manning, or others, and would they answer the questions?

The Hon. the Speaker: Honourable senators, I do not think there is any point of order involved in this.

HOUSING

ASSISTED HOME OWNERSHIP PROGRAM

Hon. Cyril B. Sherwood: Honourable senators, I should like to ask the Deputy Leader of the Government, in the absence of the Minister of State for Economic Development, if he could confirm, or have confirmed, recent reports that in the past three months the number of people who have quit their homes, purchased under the Assisted Home Ownership Program, equals approximately one-quarter of the total number of quits since the program was initiated five years ago?

• (2035)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I will take that question as notice. In view of some of the comments that have been made, I think it appropriate to also say that that would clearly have been a question that would have been taken as notice even if we had had all three cabinet ministers here. I think that applies to many of the other questions as well, but certainly not to all of them.

Senator Sherwood: I wonder if the Deputy Leader of the Government would also tell us if the government is intending action in the near future to alleviate this obviously worsening problem.

Senator Frith: I will pass that question on to the government.

BUSINESS OF THE SENATE

QUESTION PERIOD—ABSENCE OF MINISTERS FROM CHAMBER

Hon. C. William Doody: Obviously, honourable senators, my question has to be directed to the Acting Leader of the

Government, the deputy leader. Is it the intention of the government to have some of the ministry represented in the house during Question Period or are we to expect that there will be no representative of the government.

I know that there are 35 or 40 questions now on for which notice was taken while the ministers were present for which no answers have been forthcoming, even though we were told one day last week that a courier was on the way and that we should hold ourselves in expectation that the chap would rush through the door with a forked stick and the message would be passed out to us. That has not happened, obviously.

I wonder if the deputy leader would let us know if indeed it is to be the practice of government not to answer questions. If so, it would save many of us a lot of trouble and some embarrassment and perhaps would help to preserve the dignity of the Senate, because I really do not think this sort of performance is helping any.

Senator Frith: Honourable senators, to take the parts of the question in their order as I recall them I can safely say that it is not the intention of this government, nor the intention of the three cabinet ministers who sit in the chamber, that they be absent. It is their intention to be present and to answer questions as they have. I think I can assure honourable senators that the situation that exists this week is unusual and will prove an exception.

Certainly, if I may say so perhaps gratuitously, I have no intention, regardless of what rumours might exist to the contrary, of asking the Senate to adjourn owning to the absence of the Leader of the Opposition and the Deputy Leader of the Opposition. I am sure from my experience in this chamber, which is not that long, that it is also an exception for both the Leader of the Opposition and the deputy to be absent. I think I can assure honourable senators, therefore, that the situation tonight is an exception, apparently on both sides.

[*Translation*]

Hon. Azellus Denis: On a supplementary, honourable senators. Is it customary to have senators-ministers?

If so, who started the practice of appointing senators ministers?

Senator Choquette: The Conservatives.

[*English*]

Senator Frith: Certainly, in history it has been an exception overall to have cabinet ministers in the Senate, other than the Leader of the Government in the Senate. So that in that sense, I suppose, tonight is an exception to an exception, but I do think we can safely say that the absence of the three ministers and the Leader of the Opposition and his deputy is an exception and, I am sure, will continue to be an exception.

Senator Denis: You have not really answered my question. The question is who started the business of having ministers among senators.

Senator Frith: Well, that is a matter of history and it depends on how long we go back. In our memories, I suppose, for most of us it started in 1979; but it started before that with other ministries.

Hon. Robert Muir: I have a supplementary for the Deputy Leader of the Government. He is talking about history. I am sure he will agree that it has transpired in years gone by, as it transpired in the last Parliament, and met with the full approval of the present Prime Minister—with the exception of one senator, who was a cabinet minister—and I would think he has taken his lead from what happened in the last Parliament by giving certain senators the responsibility to answer questions. All we want, sir, is to have our questions answered. I have full sympathy for the Deputy Leader of the Government. It must be embarrassing to constantly have to stand up and say "I shall take the question as notice."

● (2040)

Senator Frith: I have already explained that this is an exceptional situation. In reply to the last comment, I do not find the situation embarrassing.

Senator Doody: Honourable senators, I have a question related to one that I asked a short while ago. Can the Deputy Leader of the Government indicate when we can expect answers to questions that have been taken as notice during the past several weeks? Is there an ongoing process with regard to those questions, or is there no point in our asking questions?

Senator Frith: Honourable senators, there is an ongoing process. As a matter of fact, I was not clear whether the honourable senator was making a favourable comment on the fact that last week we had some answers to questions even before the sitting ended that day. I am sure the honourable senator will be pleased to know that the same process continues with regard to providing answers to questions as it did under previous administrations and back into the mist of time. We shall obtain the answers as quickly as possible.

The honourable senator no doubt realizes, as a parliamentarian, that replies are sometimes obtained surprisingly quickly while on other occasions it is more difficult to obtain them. The situation depends on a number of circumstances. I can assure the honourable senator that my colleague Senator Perrault and his staff are working continuously in an effort to try to clean up any backlog that exists.

I do not believe that the backlog which presently exists is untoward, compared with that which existed under previous administrations. I have, for example, answers to four questions. These will reduce the backlog to some extent.

FOREIGN AFFAIRS

CUBAN REFUGEES—CANADIAN INVOLVEMENT

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Deputy Leader of the Government arising from the response given last Thursday to a question asked by me earlier in the month. My question was whether Canada would expand its commitment regarding acceptance of Cuban refugees. The reply, recorded on page 171 of *Hansard*, indicat-

ed that the government is deeply concerned about the matter and would look at the situation in Havana.

My question is: Does that answer, which does not have a "yes," mean "no"?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, no, it does not. As I recall the answer that was given, it was not that the government will look at the situation in Havana, but that it is constantly studying the situation in Havana. That is the present state of the government's activity and concern.

If a policy is developed that would be a direct "yes" or "no" answer to the question, I will see to it that the answer is forwarded to the honourable senator.

Senator Nurgitz: I have a supplementary question: I assume, since the Deputy Leader of the Government is not indicating that there is an expansion of the number, that there is no expansion of the number at this time.

Senator Frith: That is the information I was given, that the situation is still under study, and that no policy for expanding the number exists. That is correct, senator.

INTERNATIONAL TRADE

SALE OF CANDU REACTOR TO ARGENTINA

Hon. Heath Macquarrie: Honourable senators, although this seems to be developing into a blank Monday, I should like to ask this question: May I inquire as to the reported favourable prospect for the sale of the Candu reactor to Argentina. If such is the case, could the Deputy Leader of the Government advise if he has any information on whether the changed situation results from a lowering of the price, or of the safeguards that have been demanded and heretofore insisted upon by Canada?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I shall take that question as notice. Again I believe that any minister who may have been here tonight would have done the same.

BUSINESS OF THE SENATE

QUESTION PERIOD—ABSENCE OF MINISTERS FROM CHAMBER

Hon. Allister Grosart: Your Honour, is it your intention now to call for delayed answers? If so, I will hold my question until the conclusion of the delayed answers.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the normal procedure has been that the delayed answers close the Question Period. I do not think there is any strict rule to that effect, but it seems to have become our custom. Perhaps we should hear Senator Grosart's question before I read those replies.

Senator Grosart: My question is really a comment, but under our rules it must be a question. I will therefore put it in this form: Would the Deputy Leader of the Government not agree that the situation in the Senate this evening, this Monday night, is embarrassing to all of us? As a rhetorical question, I do not expect an immediate answer.

It gives me the opportunity, however, to ask some subsequent questions. I have the greatest sympathy for the Deputy Leader of the Government in this difficult situation tonight. My feeling is that it is utterly unfair that he should be put in this position tonight, when the Senate was called to sit this Monday evening, which is not a normal sitting of the Senate. I would ask the deputy leader whether he does not agree, or whether his leader would not agree, that this is an outstanding example of bad management of the affairs of the Senate, the sort of thing that causes the type of comment that has been made tonight. Does he not believe that the management of the Senate could be undertaken in a much better way, so that we are not made to look as absurd, ridiculous and silly as we have been on this occasion.

The Question Period was called, with the expectation that the Senate could expect answers to questions. Because of the limitation of our rules, those questions can only be directed to certain persons such as ministers and the Leader of the Government in the Senate. Does the Deputy Leader of the Government not agree that the situation is ridiculous and that the Senate of Canada, in view of the criticism that has been levelled in many quarters, should not again be made to look as ridiculous as it is tonight.

Some Hon. Senators: Hear, hear.

Senator Grosart: I am not commenting; I am asking questions, under our rules. I would prefer not to ask any further questions in this atmosphere. I have put my question and I hope it will be conveyed to those who have the responsibility for the management of the Senate. It is a ridiculous situation for the Senate to be placed in this evening.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I do not find the situation embarrassing, and I do not agree that the Senate is being made to look ridiculous. I was a trifle embarrassed by the motion for adjournment, but not seriously so.

Let us look at what has taken place tonight that apparently is such an embarrassing and ridiculous situation. We have covered our order paper. We have placed on the order paper business that would have been placed under more normal circumstances. A very large percentage of the questions that were asked during this Question Period would have been taken as notice anyway. As for the fact that we are sitting here on a Monday night, that is not, in my view, an indication of bad management. The suggestion that we should sit tonight came from the Honourable Leader of the Opposition, Senator Flynn. I thought it was a good suggestion, and I still think so. I am not at all embarrassed that we are sitting tonight, and it seems to me that honourable senators on the other side have asked good questions, many of which, as I say, would have been taken as notice in any event.

• (2050)

We have already accepted the fact that to sit when none of the three cabinet members are in the Senate is an exception.

My experience is that honourable senators are all exceptional people, and I think it is understandable that they may be required to do exceptional things from time to time, as they have been tonight. When one is asked to do something exceptional one should do it with style, restraint and responsibility—qualities which have mostly characterized our sittings so far.

I think we should now get on with our business, and not adjourn, or in any other way suspend our activities simply because of the absence of the Honourable the Leader of the Opposition, his deputy, and the three cabinet ministers, since we all accept that that is an exceptional situation.

I will now carry on doing exactly what I would be doing if those cabinet ministers and leaders on the other side were here, namely, giving some delayed answers.

EMPLOYMENT AND IMMIGRATION

OCCUPATIONAL TRAINING FOR ADULTS

Hon. Royce Frith (Deputy Leader of the Government): Senator Tremblay's question of April 17, 1980, was in two parts, as follows:

> —first, does the phrase "critical trade skills" imply a value judgment on the non-critical nature of the skills on which OTA has been mainly centred up to now, and if so, on which studies or criteria is that value judgment based?
>
> Secondly, in the choice of the critical trade skills which OTA could now emphasize, will the provinces be involved, and will their involvement be instrumental or secondary?

The answer is as follows.

> 1. Under the Canada Manpower Training Program (implemented under the Adult Occupational Training Act), adults may receive training in a wide variety of skills and occupations. Within a given budget, regional officials of the Canada Employment and Immigration Commission and their provincial counterparts jointly determine the types of courses and the number of training places to be made available. It is done on the basis of labour market needs.
>
> The Commission's Critical Trade Skills Training initiative is directed towards an expansion in industrial training in higher level blue-collar skills where Canadian training capacity at present is substantially underdeveloped in relation to the occupational needs of the economy. The occupations are termed "critical" because of the high skill levels involved and because of the need to take specific measures to secure adequate supplies of such workers within Canada to maintain and develop Canadian industry—particularly the manufacturing sector.
>
> 2. The process of designating trades and occupations for the purpose of the Critical Trade Skills Training initiative not only involves the commission and the provinces, but the private sector—labour and management—as well. Judgments are made jointly, in a regional context, and on the basis of labour market information, jointly prepared by commission and provincial officials.

FOREIGN AFFAIRS

DESECRATION OF CANADIAN WAR GRAVES IN FRANCE

Hon. Royce Frith (Deputy Leader of the Government): The Honourable Senator Marshall asked the following question on April 29 relating to the desecration of Canadian War Graves in France:

> Honourable senators, I have a question for the Deputy Leader of the Government. Recently 22 Canadian war graves of Jewish veterans were desecrated in Chateau Brettevielle, France. Representations in connection with that shocking vandalism were made to the Minister of Veterans Affairs by the Canadian Jewish Congress.
>
> I would ask the deputy leader to inquire as to what action the Department of Veterans Affairs is taking to repair those graves and what action the government is taking in terms of official representations to the Government of France concerning this very shocking incident.

The answer, from the minister, is as follows:

> Work teams from the Commonwealth War Graves Commission, of which Canada is a contributing member, undertook an immediate clean-up operation of the damaged area. Temporary grave markers have been installed pending the erection of the new permanent headstones. These have been ordered and will be put in place as soon as possible.
>
> Official apologies to the people of Canada were immediately extended by the head of Veterans Affairs Secretariat in France, as well as from the mayor of the town of Brettevielle.
>
> I am satisfied that this was an isolated incident and that the good citizens of Brettevielle, and indeed other areas of Normandy, continue to honour and respect Canadian war graves as was demonstrated to the Canadian delegation which visited the area to mark the thirty-fifth anniversary of D-Day last June.

U.S.S.R.—ARREST OF DR. ANDREI SAKHAROV—OFFICIAL PROTEST BY CANADIAN GOVERNMENT

Hon. Royce Frith (Deputy Leader of the Government): The following question was asked by the Honourable Senator Haidasz on April 23:

> —I ask the Leader of the Government in the Senate whether the Canadian government has forwarded an official protest following the arrest, degradation and internal exile by the U.S.S.R. of the eminent scientist, leading human rights activist and Nobel Peace Laureate, Dr. Andrei Sakharov, who dared to condemn the U.S.S.R. intervention in Afghanistan?

The answer is as follows:

> On January 23, 1980, the former government issued a statement protesting the measures taken against Dr. Sakharov. In the weeks that followed, the question of his internal exile was raised by Canadian officials on various occasions with their Soviet counterparts. However, no

formal protest has been forwarded to the Soviet authorities.

NATIONAL UNITY

THE CONSTITUTION—MEETING OF PREMIERS OF WESTERN PROVINCES

Hon. Royce Frith (Deputy Leader of the Government): I now come to a question by the Honourable Senator Asselin on national unity. The question is as follows:

> Honourable senators, my question is for the Leader of the Government. At the conclusion yesterday of a meeting of the four western premiers held in Lethbridge, a call went out for a permanent conference of first ministers to deal with the Constitution, with the first meeting to be convened soon after the Quebec referendum. I should like to know whether the government is receptive to the request of the four western premiers for such a conference?

The answer is as follows:

> The federal government has not heard of a request to have a permanent conference of first ministers to deal with the Constitution. Nor has there been any formal communication with the government in regard to constitutional reform arising out of the recent conference of the premiers of the provinces of Manitoba, British Columbia, Saskatchewan and Alberta.
>
> We have, however, received texts of communiqués and have noted the wish expressed in one of them that a meeting of the continuing committee of ministers on the Constitution (CCMC) be convened by the federal government soon after the Quebec referendum, and in that way to resume the constitutional review process.
>
> As honourable senators are no doubt aware, on April 24 the Prime Minister was asked a similar question during a press conference. His reply was that in the event of a "no" vote in the forthcoming referendum there would be a need to continue the constitutional conferences as soon as possible. As well, he expressed the hope that, with a "no" vote, Mr. Lévesque would feel that he must participate in earnest in these conferences.
>
> In the hypothetical case of a "yes" vote in the referendum, the Prime Minister stated that it would have to be determined whether the Premier of the Province of Quebec would be willing to participate in a federal-provincial conference on the renewal of federalism. If Mr. Lévesque refused, it would have to be decided whether a conference could be held without him. However, such a decision could only be made at the time.

Those are the answers I have been furnished with today, honourable senators.

[Senator Frith.]

THE SENATE

NEWSPAPER REPORTS—QUESTIONS OF PRIVILEGE

Hon. Robert Muir: Honourable senators, I had other questions, but I am not going to pose them. I rise, really, on a question of privilege, if I may.

I am not here to try to lecture the brilliant men and women whom I see sitting around this chamber, and who have served their country in peace and war in provincial legislatures, in the federal cabinet and the House of Commons. They are brilliant people, and they are to be found all over this chamber.

This being so, one wonders why some journalist can come out of university and after two weeks on the Hill write terrible things about the Senate of Canada and the other place as well. It seems that such people become immediate experts.

• (2100)

I look at the report presented recently by Senator Croll, and other reports of committees of this house over the years, from which some of the best legislation in the world has been initiated. Then we have this unfortunate incident tonight, when there is no one present to answer questions. However, I must applaud the Deputy Leader of the Government for his brave front, and the manner in which he approached this situation.

I look around and I see so many academics, farmers, and others who have served their country for so many years in provincial legislatures, and some as provincial premiers. I do not forget our Speaker, a man who has worked in the field of labour over the years and been responsible for tremendous labour legislation; a man who has organized unions and generally done so much for the labour forces of this country. Yet, we come here tonight to elicit information, only to discover there is no one here to answer our questions.

While we are contributing to our country by our presence in this chamber, others will damn this institution. By the non-appearance of the ministers in this chamber tonight, we are pulling down the reputations of this institution.

Some Hon. Senators: Order!

Senator Muir: So many write about this institution, and condemn all of us. Those writers would not even run for dogcatcher because they could not get elected. It is a crying shame that all of us should be castigated in the manner in which we are.

Some Hon. Senators: Order!

Senator Muir: I should like to know, in response to the question of privilege, if the Deputy Leader of the Government can assure us that this will not occur again.

Hon. Royce Frith (Deputy Leader of the Government): I have nothing to add, honourable senators, to what I said on the subject earlier.

Hon. Daniel A. Lang: I rise on a point of real privilege. This is a privilege that affects us all in this chamber.

This matter was brought to my attention tonight by Senator Bird when she handed me a letter to the editor written by a

man named Mason from Larrimac, Quebec, and printed in today's issue of the Ottawa *Journal*. In this letter he refers to a Canadian Press story which appeared in the Ottawa *Journal* of April 30 under the heading "Indians propose self gov't," and which reads:

> The only Indian senator is Willie Adams, a Liberal from Fort Chimo, appointed to represent the Northwest Territories in 1977.

That is absolutely ridiculous. If this is the kind of journalism we are going to be subjected to in this country, God help us in the days ahead when we go through a referendum issue, and a constitutional revision.

Of course, I do not have to tell you that Senator Willie Adams is not an Indian, he is Inuit; that Fort Chimo is not in the Northwest Territories—even the geography in the article is cockeyed—and that we have an Indian representative here in the person of Senator Guy Williams.

In a further quote it says that Senator Adams is a "token Indian" in the Senate. I cannot imagine anything more insulting to the dignity of this chamber than to mix up Senator Adams, an Inuit and Senator Williams, an Indian and referring to them as "tokens". We in this chamber know that Senator Williams and Senator Adams are not tokens; they represent their people as nobody else can, and we are proud of them and proud they are here.

Hon. Senators: Hear, hear.

QUEBEC AND MONTREAL PORT WARDENS ACTS

BILL TO AMEND—THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill S-3, to amend an act to provide for the appointment of a Port Warden for the Harbour of Quebec and to amend an Act to amend and consolidate the Acts relating to the office of Port Warden for the Harbour of Montreal.

Motion agreed to and bill read third time and passed.

DEPARTMENT OF LABOUR ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

[*Translation*]

Hon. L. Norbert Thériault moved the second reading of Bill S-4, to amend the Department of Labour Act.

He said: Honourable senators, you realize what you would have missed if we had adjourned earlier.

As this is my first opportunity to speak since the opening of this Parliament, I would like to congratulate the Speaker of the Senate. I agree with all the comments made about those who took part in the debate as well as the remarks concerning the officers of the Senate during this session.

Honourable senators, most of you are already aware of the purpose of the amendment which is to allow the Department of Labour to put an end to the publication of *Gazette du Travail* and the *Labour Gazette*. Honourable senators also know that this enabling legislation was first introduced in the House of Commons in December 1978 and again in October 1979. Those steps were based on the conviction that all things considered, the production costs of both publications could not be justified when all departments had been ordered to reduce considerably their expenditures.

The *Labour Gazette* is therefore yielding, as it were, to the vicissitudes of fashion and technology experienced during its 78 years of existence. For a long time, the *Labour Gazette* was almost the only specialized publication in labour matters. The development of communication means and the media has, however, removed several of its functions; the labour reports have increased in newspapers; professional publications have appeared and the electronic media are increasingly involved in labour issues since they are a leading part of current events.

In the course of time, the *Labour Gazette* had become a forum where spokesmen from the labour world were heard, more especially the representatives of unions, employers and universities. It was intended, quite naturally, for a highly specialized and relatively restricted public. It was never intended nor was it expected to become a widely circulated publication. Honourable senators, please allow me a few minutes more so that I can explain briefly the factors which influenced the decision of putting an end to the two publications.

It was estimated that the cost of producing *The Labour Gazette* and *La Gazette du Travail* would amount to about $225,000 for the 1979-80 financial year.

By ending the publication at the end of 1978, which made things easier for librarians and archivists, the department saved $83,000 in 1978-79.

The Labour Gazette and *La Gazette du Travail* had respectively 2,800 and 750 subscribers at that time.

With regard to the *The Labour Gazette*, that figure represented an increase of 590 subscribers or 21 per cent in the seven months preceding publication of the last issue, the period during which the publicity campaign was held. The subscriber had paid $7.50 to receive 10 issues during the course of the year, while production costs amounted to roughly $60. Justifying a grant of over $50 a subscription was no easy matter.

● (2110)

[*English*]

Furthermore, the Department of Labour Act does not, in fact, require issuance of a publication such as that into which the *Labour Gazette* evolved. The original legislation called only for the publishing of statistical records. Although the evolved version of *The Labour Gazette* carried statistical data, its prime role had become that of a forum. It goes without

saying as well, that over the years a vast range of statistics has become available from numerous other sources.

In the Department of Labour a careful study was undertaken to determine if any alternative reductions, in either programs or services, could be made to preserve the vehicle of *The Labour Gazette*. With regret, however, no alternative was available. Indeed a number of other publications also had to be terminated to meet the expenditure reductions that were demanded.

The decision was made, therefore, after much deliberation, to cease publishing these periodicals. This had the effect of reducing 1978-79 and 1979-80 expenditures by at least the amounts that I have mentioned.

The provision of a forum for independent labour-related opinion as distinct from a vehicle for partisan thought still has, I believe, considerable merit. But whether or not it is a reasonable—or even possible—function of government at such considerable cost to all taxpayers is questionable, especially in a "belt-tightening" period such as we may expect to experience for some time to come into the future.

In the intervening months since this decision was made, there has, of necessity, been no lessening of the real need to continue curbing financial expenditures. Nevertheless, it should be duly noted that the effect of this legislation, while reacting to the restraint demands, eliminates the requirement to publish *The Labour Gazette* and *La Gazette du Travail* but does not prevent introduction of periodicals under the same or similar title if circumstances justify such action.

Honourable senators, in the present circumstances, however, I feel there are no other options but to confirm the earlier decision to discontinue these publications.

On motion of Senator Macdonald, debate adjourned.

RETIREMENT AGE POLICIES

REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Retirement Age Policies, entitled: "Retirement Without Tears", tabled in the Senate on 15th April, 1980.—(*Honourable Senator Godfrey*).

Hon. Margaret Norrie: Honourable senators, I ask permission to resume the debate on the consideration of this committee report instead of Senator Godfrey.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Norrie: Honourable senators, let me first take this opportunity to express my congratulations to our new Speaker, the Honourable Jean Marchand. I know that a man of his experience and intelligence will most certainly do well, and grace our chamber with good judgment.

[Senator Thériault.]

At the same time, I wish to commend Senator Grosart on the excellent service he gave us during his all-too-short tenure as Speaker.

As mover of the motion for an Address in reply to the Speech from the Throne, Senator Rousseau demonstrated her fine talent as a new member of this chamber. The worthy seconder, Senator Harry Hays, former federal Minister of Agriculture, thrilled us with his rousing account of the rich resources in western Canada, and what they mean to the economy of our country if wisely handled.

I am confident that the choice of the "three wise men" of the Senate from western Canada to serve their respective provinces in the cabinet was a splendid one. They will fill a serious gap in our Liberal representation for the benefit of all Canadians.

Honourable senators, at this time I would like to pay tribute to two senators who have recently passed away.

Senator Hammy McDonald made a distinguished contribution to our debates in the chamber and committees on two great topics particularly, agriculture and NATO. The leadership he showed throughout his career must not be forgotten because both of these fields are top priority today.

I am saddened too that Senator Josie Quart is no longer with us. She was a commanding figure in intelligence and personality. Her co-operation on many issues was an outstanding element in her character.

To the loved ones of these two senators, I extend my sincere condolences. It was an honour to have known them.

Honourable senators, in participating on the debate on the consideration of the committee report, *Retirement Without Tears* I feel great praise must go to Senator Croll for his initiative, brilliant foresight and ability to spearhead and mastermind this extensive study on retirement age policies. The research and administrative staff have been tireless in their devotion to its success.

Throughout many years we in Canada have had good retirement policies, but due to carelessness and a changing society, which is nationwide, great weaknesses have emerged. This is why Senator Croll was determined to proceed with this study and to propose ways to make retirement a happy and secure period during the advanced years of life. He and his committee investigated and studied dozens of briefs which were presented to them.

Now, the following quote is rather long but I would like to use it because it is important. It shows the focus of the work of the committee.

> The ratios which measure the total dependent population to the size of the working age population are called the dependency ratios. There are various measures but the simplest and most popular one is the population dependency ratio. This gives the ratio of the older and younger dependent population compared to the remainder of the population. The aging trend is increasing but the total population dependency ratio in Canada is declining. The reason is simply that the size of the young dependent

group, unlike the older dependent group, has been declining because of the lower birth rate of the post-war baby boom. This trend is expected to continue. Consequently, the older and younger dependent populations together should actually decrease as a proportion of the working age population, and reach an all-time low by 2011. Only then will the ratio start to climb back up again reaching almost the present level by 2031.

● (2120)

Statistics Canada warns the public that caution is needed in interpreting these trends, because there is a margin of error. It is, however, safe to assume that the aging Canadian population will not be a heavy burden on the working force. When the decreasing burden of the younger group is taken into account, the cost of supporting the total dependent population should be reasonably manageable.

Although the aging of the Canadian population should not be cause for panic, this does not mean that the economy will not face difficult times of problem adjustment. There will be problems of diverting the savings from lower education costs to increased expenditures required for social security and public pensions. The closing of schools and the laying-off of teachers will create serious hardships, but this appears to be inevitable. The tax revenue that is used to help finance education comes partly from municipal taxes and partly from provincial taxes. The tax revenue that is used for social security comes mainly from federal taxes. This change of tax revenue will probably cause a bit of trouble also, so the burden of economic dependency is a reality.

The legacy of earlier times persists today, and women, particularly elderly women, are often treated unfairly by their male counterparts. This is the area that disturbs me greatly. I am not a radical "women's libber", but I do get extremely disturbed by the way women are ignored in their retirement quotas under private pension plans, and in the allotment given to an elderly woman when her husband dies. It is either nothing or an unbelievably small amount to meet her needs. I know many ladies in these circumstances, and it is cruel and unfair. We must not tolerate such situations. Senator Bird spoke ably on all these details and I will not bore you with repetition. The fact remains that it must be corrected by emergency measures.

Ever since 1927 the federal government has been involved in old age pensions. The amount then was only $20 for those of 70 and over; the federal government paid 50 per cent and the provinces managed the administration. Over the years the sum had to be increased in many ways, and by 1967 some low income people needed more, so the guaranteed income supplement was introduced. The amount received was subject to an income test. In 1975, indexing for the spouse's allowance was brought in and examined quarterly during the year. By 1979 the old age security pension was $179-odd, and the guaranteed income was $146-odd; the spouse's allowance was $301.

The Canada Pension Plan was introduced in the mid 1960s. It is supposed to provide workers with a guaranteed pension based on a pattern of their previous earnings. The Canada Pension Plan is universal, but anyone can opt out if they have similar plans, as Quebec has, for instance. However, there must be close co-ordination with Quebec, as it is called the Canada-Quebec Pension Plan. The benefits are now available at the age of 65 so as not to discourage anyone who wants to work from doing so. The elderly are working more and more in the labour force. This report emphasizes freedom of choice in retirement, and before the actuarial adjustment the pension fund will not suffer if someone decides to retire before the traditional age of 65.

One important item, in particular, in protecting those with private pension plans, as a recommendation in the report, is that the provinces and the federal government take appropriate action to require all private pension plans under their jurisdiction to disclose to participants how their funds are being invested and how they are performing.

There are many more items worthy of discussion, but I will close now, hoping that someone else will continue later. This report is ambitious and noble. We have the finest country in the world, and our aim should be, as I think it is, to benefit all classes, regardless of sex, race, religion and those in different financial circumstances. The pride of Canada is at stake, and we do not want our beloved people to be needy.

We may be inundated with boat people. I hear that the Florida coast is black with refugees coming from Cuba. We ask why.

Food is needed and our peace is at stake. We need great men and women to show that the world's happiness and security can be achieved if we have co-operation and love in our hearts. The enormity of solving our future problems will tax all our abilities. This haven of greatness is within our reach and our grasp if we choose our top priorities well.

Honourable senators, this report, *Retirement Without Tears*, is a great step in the right direction.

On motion of Senator Croll, for Senator Godfrey, debate adjourned.

● (2130)

CANADIAN AND EUROPEAN PARLIAMENTS

SEVENTH INTERPARLIAMENTARY MEETING OF DELEGATIONS—REPORT PRINTED AS AN APPENDIX—INQUIRY STANDS

On the Inquiry of Senator Macquarrie:

That he will call the attention of the Senate to the Seventh Interparliamentary Meeting of Delegations from the Canadian and European Parliaments held at Ottawa from 25th to 30th November, 1979.

Hon. Heath Macquarrie: Honourable senators, I do not wish to speak to my Inquiry this evening, but I should like to follow a precedent set by Senators Molson and Molgat during the last Parliament and ask leave to have the Report of the Seventh Interparliamentary Meeting of the Delegations of the Canadian and European Parliaments printed as an appendix to

today's *Hansard*, and tomorrow I will address the house on this subject.

The Hon. the Speaker: Is it agreed, honourable senators that the report be printed as an appendix to today's *Hansard*?

Hon. Senators: Agreed.

(*For text of report see Appendix "B", p. 194*)

The Senate adjourned until tomorrow at 8 p.m.

APPENDIX "A"

(*See p. 177*)

ADDRESS
of
HIS EXCELLENCY MASAYOSHI OHIRA
Prime Minister of Japan
to
Both Houses of Parliament
in the
HOUSE OF COMMONS CHAMBER, OTTAWA
on
Monday, May 5, 1980

The Prime Minister was welcomed by the Right Honourable P. E. Trudeau, Prime Minister of Canada, and thanked by the Honourable Jean Marchand, Speaker of the Senate.

[*Translation*]

Madam Speaker: Hon. members of the Senate and the House of Commons are happy to welcome His Excellency Masayoshi Ohira, Prime Minister of Japan, and Mrs. Ohira.

[*English*]

Excellency, we are deeply moved by the honour you do us of addressing this joint meeting of members of the Senate and of the House of Commons.

[*Translation*]

I call upon the Right Hon. the Prime Minister of Canada to introduce our distinguished guest.

[*English*]

Right Hon. P. E. Trudeau (Prime Minister): Mr. Prime Minister of Japan, Mr. Speaker of the Senate, Madam Speaker of the House of Commons, members of the Parliament of Canada.

On behalf of the people of Canada and of their parliamentary representatives, I have the honour to extend to you, Mr. Prime Minister, to Mrs. Ohira, to Foreign Minister Okita and to all the members of your entourage, a most cordial welcome.

This is indeed an historic moment. I note with pleasure and pride that you are the first holder of the high office of Prime Minister of Japan to address the Parliament of Canada. Your presence in this Chamber is a living expression of the importance of Japan and Canada to each other, and of the mutual respect and friendship which animates the relations between our countries.

[*Translation*]

There are present today, Prime Minister, men and women representing the people of every part of Canada. Their presence, as members of the House of Commons and the Senate, symbolizes not only the unity of our country, but also the traditions of parliamentary democracy which are so deeply imbedded in our way of life.

The people of Japan share this commitment to a democratic system, and in recent years there have been increasing contacts between our parliamentarians. This friendship can only add to understanding between our peoples: and I am inclined to think, Prime Minister, that such exchanges are likely to become more frequent and more valuable for both our countries.

When we look at Japan, Canadians see many things. We see a country of many dimensions and contrasts: the tranquility and timeless beauty of the temples and shrines in Kyoto; the industrial might and dynamism of modern Osaka. We see a country whose economy is the great success story of our times. We see a country whose rapid economic adjustments in recent years attest to the remarkable resourcefulness and adaptability of the Japanese people. Most importantly, we see a friend.

Prime Minister, the inherent strength and breadth of our relationship has made it an increasingly vital force in contemporary Canadian life. Japan has become our second largest trading partner. Nonetheless we remain convinced that the full potential of relations between our two countries is far from being realized. As we begin the decade of the 1980's, I invite our respective people to focus their attention on gaining a better understanding of one another's culture and institutions, so that we may add to the variety and quality of our friendship.

Canada values Japan as a nation which realizes, as we do, that the countries of the world have never been more mutually dependent than they are today. Yet the world lurches from crisis to crisis. The rule of international law is being challenged. The immunity of diplomatic persons and premises is being violated. International economic life is subject to increasing

strains and pressures. In our meeting this morning it was very much evident that we shared a strong determination to resolve these problems, and to work more closely together in our pursuit of that goal.

[*English*]

We agree that it is no longer possible, if indeed it ever was, for countries to create their own individual solutions to problems which are essentially global. We agree as well that the time when short-term, piecemeal responses could exert any real impact is long past.

Furthermore, the governments of both Japan and Canada are acutely conscious of the leadership demanded of us as members of the Summit group of major industrialized democracies. The world community rightly looks to us for effective solutions to the political and economic crises of our times.

The energy crisis, for example, crosses all international boundaries and has destroyed the myth that geopolitical and economic problems could be treated as if they were distinct, as if they were merely regional.

In co-operation with our Summit partners, we must help the world to build a stronger and steadier foundation for the home occupied by the family of mankind. That is why these few days of bilateral consultations, prior to the Venice Summit meeting in June, take on an added dimension of importance.

In the exercise of our shared responsibility toward the larger global community, both Canada and Japan have a common interest is strengthening relations among all our neighbours in the Pacific world.

During our discussions today, Prime Minister, you were kind enough to share with me your insights into the problems and potential of the Pacific community, your assessment of the prospects for greater co-operation in the Pacific region in the years ahead.

Canada is eager to be a full partner in that progress.

It is Canada's great interest in the Pacific community of nations, of which we are increasingly conscious of being a member, that will help to bring us closer together in the years ahead.

It is our great interest in Japan itself, in the accomplishments of its people, and in our potential for working together to build a better world, that prompts us to extend a warm welcome to you, Sir, the Leader of the Government of a great and friendly nation.

It is therefore a great pleasure to invite you to address this Special Session of the Parliament of Canada, convened in your honour.

His Excellency Masayoshi Ohira (Prime Minister of Japan): Right Honourable Prime Minister, Honourable Speaker of the Senate, Honourable Speaker of the House of Commons, Honourable Members of the Senate, Honourable Members of the House of Commons and distinguished guests.

It is my great pleasure to be here this afternoon. I am indeed grateful for the honour you gave me to speak, the first time for a Prime Minister of Japan, before the distinguished members of the Canadian Parliament.

Ever since my last visit to Canada in 1974, I have always wished to return. On this trip, I have mustered my courage to deliver my speech in English. I ask for your indulgence if my accent does not quite sound Canadian.

I only regret that the time for preparation was a bit too short for me to try to learn French as well. Excusez-moi.

Today, I should like to focus my remarks on the nature of co-operation required of Canada and Japan. While our two nations have diverse and contrasting features in many respects—in their cultural background, historical heritage, land, natural endowment, and ethnic make-up—we have also much in common: we share our belief in democracy and freedom; we are committed to the principle of free and open economy; and we possess similar objectives in our respective efforts to build a just and peaceful international community.

I, therefore, believe that there exists a basis for a broad co-operative relationship to be developed between our two countries beyond the economic relations which are already growing in both scope and intensity every year.

The 1980s saw its opening in turmoil. The events in Iran and Afghanistan highlighted the kind of challenges that we face in the present multipolar world.

We respect the cause of the Iranian revolution and have a sincere desire to expand and strengthen our ties of co-operation with this important country in the Middle East. We cannot, however, tolerate the continued holding of American diplomats as hostage, not only because this unlawful act is unacceptable from any humanitarian point of view, but it constitutes a serious threat to the basic order of the international community.

It is for this reason that, while urging the United States to continue to act with patience and restraint, we have given our full support to the international efforts through the United Nations, repeatedly made our position clear to Iran that the hostages must be released immediately, and, more recently, joined with the nine European Community countries to take certain concerted steps towards Iran to urge them to cease their unlawful act.

Japan intends to act towards the early and peaceful resolution of the hostage issue in co-operation with other like-minded countries as a responsible member of the international community. I know that Canada takes the same position on this issue and I should like to pay my sincere tribute to the dramatic and courageous role Canada played in January.

The military intervention by the Soviet Union in Afghanistan is another issue of global significance not only because of its flagrantly illegal character but because of its geopolitical implications as well. Thus, the issue calls for concerted responses by those members of the world community who are seriously concerned about the maintenance of international peace and stability. We take peace seriously and we cannot but condemn what the Soviet Union is doing in Afghanistan.

Japan, therefore, has repeatedly called for the immediate withdrawal of the Soviet forces from Afghanistan. We have taken concrete measures to demonstrate our disapproval of such Soviet action. We will continue to make our best efforts in concert with other like-minded nations in order to contribute to an early resolution of this serious situation. And here again, I am very much impressed and encouraged by the Canadian initiatives in expressing your deep dedication to the cause of international peace.

New challenges come not only from political issues but also from the economic front.

The first and foremost is the question of energy. Energy holds the key to a healthy and stable development of world economy in the 1980's and beyond it towards the twenty-first century. One of the most immediate tasks facing us is the conservation of oil. This benefits both producers and consumers. Japan has been making an effort to reduce the consumption of oil; between 1973 and 1978, while Japan's gross national product expanded by 19.6 percent, we managed to keep down the growth of the total use of energy to only 5.7 per cent and its use of oil to 0.7 per cent. We are also endeavouring to diversify the sources of oil supply and to facilitate the development of alternative sources of energy. I know Canada is at the forefront in developing new sources of energy, for instance, in the production of synthetic fuel, and utilization of solar energy and biomass. We are watching your efforts with admiration and I believe that there exist ample opportunities for us to co-operate together in this field. It is also my belief that the fruits of our research and development for conservation of energy and for development of alternative sources of energy should be made available to all the countries including developing nations.

Inflation is no less serious a challenge, and an enemy to our economic prosperity. We have recently introduced a comprehensive set of anti-inflation policies and are carrying out a determined fight against inflation. Through its vicious effects, inflation deprives national economies of their vitality and will definitely hamper our efforts to pursue steady economic growth. As inflation is internationally infectious, we should co-operate together with other industrialized democracies to curb this malicious problem.

None of the major economic problems, including the two I have just mentioned, can be dealt with effectively by isolated measures of any single country, but requires concerted efforts by all the major economies. It was precisely out of such spirit of co-operation, that the Summit meeting of major industrialized countries was born. The Japanese Government appreciates your active and constructive contribution in this regard, and wishes to continue our co-operation at the Summit meetings and in other fora.

Our co-ordinated efforts in managing both domestic and world economies are naturally of crucial importance. They alone, however, will not suffice. Progress in science and technology is essential to maintain the dynamism of the economies of the industrialized democracies and of the entire international economy. Canada is one of the countries that have the capacity and potential to lead the world in this most rewarding and yet most demanding field. Japan has also been doing much, and I am therefore certain that co-operation in the fields of science and technology will further enrich our relations.

Another area of international activities where our co-operative efforts can be very fruitful is economic co-operation with developing countries. Our long-term prosperity hinges, to a great extent, on the future of the developing countries. We know from experience that the development of human resources constitutes the basis for self-reliant nation-building efforts, and we attach importance to strengthening such basis through our assistance. We pledged in 1978 to double our official development assistance in three years, and we believe that we shall be successful in our endeavour. We are also making greater efforts to soften the terms and improve the ratio of ODA to GNP.

Canada, I know, has consistently been playing a leading role in coping with the North-South problem. For instance, the late Mr. Pearson's report, "Partners in Development", set the direction of international economic co-operation.

As an Asian country, we attach particular importance to Asia in extending our economic assistance. In this connection, we highly appreciate Canada's generous policy for the resettlement of the Indo-Chinese refugees, to which we, on our part, are making a substantial financial contribution. This program of yours is a noble humanitarian deed that also contributes to the peace and stability of the Asia-Pacific region.

The Asia-Pacific region contains some of the most dynamic economies in the world today. I believe that to promote cooperative relationships among the countries at the rim of the Pacific will contribute to peace and prosperity of the region. I feel that the Canadian and Japanese people have particularly important roles to play in strengthening the ties of friendship and co-operation in this region. I have no doubt that the Asia-Pacific region, which Prime Minister Trudeau once called "The New West", will benefit greatly from active Canadian participation.

We can be proud of the achievements we have made in recent years in the relations between Canada and Japan. The trade between us has grown five times in the past decade, and Japan is the second largest trading partner of Canada. We maintain close consultations on political issues, and the exchanges in cultural and academic fields have also increased, building on the foundation consolidated by the Cultural Agreement signed in Tokyo between Prime Minister Trudeau and the then Prime Minister Miki. But this is only a beginning. The horizons that we share extend much further.

Recent events demonstrate, in a convincing way, the imperative need for closer co-operation and co-ordination among the industrialized democracies. I believe that both Canada and Japan have useful and constructive roles to play as we share a common vision of the world we desire to shape in the new decade and beyond.

Today, I had extensive and extremely fruitful talks with Prime Minister Trudeau on a number of issues of mutual interest. As a result, I am convinced more than ever that Canada and Japan are not just neighbours across the Pacific but are really close friends sharing common concerns and interests.

We are both pursuing prosperity for our own people. But I often realize, and feel that we are not just seeking success or achievement in terms of statistical figures. The rich life that we strive for is a life that rewards us with deeper satisfactions. We strive to create a world where our children and grandchildren can feel proud to be born into.

I know that Canada offers a very rewarding and rich life to its people. I am also aware that this is the fruit of your cultural, social and economic heritage, and of your democratic tradition. We in Japan similarly benefit from the efforts of our forefathers, and I believe it is our duty to enrich this heritage and pass our achievements on to our future generations. Let us co-operate together in addressing this momentous task.

Thank you. Merci.

[*Translation*]

Hon. Jean Marchand (Speaker of the Senate): Mr. Prime Minister Ohira, Mr. Prime Minister of Canada, Madam Speaker, Your Excellencies, distinguished members of the Senate and of the House of Commons, ladies and gentlemen.

If I may, Mr. Prime Minister, I would like to say on behalf of my colleagues of the Canadian Parliament that it is a great honour for us to receive you here today. The fact that for the first time we have invited the Prime Minister of Japan to speak at one of our rare joint sittings shows how important our relationship with your country is to us. I am certain that the address you have given today will inspire us and encourage us to pursue our efforts to meet the objectives of co-operation that we have set for ourselves.

[*English*]

Mr. Prime Minister, detailed discussions will be held between yourself and the Canadian counterparts of your delegation on bilateral and multilateral issues which are of interest to both our countries. We anticipate great results from these contacts and exchanges, and I am convinced you share our expectations.

The ideals we share give a particular significance to our relations, and carry us forward on the road of an increasingly closer co-operation between our two countries.

Your presence here today is more than an event, it is the living symbol of our common faith in the human values proper to democratic societies. When strong international tensions threaten the world balance, it is most important that, through our concerted efforts in co-operation with friendly nations, we make sure that peace is safeguarded and world order respected.

[*Translation*]

Could the noblest objective of societies like ours be anything else but to bring more happiness to mankind? I am firmly convinced that this is our quest, both in Tokyo and in Ottawa. I know, Mr. Prime Minister, that the quality of life is one of the major concerns of your government. In the post-industrial era, our societies will have to adapt to new technologies which could either enrich or dehumanize the world. Like yourselves, we choose enthusiastically to remain hopeful that life on earth will be increasingly fulfilling for its inhabitants. We shall have to make full use of our imagination and creativity.

In many respects, your nation can serve as an inspiration for us in deciding the best way to react to the need for change while preserving the most valuable elements of our heritage.

I trust that on your return to Tokyo, Mr. Prime Minister, you will transmit to your colleagues of the Diet the best wishes of Canadian parliamentarians and our desire to maintain close, friendly and beneficial relations with your people. The ideals and aspirations we all share are ripe with the best promises for the future. In conclusion, let me extend my best wishes for a pleasant visit and a happy return trip.

Madam Speaker: Mr. Prime Minister, we are pleased and honoured by your visit. We listened with utmost interest to the message you gave us on behalf of your Parliament. It was an eloquent expression of your and your people's feelings for this country.

There are indeed ties that bind us and make us co-operate in building a prosperous world with institutions emphasizing the principles of fraternity and freedom examplified in Japan.

In today's universe where distance is abolished, we can easily join together and address that common task of uniting men and women with a common humanistic ideal. The maintainer of a long and rich civilization, your country generously brings us the resources of its culture and thought. It is our wish that such ongoing and increasing exchanges enhance the respect of our fellow Canadians for your people and move them to follow it on the road to arts, science and technology.

[*English*]

The presence among us of your official delegation consisting of hon. members of your House of Representatives and of your House of Councillors is also an honour to us. We wish to express to them our highest respect and esteem. Your Excellency may be assured that we are grateful for the opportunity we are given to meet those who work with you for the well-being of the Japanese people. We hope this visit will pave the way to further meetings which will enable us to share our experience of parliamentary democracy and lead us beyond our national frontiers to the exciting world of the universal man.

Listening to what you were saying a few moments ago, I recalled the diversity and beauty of your country, with its dynamic and industrious people. I felt the attraction of a nation rich in history and great achievements.

I thank you for having, through your presence, sir, brought us something of your radiant country.

[*Translation*]

Mr. Prime Minister, I would like to repeat the thanks of senators and members of this House, and I would ask Your Excellency to express our feelings of sympathy and affection to all your countrymen.

Let me now say that this House stands adjourned.

APPENDIX "B"

(*See p. 188.*)

CANADIAN AND EUROPEAN PARLIAMENTS

SEVENTH INTERPARLIAMENTARY MEETING OF DELEGATIONS
OTTAWA, CANADA, NOVEMBER 27 and 28, 1979

Discussions between the two delegations included bilateral fisheries and nuclear problems, international energy questions, the problem of refugees and a variety of bilateral initiatives emerging from the Joint Cooperation Committee's (JCC) activities under the Framework Agreement. Question period topics encompassed the powers of the new European Parliament, the impact of enlargement on the European Community (EC), assessments of the international political situation and the Canadian political and constitutional situation.

List of delegates

a) Canadian Delegation
From the Senate: Senator Heath Macquarrie, co-chairman, Senator Renaude Lapointe, Senator Charles McElman, Senator Arthur Tremblay.
From the House of Commons: Mr. G. W. Baldwin, co-chairman, Mr. Robert Bockstael, Mr. Pierre Bussières, Mr. Bill Campbell, Mr. Bob Corbett, the Hon. Roméo Leblanc, Mr. Don Munro, Mr. John Reimer.

b) European Delegation
Sir John Stewart-Clark (U.K.) Chairman, Mr. Kai Uwe von Hassel (Germany) first vice-chairman, Mr. Carlo Ripa di Maena (Italy) second vice-chairman, Mr. Louis Baillot (France), Mr. Giovani Barbagli (Italy), Mrs. Luisa Cassanmagnago (Italy), Mrs. Eileen Desmond (Ireland), Mr. Wilhelm Helms (Germany), Mr. Finn Lynge (Denmark/Greenland), Mr. Robert Moreland (U.K.), Mr. Jean Oehler (France), Mr. James Provan (U.K.), Mrs. Marie-Jane Pruvot (France), Mr. Karl Schön (Germany), Mr. Joannes Verroken (Belgium), Mr. Protogene Veronesi (Italy).

Summary of Working Sessions

Question Period opened with a wide diversity of European viewpoints expressed in response to a Canadian question on the characteristics and powers of the new directly-elected European Parliament. The delegates' opinions, sometimes cutting across party affiliations, ranged from enthusiastic support for a significant increase in powers for the European Parliament and the evolution of some form of supranational accountability system to the opposing minority view which would curb the Parliament's powers. In any case the new Parliament intended to make better use of the powers already existing in the Treaty of Rome and had already moved to try to cut dairy subsidies. One member thought Parliament should be able to put its case on budgets directly to the Council of Ministers through the president of the Parliament or the Chairman of Committees. As for legal powers, a sub-committee had been set up to look at constitutional reforms, including the possibility of a second chamber. The Commission itself had begun to take the new Parliament more seriously recognizing its different quality as well as its assiduous and well-prepared committees. The problem of a permanent site for Parliament to avoid the troublesome shifts between Luxembourg and Strasbourg remained a controversial topic, with Brussels mentioned as an alternative.

The Canadian side then asked what the impact of the proposed enlargement of the Community would be with Greece scheduled to become a member in 1981 and negotiations for membership already under way with Portugal and Spain. Clearly there was apprehension over the economic impact, particularly in the southern agricultural sector with the resultant increases in unemployment. Regional disparities would be increased and where would the required increased monies for the Regional Fund come from? How would the southern Community producers of fruit, vegetables, olive oil and wine be protected? While one delegate stated he was quite opposed to enlargement at this time of crisis in the OECD countries, the majority opinion appeared to be that economic problems should not stop the enlargement process. The aim of the Rome Treaty was to build a new democratic political community in Europe free of totalitarianism and enlargement should continue. Innovative economic measures would be needed to deal with the dislocations, however.

From the European side came an inquiry for a Canadian assessment of the current international political situation, with an added question as to whether Canada was reducing its commitment to Europe. Was the contractual link an imaginary link? Was Canada's relationship to the United States becoming closer? In response the Canadian side made the following points. At the present time, foreign affairs did not rate very high in the Canadian public's concern but it was hoped this situation would be improved by public debate in the upcoming full-scale policy review. There should be no doubt about Canada's continuing commitment to Europe and to NATO, this could be seen in Canada's long-term peacekeeping efforts in Cyprus as well as in its increased defence spending. In the forthcoming policy review, the contractual link undoubtedly would be examined but there would be no attempt to diminish

ties with Europe but rather to increase Canada's efforts in the Pacific rim, in the Caribbean and in South America. As for relations with the United States, inevitably an enormous preponderance of Canadian foreign policy was involved with the United States. The strong anti-American nationalist fervour of some years ago had abated. At the moment, Canada was totally supportive of the United States in the present Iran crisis and spurned the idea of rallying to Iran for economic advantage. Regarding the American pressure to enter a continental energy scheme, the Canadian reaction was to resist it and the government had indicated its commitment to pursue its objective for Canada to become self-sufficient in energy by 1990.

The Canadian side, responding to the second European question concerning the recent Canadian political and constitutional developments explained the friction which had developed, particularly since the war, between the federal and provincial levels of government. The federal government had moved into fields not envisaged in the original constitution and differences had developed over the division of powers in these fields. The delegate characterized as 'formalistic' the approach of the former federal government in resisting a revision of the division of powers and proposing changes to the federal institutions only such as the Supreme Court or the Senate. The new government he said had a more pragmatic approach and had made specific offers to the provinces such as Loto Canada and offshore mineral resources. Once the Quebec government has made its case for the referendum, the federal government could react with a clear message to Quebecers as to why they should vote 'no' to sovereignty-association. Another delegate stated the new government had not declared itself on the repatriation of the Constitution, on bilingualism or on the distribution of Canadian resources for the common good of all Canadians. The need for an amending formula in order to revise the Constitution and the difficulty in agreeing to one unanimously were explained. A European delegate questioned whether a too-great decentralization of powers would render the country ungovernable. In addition, the pros and cons of referenda, partial or national, were discussed, comparisons were made with the German federal system and various means of taxing energy profits in Canada were described.

The 1979 activities of the Joint Cooperation Committee (JCC) were discussed. In the absence this year of a finally-approved report from the JCC, the two Canadian officials who had acted as chairmen of the two subcommittees under the JCC briefed the delegation and responded to questions. As an example of the bilateral co-operation stimulated by the framework agreement, Mr. Baudouin referred to the visit by Dr. Shuster of the Commission which had led to the establishment of a co-operative program in science and technology. For his part, Mr. Guérin highlighted the businessmen's mission to Brussels and the Canadian energy bus project. In the joint working groups, there were useful meetings in the aerospace sector, the nuclear/uranium sector and the metals and minerals sector. In the latter field, five areas of co-operation were identified in the asbestos subsector and there is a joint research project underway in blast furnace technology. The E.C. Ambassador to Canada spoke of the reasons behind the Framework Agreement, the Community view of Canada as a source of assured supplies of raw materials in return for access to Community markets. He emphasized the value of the GATT negotiations in resolving many issues and the problems of translating the potential of the bilateral framework machinery into concrete trade results.

Under questioning, officials admitted that access of upgraded Canadian exports to Europe and non-tariff barriers were still a problem. However forest products promised to be a promising area for next year. While the businessmen's trips were pronounced successful, very little in the way of concrete results could be pinpointed. Mr. Guérin described the extensive involvement by Canadian provinces in the activities of the two subcommittees. They had participated as well in meetings with the private sector and made recommendations. In response to a European inquiry as to why the fighter aircraft decision went against the European aircraft, Mr. Guérin maintained that while the machinery of the Framework Agreement had facilitated the European entry being fully considered by Canada, for good reasons including cost and fuel efficiency, the decision had gone against it. As for the failure of CANDU sales in Europe, he attributed that to an appalling lack of information on both sides, now in the process of being corrected. The European side summed up the discussion with the following proposals, mainly for possible Community action:

—contacts should be made with European Community industrial associations to ensure a better exchange of information between businessmen and bureaucrats

—committees in the European Parliament should review possible steps to reduce non-tariff barriers between the EC and Canada

—information on investment opportunities in Canada should be communicated to small businesses in Europe

—EC parliamentary committees should be used to review and promote the activities of the JCC and its subcommittees

—there should be regular communication between the EC Commission and the Canadian Government on one hand and the two parliamentary delegations on the other hand on progress under the Agreement. The EC Ambassador in Ottawa and the Canadian Ambassador to the EC in Brussels could be used as additional channels of communication

—a periodic updating of the progress under the JCC could be communicated to members through the secretariats of the European and Canadian Parliaments.

There was a brief discussion of the Canada-EC nuclear co-operation which is at present governed by the 1978 interim agreement concerning enrichment and reprocessing. By the terms of this agreement, Euratom agreed to notify Canada in advance of its intention to reprocess, store or enrich Canadian nuclear material transferred since December 1974 in order to permit joint consultation on safeguards for such operation. The agreement will require renegotiation as soon as the INFCE study is completed. European investment in Canadian uranium production involves French, West German and British interests. A European spokesman agreed that in the light of the Indian explosion, the Canadian embargo and the 1978 interim agreement were sensible actions enabling a closer look at the problems. Emphasizing the enormous dependence of community countries on imported energy (80 per cent in Italy) he spoke of the unavoidability of the nuclear option including reprocessing.

In response to a European inquiry concerning Canada's success in pursuit of its commitment at the Tokyo Summit, a Canadian delegate said some progress had been made towards reducing to one per cent the annual increase in oil consumption but the Canadian "love affair with the car" was a major problem. Canadian delegates described the tar sands projects as of important assistance in attaining the goal of energy self-sufficiency by 1990.

Discussions then touched on the future of nuclear energy including the question of the relative costs and advantages of the CANDU and the light water systems, the dangers as well as the advantages of the fast breeder reactors, the problem of nuclear waste and the public attitudes of apprehension toward nuclear reactors which had been intensified by the Harrisburg accident. It was suggested that the development of fusion energy might be the subject for a joint co-operative research project with the Community.

The discussion of Indo-Chinese refugees was initiated by a Canadian delegate who described the efforts for these refugees, particularly the recent Canadian sponsorship program. The European actions particularly those of France were also described as well as the social and welfare benefits available in Canada. The main concern on both sides appeared to be how to integrate the refugees into the communities although several on the European side raised the question of whether it would not be better to try to find a home for these 'boat people' in Asia, nearer their place of origin. A Canadian spokesman doubted that this was feasible and was confident that those coming to Canada would be able to integrate into Canadian society.

Bilateral fisheries discussions focussed mainly on two questions: access for Canadian fish products to Community markets and fishing of Canadian salmon off Greenland. The Community delegate stated that the EC was interested in Canada's proposal for access by EC fishermen to Canadian waters in return for easy access to EC markets for Canadian fish. There were, however, requirements that such special access to the EC market must be negotiated under GATT—a fact that had become a real stumbling block. Another problem was that the EC had a higher tariff against Canadian fish products than it had against other third countries including Iceland.

A Canadian delegate agreed that these were the key bilateral differences over what was clearly a diminishing resource. When he had been Minister, a long-term fisheries agreement with the EC had been impossible to attain. He had been the one to first propose access to Canadian waters in return for market access in a long-term agreement but first the bureaucracy and then GATT had foiled this initiative. The result had been the interim agreement which would be subject to renegotiation shortly. As for the lower tariff for Iceland's fish products, he wondered whether this was connected with Iceland's imports of EC manufactured goods. He hoped that political will would find a way to resolve the problem. A EC delegate deplored this higher tariff against Canada and stated he thought a single tariff level should be applied to all third countries.

As for salmon, the Greenland delegate pointed out that the 1190 ton salmon limit imposed arbitrarily on Greenland and Denmark in the early 1970's was unfair considering Canada had a limit of 2200 tons. Greenland small boat fishermen depended on this fishery for a livelihood, not as a sports fishery. Although last year had been a bad year for salmon, the stocks were now replenishing and this year Greenland fishermen had caught their quota in just over three weeks. The salmon were very plentiful. Undoubtedly there was considerable poaching both in Greenland and in Canada. It has been estimated, he said, that 46 per cent of Greenland's salmon taken is of North American origin, which means Greenlanders fish about 18 per cent of North American salmon. The delegate did not think this was an excessive "pasturing fee" considering that the salmon increased in weight by 30 to 40 per cent in Greenland waters. Negotiations with Canada would be held shortly but a Canadian request to limit further the Greenland salmon catch would undoubtedly bring a strong protest, he warned. Greenland is looking for an international salmon convention. The Canadian delegate responded by promising to support the Canadian fisheries minister if he could find a solution to the Greenland small vessel salmon problem.

The question of the Italian ban on sealskins led to a defence of the seal hunt by a Canadian delegate who pointed out that there was no evidence of seals being an endangered species. Nor was the seal hunt a cruel slaughter but a supervised abattoir not so different from that for domestic animals. There was

no more reason to refer to 'baby' seals than 'baby' cows, he pointed out, except to play on emotional reactions. In Canada, opinion had shifted in favour of the seal fishermen who earned a livelihood from the seal hunt. The protest movement over seals was losing ground and would probably move on to other issues soon.

Due to lack of time, detailed discussions of other trade issues had to be suspended until the next meeting.

THE SENATE

Tuesday, May 6, 1980

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Royce Frith (Deputy Leader of the Government) tabled:

Copies of Orders in Council P.C. 1980-1063 and P.C. 1980-1064, dated April 24, 1980, amending Part I of the Schedule to the *Hazardous Products Act,* pursuant to section 8(3) of the said Act, Chapter H-3, R.S.C., 1970.

Capital Budget of Canada Mortgage and Housing Corporation respecting loans and investment for the year ending December 31, 1980, pursuant to section 70(2) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970, as approved by Order in Council P.C. 1980-241, dated January 18, 1980.

Capital Budget of Canada Mortgage and Housing Corporation respecting furniture, equipment and business premises for the year ending December 31, 1980, pursuant to section 70(2) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970, as approved by Order in Council P.C. 1980-377, dated February 1, 1980.

Copies of correspondence, dated April 28, 29 and 30, 1980, from the Prime Minister of Canada to all Ministers and Parliamentary Secretaries respecting conflict of interest guidelines.

Report of the Canadian Egg Marketing Agency for the year ended December 31, 1979, including its financial statements and the auditors' report thereon, pursuant to section 31 of the *Farm Products Marketing Agencies Act,* Chapter 65, Statutes of Canada, 1970-71-72.

QUESTION PERIOD

[*English*]

BUSINESS OF THE SENATE

QUESTION PERIOD—ABSENCE OF MINISTERS FROM CHAMBER

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I see that none of our beloved ministers are here tonight again. May I have some explanation?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in answer to the question of our equally beloved Leader of the Opposition, whose presence was greatly missed last night—

Senator Flynn: Did you miss me more than you missed your colleagues from the cabinet?

Senator Frith: I would say it was about a dead heat, as they might say of the Kentucky Derby.

The ministers who are absent are on public business out west. I believe this evening they are attending a state dinner in honour of His Excellency the Prime Minister of Japan. For the last few days they have also been out there on public business, meeting with members of the Government of British Columbia and others. I expect they will be back tomorrow.

Senator Steuart: They are out winning the west.

Senator Flynn: They won't come back soon then.

FEDERAL-PROVINCIAL RELATIONS

OFFSHORE RESOURCES

Hon. Richard A. Donahoe: Honourable senators, my question is perforce addressed to the Deputy Leader of the Government in the Senate. I say "perforce", because last night there was a considerable discussion about the fact that the three seats to his left were vacant, and it was pointed out that this was a real deprivation, because it deprived us on the opposition side of the opportunity of directing questions to sources from which we might expect answers. Not that we would expect them from our experience of recent times, but we ought, in the course of nature, to be able to expect them.

I was interested to hear the Leader of the Opposition this evening talk about our "beloved" colleagues who are now absent. Last night they would not have been addressed as "beloved," but of course absence makes the heart grow fonder.

● (2005)

I should like to conclude my preamble to this question by saying that last night, when we commented upon the absence of the three ministers and the difficulty that that imposed upon us in directing questions, we were told that in some way or another that absence was excusable because also absent from their seats were the Leader of the Opposition and the Deputy Leader of the Opposition. Well, the Deputy Leader of the Opposition is not here tonight either, but the Leader of the Opposition is. I would simply like to point out that we on this side are not one whit better off in our ability to direct questions—

Some Hon. Senators: Hear, hear.

Senator Hicks: I think that is unfair.

Senator Donahoe: I repeat. We, on this side, are not one whit better off in our ability to direct questions than we were when the Leader of the Opposition was not in his seat. We were deprived of an opportunity last night, and so was he, but his presence here tonight does not give us any better an opportunity because his absence and the mention of it last night was totally irrelevant. The fact of his absence made no difference because we could not direct questions to him last night when he was absent, and neither can we direct questions to him tonight when he is present.

So I merely say that last night's suggestion that in some way the absence of the three ministers was excused by the absence of the Leader of the Opposition is irrelevant.

Having laid the groundwork for addressing my question to the Deputy Leader of the Government in the Senate, I should like to ask him whether he is aware of the position taken by the Minister of Energy, Mines and Resources on his recent visit to the province of Nova Scotia where, after discussing mineral rights and their ownership, regulation and control, he assumed unto himself the prerogatives of the Supreme Court of Canada, because he declared, or is reported to have declared, that Nova Scotia's claim to offshore oil was unconstitutional. He might have declared that in his opinion it was unconstitutional, but surely he was not in a position to declare that it was, in fact, unconstitutional.

Senator Flynn: Well, if you are a Liberal minister—

Senator Lamontagne: Is this a speech?

Senator Donahoe: It is not a speech; it is a question. I have tried to explain why I am directing the question to where I do direct it, and I am now trying to explain the nature of my question so as to ascertain something about the attitude of the government.

Senator Petten: Put the question first.

Senator Donahoe: Mr. Lalonde is reported to have said that if the ownership question can be divorced from regulation of the offshore petroleum industry he is ready to discuss "an administrative agreement". Then he went on to say that it looked to him as if there would have to be resort to the courts. Now, of course, resort to the courts is always open when an interpretation is required. There has been resort to the courts on the Pacific coast—

An Hon. Senator: You are making a speech.

Some Hon. Senators: Question.

● (2010)

Senator Donahoe: My question, as honourable senators insist I put the question, is as follows: Is the hard, unyielding, uncompromising attitude expressed by the Minister of Energy, Mines and Resources with respect to the ownership of offshore mineral rights the position of the Government of Canada?

Senator McElman: That is called a seawall.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, first, let me say that I shall pass on to my colleagues how much fonder their absence has made hearts on the other side. I then want to affirm that at no time yesterday did I suggest that the absence of the Leader of the Opposition and his deputy excused the absence of the three cabinet ministers. I did not feel it was necessary to make excuses for the absence of the cabinet ministers sitting in this chamber, nor for the Leader of the Opposition or his deputy. What I did say was that it was clear that last night was an exception, because it was the only time that I can remember when the three cabinet ministers and the leader and deputy leader on the other side were all absent, and I was not making excuses in saying so. Tonight is partly an exception, too, although perhaps less so.

As far as the question is concerned, I do not think there is any doubt, without referring to the particular adjectives used in the question, but that the position of this government is that the legal rights of the Province of Nova Scotia to offshore resources are not absolutely clear. It is the opinion of this government that they do not have the exclusive right to those offshore mineral resources, and that has been expressed by both the Prime Minister and the Minister of Energy, Mines and Resources.

So, I must disavow the adjectives used in the question. With respect to the rest of the question, it is the position of this government, as I understand it, that the question of offshore mineral rights is still in doubt as it applies legally to the Province of Nova Scotia.

[*Translation*]

Hon. Martial Asselin: Honourable senators, a supplementary to the one by Senator Donahoe. There is talk of renewed federalism and that after the Quebec referendum, there will be a federal-provincial conference to consider the possibility of establishing a new federalism. If it were impossible to reach a political solution with a province on some jurisdiction, would the federal government submit all those cases to a court of justice to have it decide on the jurisdiction between the federal government and the provinces?

Senator Frith: Honourable senators, in my humble opinion the position now is that the legal rights are not clear. However, we hope an administrative arrangement will be possible. If not, the provinces and the federal government will have to submit the issue to the courts. However, it is hoped that an administrative arrangement such as mentioned by Senator Donahoe will be possible.

[*English*]

Senator Donahoe: May I ask a supplementary question relating to the same report of the minister's speech in Nova Scotia, and perhaps I might be permitted to quote it—

Senator Lamontagne: Was it a long speech?

Senator Donahoe: It was not a long one, but it certainly wasn't a very good one for Nova Scotia. The newspaper report reads:

> Lalonde, asked whether Nova Scotia will get a special subsidy to cushion any rise in oil prices, indicated that the

federal government will first require an oil-pricing agreement that enables it to afford such things.

There was a proposal, not a new one, from the province for money to help it in the transition from heavy reliance on oil-fired generators, currently turning out about half the power produced in the province, Lalonde said.

That investment would be more than $500 million in the next eight years, just to keep Nova Scotia's electrical rates at their current level 70 per cent above the national average.

My question is: Will the Deputy Leader of the Government admit that the reason Nova Scotia's electrical rates are 70 per cent above the national average is the fact that Nova Scotia's electricity is produced by using offshore oil, the purchase of which was made necessary by the lack of a comprehensive national fuel policy during the time when his government previously occupied the seats of power?

Senator Frith: No, honourable senators, I would not so admit.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, a supplementary question to the one by Senator Asselin.

Is the position of the federal government on the offshore rights the province of Quebec wants to have in the Gulf of St. Lawrence the same as the one vis-à-vis Nova Scotia?

Senator Frith: As far as I know, yes, exactly.

● (2015)

[*English*]

RULES OF THE SENATE

CONDUCT OF QUESTION PERIOD

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Deputy Leader of the Government.

Hon. D. G. Steuart: Honourable senators, I think our whole procedure is out of order. I am looking now at rule 20 dealing with oral questions and it reads as follows:

> 20. (1) When the Speaker calls the question period, a senator may, without notice, address an oral question to
>
> (a) the Leader of the Government in the Senate, if it is a question relating to public affairs,
>
> (b) a senator who is a Minister of the Crown, if it is a question relating to his ministerial responsibility, or
>
> (c) the chairman of a committee, if it is a question relating to the activities of that committee.
>
> (2) Supplementary questions may be asked.

I think that the whole thing is out of order. I do not think we have the right, under our own rules, to ask a question of somebody who is not the government leader in the Senate or a minister.

Senator Flynn: You have put both your feet in it.

[Senator Donahoe.]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, it will be recalled that last night Senator Balfour commenced the Question Period by asking to whom questions could be put. The position we took, apparently with the concurrence of the Senate, was that as acting government leader I would handle the questions or attempt to answer them, and where I was unable to do so I would refer them to the appropriate minister.

Senator Steuart: Honourable senators, I would like to deal with this now. Has the Senate the right, just by a show of hands, to set its own rules aside?

Senator Flynn: If the honourable senator is raising a serious point of order, I have no objection to his asking the Speaker for a ruling. It will be most interesting if the decision should be that in the absence of a minister we cannot put any question to the Deputy Leader of the Government. If that is what Senator Steuart is saying, I do not have any objection, and I shall not even argue the point.

Senator Steuart: I take it seriously, and I would like a ruling.

The Hon. the Speaker: Is the honourable senator raising it as a point of order?

Senator Steuart: Yes, I am.

The Hon. the Speaker: I would refer Senator Steuart to rule 5(d), which reads:

> (d) "Government Leader in the Senate" means the senator occupying the recognized position of Leader of the Government in the Senate or a senator acting for him.

INTERNATIONAL TRADE

SALE OF CANDU REACTOR TO JAPAN

Hon. Nathan Nurgitz: Honourable senators, with that ruling in mind I have a question for the deputy leader in his position as Acting Leader of the Government in the Senate. Could he please inform us if the sale of a Candu reactor was high on the list of subjects discussed with the Prime Minister of Japan during his recent visit?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I know no more about that matter than what my learned colleague probably saw in the papers. I imagine it was on the list, but if he would really like to know whether it was high on the list, then I shall pass that question along.

FOREIGN AFFAIRS

BOYCOTT OF 1980 OLYMPIC GAMES—ALTERNATIVE GAMES

Hon. Nathan Nurgitz: Honourable senators, on Wednesday, April 23, when I was speaking to my motion that the Government of Canada should formally support the boycott of the 1980 Olympic Games by the United States, I raised the question of providing alternative Games to allow for competi-

tion between all of the boycotting countries. It seems that there has been a considerable amount of editorial comment throughout the country in favour of having some form of alternative Games for those young people who were asked to make some sacrifice.

Could the Deputy Leader of the Government inform us as to what plans, if any, are being made by the government for alternative Games, and when an announcement can be expected?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, that is a question which clearly requires a precise answer and I will take it as notice and pass it on.

GRAIN

TWO-PRICE WHEAT

Hon. Martha P. Bielish: Honourable senators, I should like to direct a question to the Minister of State responsible for the Canadian Wheat Board. I am sorry he is not here, but I am certain the minister is aware that, under current pricing structure as set out in the Two-Price Wheat Act, wheat sold for domestic human consumption is considerably below the export market price, which results in rather extensive subsidies provided by the producers to the consumers of the nation. those subsidies can amount to as much as $1 million per week.

This is my question to the minister: Would the minister tell honourable senators whether or not the government is giving any consideration to amending the two-price system so that it will reflect the increased costs of production and more accurately correspond with world prices.

Hon. Royce Frith (Deputy Leader of the Government): Yes, honourable senators. May I direct Senator Bielish's attention to Order No. 3 of the Orders of the Day, which is the second reading of Bill S-6, to amend the Two-Price Wheat Act. I realize that that does not in any way answer her question, but perhaps the honourable senator does remember that the reason that item has been standing on the order paper is that the minister to whom the question was addressed tonight did, on another occasion, say that he is trying to make sure that he has something to substitute for the present arrangement because Bill S-6, as I understand it, simply repeals present provisions.

Frankly, I too hope that we will be able to deal with that item soon, and my impression is that when we do we will have the answer to the honourable senator's question. I hope that will be soon. In the meantime I will pass her comments along.

● (2020)

NATURAL RESOURCES AND THE ENVIRONMENT

PROPOSED SENATE COMMITTEE

Hon. Cyril B. Sherwood: Honourable senators, prompted by the fact that we have serious pollution problems in our country and because Parliament should be giving such matters consideration, I ask the Deputy Leader of the Government if he and his followers in this chamber have given consideration to the suggestion I made recently that we set up a Standing Committee on Natural Resources and the Environment?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the question of having a committee, subcommittee or special committee deal with those matters is under active consideration. The suggestion that Senator Sherwood has made together with the concerns he has expressed are shared on this side. It is a question of modality, and, yes, we are giving it serious thought.

ROYAL CANADIAN MINT

PRICE OF 1980 SILVER DOLLARS

The Hon. the Speaker: Are there any delayed answers?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have one answer tonight and one that might be called an interim answer. I have a long answer to a question Senator Bosa put on April 30 concerning the price of 1980 silver dollars. The answer is as follows:

> The concept of a lower price for Canadians has merit and it has been explored on previous occasions by the Royal Canadian Mint. In practical terms, however, it would be very difficult, if not impossible, to manage and it would have detrimental effects on the Mint's commercial relations abroad.
>
> While the silver dollar, as well as other Canadian numismatic coins, is aimed at the numismatists or coin collectors market, it has also proven attractive and profitable for coin dealers and speculators in Canada and abroad. If the silver dollar or any other of the Mint's products were available at a lower price in Canada than to the coin dealers in Europe or individual collectors in the United States, the difference would of necessity have to be very marginal so as to discourage Canadian buyers from underselling on foreign markets in competition with European dealers or for that matter the Mint.
>
> A few years ago, the European market for Canadian numismatic coins was practically non-existent and today's demand is the result of a concerted marketing effort at substantial costs on the part of the Mint. There would then be no advantage for these people to continue purchasing directly from the Mint as they would undoubtedly be able to purchase at a better price from other Canadian sources. In no time, this would be very prejudicial to the Mint's numismatic coin program and to collectors abroad who would become dependent on Canadian commercial and speculative interests for their supply. A two-tier pricing system would be administratively impractical to control as the flow of numismatic coinage between countries is not restricted.
>
> Notwithstanding the above, Canadian consumers and private individuals purchasing their numismatic coins directly from the Mint already enjoy a preferential treatment in that it is the policy of the Mint to sell to them at the same price as to commercial dealers and purchasers of

large quantities either in Canada or abroad. Over the years, the dealers who purchase coins in large quantities have been asking, and continue to ask, the Mint to change this policy and give them a discount, as is normal practice in commercial dealings in the private sector. Up to now, the Mint has refused but the fact that private individuals buying directly from the Mint pay the same price as dealers constitutes a favourable treatment for them.

● (2025)

REGIONAL ECONOMIC EXPANSION

PROGRAMS—REQUEST FOR FUNDS

Hon. Royce Frith (Deputy Leader of the Government): The other question was one raised last night by Senator Muir. I have been asked—I assume more or less on an interim basis—to refer him to the *House of Commons Debates* for Monday, May 5, at pages 701 and 705. This does not mean that there will be no further answer to the question, but that might perhaps serve, in the interim, as either information or even ammunition.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from Wednesday, April 30, consideration of His Excellency the Governor General's Speech at the opening of the First Session of the Thirty-second Parliament, and the motion of Senator Rousseau, seconded by Senator Hays, for an Address in reply thereto.

Hon. Daniel A. Lang: Honourable senators, I do not wish to bore you tonight with a long dissertation, but I feel it incumbent upon me to make a small contribution to the debate on the motion for an Address in reply to the Throne Speech. I am sure honourable senators know me well enough to understand that I do not rise to hear my own voice.

Before proceeding, I should like to congratulate His Honour the Speaker. His Honour brings to the Chair a long and distinguished career in both the private and public sectors. He is a man whom we all know to be dedicated to national unity.

Hon. Senators: Hear, hear.

Senator Lang: Notwithstanding whatever limitations his present office may impose upon him, we know that he will continue to make a contribution to that cause throughout the forthcoming months. May we beg his forgiveness as he presides over the personal and collective foibles of his colleagues in this chamber.

I cannot help but make reference to Senator Grosart who preceded our present Speaker in that office. He was relieved of those burdens rather more quickly than most of us expected, but during his brief tenure he displayed all the competence and dedication to office that his predecessors had. I wish to thank Senator Grosart personally for his contribution to this chamber during that period.

[Senator Frith.]

Hon. Senators: Hear, hear.

Senator Lang: To both the mover and the seconder of the motion for an Address in reply to the Speech from the Throne I offer my congratulations, and also to those who followed. During the course of the debate we have had interesting and illuminating dissertations.

Before proceeding, I should perhaps, like everyone else, relate my remarks to the Throne Speech itself. In that Speech there was, of course, mention of the continuing quest for national unity and the revival of the process of constitutional reform.

In that regard, I should like to refer honourable senators to the excellent speech given by Senator Connolly in this chamber on April 17. Should any honourable senator have missed hearing that speech, I urge him to read *Hansard*.

Hon. Senators: Hear, hear.

Senator Lang: Even if one had heard Senator Connolly speak in this chamber, one should also read the speech in *Hansard*, because, as always in Senator Connolly's speeches, there is a lot of fine print that one may have missed on first hearing it.

Senator Connolly pointed to the very real issues which we are facing with respect to national unity, and presumably to concomitant constitutional reform involving the abolition of the Senate—and that in the immediate future.

● (2030)

I would like this evening, honourable senators, to pursue the inquiry into that area. Major and sweeping constitutional revision proposals started some 12 years ago, particularly with the Victoria Conference and the Victoria Charter, and even before that if we go back to the Fulton-Favreau formula. However, since 1970 constitutional change, as a prerequisite to national unity, has been to the forefront, not only here in Ottawa, in government and in Parliament, but has been spreading to provincial governments and the private sector.

We have had the report of the Joint Senate-Commons Committee of 1972, the paper prepared for the Canada West Foundation, the report of the Pepin-Robarts Committee, the Ontario Advisory Committee's report on the Constitution, the British Columbia government's paper on the Constitution, and the report of the committee of the Canadian Bar Association. I have probably omitted some. Above all, we had, about two years ago, government Bill C-60, with which I am sure all senators are familiar.

Senator Flynn: We would rather forget it.

Senator Lang: I think I would, too.

During the last 18 months the dust has had sufficient time to settle, and there has been time for the best legal and academic minds to study what has come forward and comment on it. In addition, we have had the judgment of the Supreme Court of Canada, defining the powers of the federal government under section 91.1 of the British North America Act with respect to the Senate.

As Senator Connolly pointed out, that decision has set aside certain legal presumptions held by the government—

Senator Flynn: —of the day!

Senator Lang: —and its administrative officials. These presumptions lay at the heart of Bill C-60, and to some extent have characterized the attitude of the federal government to the provinces over quite a few years.

Honourable senators, I referred a few moments ago to the writings of academic and legal authorities over the past year. I would particularly refer you to the essays on constitutional reform contained in the special September 1979 and December 1979 issues of the *Canadian Bar Review*, and would ask you to indulge me by allowing me to make rather extensive quotations from some of these essays, because I think that to do so will underline the fact that the views being expressed are not my own but, are those of people who have authority, knowledge and wisdom in constitutional matters.

● (2035)

Honourable senators, I should like to quote two outstanding authorities, J. Stefan Dupré and Paul C. Weiler, both at this time Mackenzie King Professors of Canadian studies at Harvard University. They jointly authored an article in the September 1979 issue of the *Canadian Bar Review* in which they analyzed and dissected the Pepin-Robarts report and came to some closely reasoned conclusions. I should like to give you a few quotations from that article. In dealing with the fundamental assumptions of the Pepin-Robarts report, Professors Dupré and Weiler state:

> Just like almost everyone else in the flourishing business of reforming Canadian federalism, the Commissioners have reached too often for the constitutional lever. Not only do they find things to be seriously wrong in Canadian federalism, they also assume that we can and should fix them by rewriting the British North America Act. The main reason we have singled out the Task Force *Report* for critical review is to stake out our claim that constitutional reform should be the last, not the first, lever in a strategy to deal with the sources of Canadian disunity.

Honourable senators, as I go on tonight, you will see that I am amplifying that view. Further quotations from this article might be of interest. In referring to the Pepin-Robarts report, they make this observation:

> The first and overriding assumption is that the future direction of Canadian federalism must be toward a much greater devolution of authority.

They go on to state:

> The bemused ordinary citizen may well wonder how devolution of power to the provinces will contribute to a stronger sense of Canadian unity.

Further on they state:

> This is the path we advocate for dealing with our Confederation discontents. New policies, new understandings, must be pursued along the modest avenue of legislative change, rather than ambitious constitutional restructuring. There is no better example than immigration.

This next quote refers to the most eminent authority, Professor Corry of Queen's:

> As J. Alex Corry has so wisely pointed out, what the country needs now is a lot more day-to-day constitutional *morality*, and a benign neglect of constitutional *legality*.

My final quotation from this article is as follows:

> Undeniably, there are powerful centrifugal forces abroad in our country, gnawing at the roots of the Canadian fabric. To the extent that our political structures are out of joint, and new power-sharing arrangements are needed (especially with Quebec) these will most sensibly and most likely be accomplished through Canada's modern invention of federal-provincial diplomacy: in the form of detailed, tangible agreements for sharing power in specific theatres of government action. Meanwhile the aptitude and the appetite for outright institutional innovation is a scarce resource in any ongoing nation.

● (2040)

Honourable senators, I hope you will excuse me for such a lengthy quotation, but it directly summarizes my own approach to our present situation.

I should mention that in that same article in the *Canadian Bar Review* there is an article by our own Senator Forsey, and it is a rare honour for a non-lawyer to be sought out and asked to make a contribution to that periodical, but I think we can all understand why Senator Forsey was signalled out for just that honour.

In the December issue of the *Canadian Bar Review*, there are several other very interesting essays on Bill C-60. There is one by Stephen Allan Scott of the Quebec Bar and the McGill Law Faculty, and honestly, honourable senators, it is almost more devastating than Senator Forsey's critique. What he actually does is analyze the soundness of Bill C-60 in law, and I am really bringing this up, honourable senators, so that we will realize first and foremost that wherever these bills emanate from, they certainly do not emanate from the Kingdom of God. After taking apart the bill section by section, Scott comes to this conclusion:

> From this Sargasso sea of complex and confusing provisions, there emerges an overall impression of a poorly drafted and technically deficient constitutional text whose real legal effect, in vital matters, is often belied by its appearance and the professions of its sponsors.

I don't know whether I am flogging a dead horse, but it is really funny to hear this and to realize that we at any time seriously considered this bill as law. He comments on the language contained in the bill, saying:

> They have produced nothing better than schoolboy grandiloquence. The clauses of Bill C-60, beginning with the flatulent terms of clauses 3 to 5, are clumsily constructed, verbose, tortured, often obscure, and much given to clichés.

Senator Forsey advises that that was the case, but finally Professor Scott—and this, I think, is really the stake driven into the corpse—says:

> A new constitution proposed by the government—

And I want to underline these words.

> —should be an outstanding example of the lawyer's art. Bill C-60 is a scandal and an affront to the Canadian public in general and to the legal profession in particular. It is semi-literate in its law and in its language.

I go into that only to make sure that never again will any federal government bring before us such idiocy in a statutory form and ask us to consider it seriously.

Apropos the question of the Supreme Court of Canada—and this is really an aside—in practically all of these studies there is the suggestion that the Supreme Court should be reconstituted because of a bias towards the common law provinces and away from the civil law provinces, and it should be more heavily weighted with judges from Quebec.

In this same issue of the *Canadian Bar Review* there is an article by Professor P. W. Hogg of Osgoode Hall Law School, entitled "Is the Supreme Court of Canada Biased in Constitutional Cases?" It is a long article. I will not read it, but I will draw your attention to its conclusion. Professor Hogg examined all the constitutional cases dealt with by the Supreme Court of Canada since 1949, when appeals to Privy Council were abolished, and the conclusion of this brilliant academic mind, a man learned in the law, is this:

> My conclusion is that the Supreme Court of Canada has generally adhered to the doctrine laid down by the Privy Council precedents; and that where the court has departed from those precedents, or has been without close precedents, the choices between competing lines of reasoning have favoured the provincial interest at least as often as they have favoured the federal interest. There is no basis for the claim that the court has been biased in favour of the federal interest in constitutional litigation.

I just wanted to put that on the record.

I come now to what I think is the heart of what I wish to say tonight, namely, that in all the reports and recommendations since the 1972 Joint Senate-Commons Committee report, there is one key recommendation. That recommendation has been repeated and repeated, and it is that this chamber, be abolished. I think it is safe to presume that if the thrust of constitutional reform that we have witnessed over the last 10 years is to continue in the same direction, the Senate will likely be abolished within the lifetime of this Parliament.

Honourable senators, if national unity can only be maintained through massive constitutional change that of necessity involves the abolition of the Senate, then I for one—and I think all of us—would willingly agree to such abolition.

● (2050)

Senator Flynn: Agreed.

Senator Lang: However, at the moment I am really not quite satisfied that that is the case. Rather, I am more certain that abolition of the Senate under present circumstances, leaving either a unicameral federal Parliament or one with a House of the Provinces or a House of the Federation, would work for and contribute to more acute national disunity than we have today.

Reading the various constitutional proposals one can, generally speaking, distill the reasons or excuses put forward for abolishing the Senate. First, if I may, I would like to go to the beige paper produced by the Quebec Liberal Party. It is not too much help in this regard, but it does give us an indication of some of the current thinking in Quebec. Referring to the Senate, it says:

> In practice, however, principally because of the nomination process which has been employed, the Senate has never been able to use all of the powers entrusted to it by the Constitution. For example, it has never played a significant role in federal-provincial relations.

I do not think the Constitution entrusts that to us, but there it is. It further says:

> Because this institution no longer seems to us to be adapted to the needs of a modern federal system, we propose that the Senate be abolished and that henceforth the federal Parliament be made up of only one body, the House of Commons.

That is a pretty devastating statement. I don't know on what it is based, but it is a fact that we are going to have to face if that is representative of the policies of the Liberal Party in Quebec. It also goes on to suggest the creation of a new body, which is not supposed to be a legislative body at all and something that is not even part of the federal government, and whose members are nominated by the provinces. The personnel therein are delegates of the provinces and vote en bloc according to the dictates of the provinces, with absolutely paralysing veto powers over areas of jurisdiction which extend to treaty-making. I cannot conceive how a federal government or a unified Canada could operate under such a system.

I turn for a moment to the Pepin-Robarts report, because it throws a little more light on the reasons for abolishing the Senate. The Canadian Bar Association Committee report comes to almost the same conclusions about this body, which is that we do not meet our primary constitutional purpose, namely giving adequate representation to the regions of this country. What both those reports say is that because senators are appointees of the Prime Minister they are perceived as supporting his views. Curiously, Bill C-60 might be construed as abolishing the Senate for the opposite reasons. The Canadian Bar Association report goes on in part to say, rather gratuitously, that many senators are of "an advanced age." That report, of course, proposes an upper house appointed by the provinces, with broad legislative powers.

Frankly, all of the other reports deal with us in a like vein, but what is important to note is that the reason or excuse—and I use the word "excuse" deliberately—given for abolishing this chamber is its supposedly failed role in providing regional representation. As I said before, I think all the suggested

alternatives—House of the Provinces, House of the Federation, or whatever they are—would not put regional interests but rather provincial governments in the federal legislative bedchamber, and I for one do not think they have any place there.

Perhaps I might be permitted once again to refer to Professor Weiler. I would particularly like to refer honourable senators to the issue of the *University of Toronto Law Journal* of last summer. Therein is printed the Wright Lecture, which Professor Weiler delivered at the University of Toronto Faculty of Law in March of last year. His address was entitled "Confederation Discontents and Constitutional Reform—the Case of the Second Chamber." Professor Weiler states his views as follows:

> I believe that Canada now has just about the most decentralized federal system in the world so far as the division of real operating power between Ottawa and the provinces is concerned.

Then he reminds us:

> What provincial politicians and their bureaucratic entrepreneurs really want is to expand their control over economic affairs, the main business of this modern age. (I emphasize that this is true not just in the West with its discontents about federal transportation, energy, tariffs and other such policies. It is a real impulse of Québécois, who yearn to end the centuries-old economic domination of "les Anglais" inside Quebec).

Please note that what Professor Weiler refers to is what provincial politicians and their bureaucratic entrepreneurs really want, and that may be quite different from what the people of Quebec or the people of western Canada want.

● (2100)

Professor Weiler goes on in his article to examine the proposals for a House of the Federation or a House of the Provinces suggested in these various reports and Bill C-60 as an alternative to the Senate. He comes to the conclusion:

> [The House of the Provinces] is a built-in recipe for the kind of continual log-rolling and filibustering that one finds in the American Congressional system and the jerry-built policies it so often produces. [Such a body would require] the federal government to put together policies which would satisfy the widely varying constituencies of Lyon and Lougheed, Lévesque and Blakeney. One shudders to think of the policies which would emerge.

Those are Professor Weiler's words, not mine, but I bring them to your attention because I completely agree with them. He goes on to state:

> Let us look at contemporary Canadian federalism realistically. It is mythical to suggest that Canada has an all-powerful central government, running roughshod over the regions, who need additional protection for their interests through provincial representation in a strong second chamber in Ottawa. In my view our problem is precisely the opposite. Effective management over our national economy is now hamstrung. Ottawa no longer has a real power to choose and pursue a course of action on its own . . . In sum, we might well be entering the worst of all possible worlds if we were to enlarge the possibilities of provincial vetoes—suspensive or otherwise—over the declining scope of real (if not legal) central authority, by erecting in Ottawa the Trojan horse of the House of the Provinces.

Honourable senators, those are all Professor Weiler's words, not mine. He continues:

> The burden of my argument is that there is a fundamental difference between assuring regional minorities fair representation in Ottawa and giving provincial governments an ongoing role in the federal legislative process. A House of the Provinces might marginally improve regional input at Ottawa. The price would be a continued unravelling of national policy-making authority. As far as I am concerned, that is too high a price to pay for the gains one might realistically expect from a House of the Provinces.
>
> I have rejected each of the alternatives for improving the ability of the Canadian Senate to perform the role of defender of the regions inside Ottawa; whether the House of the Provinces, the House of the Federation, or an elected Senate, for example, the American-Australian model. That does not mean that the current Senate should emerge unscathed from our constitutional renovations. But Senate reform should focus on the role actually performed by the Senate now rather than on the intent of the Fathers of Confederation a century ago.
>
> The current Senate role is legislative refinement and expenditure control and also being an agent for policy change through investigation and analysis of emerging social and economic issues. I have been struck by how many people in the current constitutional debate have considered that to be an important function, one best performed by a chamber of appointed notables (as many of our current senators are.)—

Honourable senators, a few weeks ago I received a copy of a paper on the Senate of Canada written by a first-year student at McGill. He sent this paper to me because he, for some reason, had come to me seeking some sort of material in connection with his paper. It was quite interesting, because early in it he set out the legal qualifications necessary for appointment to the Senate. The first one was that a person must be of the full age of 30 years. The perception of this young man really astounded me, because he then went on to say that to be a senator one must be either a natural born or a "neutralized" subject of the Queen.

I mention that really as a prelude to some observations that I should like to make about this chamber now. I hope they will not be taken in the wrong spirit.

Perhaps, in fact, the Senate is a failed institution that has been overtaken by history. Perhaps it is an institution that does not fulfil its original purpose, namely, to represent regions. Perhaps senators are perceived as being subservient to the

appointing power, namely, the Prime Minister—particularly through the operation of our party system. Perhaps senators are really old party hacks, old war-horses and elitists. These are the labels that are applied to us, and I think we would be silly not to recognize that.

On the other hand, this has not been my perception of the members of this chamber, nor of the institution itself. However, we would be completely blind if we did not recognize that there are powerful forces in this country bent on abolishing this chamber. They exist in the federal bureaucracy; in the federal cabinet; in the House of Commons; in provincial cabinets and, indeed, in special interest groups such as the group of lawyers who formed the committee that brought down the Canadian Bar Association report which, I might add, was not adopted by the association. These groups argue that the panacea for relieving divisive tensions in this country must involve the abolition of the Senate, and of course they use the charges and the labels I have referred to as their ammunition, whether they have any validity or otherwise.

● (2110)

Honourable senators, I suggest that if Moses came down from Mount Sinai with a divinely-inspired Constitution for Canada carved in stone, we would still have French-Canadian nationalism and western alienation. Let me again quote what Professor Dupré said:

> Constitutional reform should be the last, not the first, lever in a strategy to deal with the sources of Canadian disunity.

What is called for at this time, I submit, is intense diplomatic negotiation between the federal government and the provinces respecting the exercise of those jurisdictions which are contested. The opportunity for reaching such agreements will be greatly enhanced if they are not cast in a constitutional context. Once you put these problems into a constitutional context, everyone freezes up. The view is that they are going to be carved in stone from now to eternity.

Take as an example how we dealt, on a federal-provincial basis, with the problem of immigration or on the question of tax-sharing. The proposal in that respect came from the Rowell-Sirois Commission. So long as these things have a temporal limitation, the parties are not afraid to enter into them. It is the fear of the permanency of constitutional change that makes a renewed federalism so difficult to achieve. However, once change is accomplished by agreements limited in time, agreements that are experimental in their approach, the atmosphere, as they evolve, can be cleared of the mutual suspicion that pervades everything that goes on in this area today.

In the past we have always stumbled on an amending formula. Once mutual confidence is established, once mutual respect for areas of jurisdiction and how they have operated is established, even that problem can be resolved. Constitutions are not edicts or decrees; they are living, legal expressions of a people's history, their development, their aspirations, their traditions and their common experiences. A constitution and its conventions must evolve. A constitution cannot be imposed, and particularly a constitution cannot be imposed on a people *de novo*.

None of the reports we have been looking at over the last 10 years involving the displacement of this chamber will contribute to national unity; rather, they will accelerate the centrifugal forces that are now abroad in Canada. I do not mean by that, however, that the Senate should emerge unscathed from constitutional renovation. Quite the contrary. I do feel that, in any reform of this chamber, we must focus on the role actually performed by the Senate today.

● (2120)

How, then, can we strengthen the role of this institution? It is said that senators lack independence because of the prime ministerial appointive system. I think there is some validity to that. If it were completely true, of course, the institution would just be a symbol, like our sister constitutional component, the Sovereign, and I am afraid such a senatorial symbol would be a rather too expensive bauble for Canada. But apart from the appointive system, is there any other evidence as to our lack of independence? I am afraid, honourable senators, there is—and a lot of it.

Our leader, God bless him, is not chosen by the Senate, but by the Prime Minister. Our Speaker, God bless him, is not chosen by the Senate, but by the Prime Minister. Our Clerk and our Black Rod, God bless them, are not chosen by the Senate, but by the Prime Minister. This is a rather compelling support for the argument that we lack independence. But what is even more disturbing is that, because of the vagaries of Canadian politics over the last 40-odd years, two-thirds of the members of this chamber are from the same party, and most, if not all, adopt the Westminster party caucus model of the House of Commons.

There are many factors that militate against the characteristics to which I have referred. First, Senate tenure—which really was intended to ensure our independence from the House of Commons, from the executive and from the bureaucracy. Another fact, I suppose, that militates against this argument is that we were not all appointed by the same Prime Minister. There are a few of us left who were appointed before 1968. But what most militates against this characteristic is the very real sense in this chamber of responsibility, first and foremost, to the people of Canada to carry out, in today's context, the role of a non-elective legislative body, with all of the actual, if not legal, implications that entails, in a democratic elective political system—and, honourable senators, that is a difficult role.

By way of an aside, I might refer to that criticism that appears in the Canadian Bar Association Committee report that we are all of "an advanced age." This comes up time and time again, of course.

● (2130)

I read recently somewhere that our average age is now 62 years, and being that exact age myself I am afraid I find it rather difficult to consider it "advanced." But that is a criti-

cism that comes up, and I should like to refer to the excuses, as opposed to reasons, that bring it to the fore. The important thing is that we have failed to provide adequate regional representation.

In terms of trying to respond to some of these criticisms, whether real or imagined perceptions, I should like to say with respect to the allegation that we lack independence because of the appointive system that the answer simply lies in the recommendations of the Joint Committee of the Senate and House of Commons of 1972, and I refer honourable senators to page 35 of that report. Basically, it is a recommendation that half the Senate be appointed from a slate nominated by the provinces.

It is almost too simple. It does not require any legislation. Of course, the countervailing argument is that party pressures will preclude the execution of such a procedure. I find that rather hard to believe, particularly in the present climate of constitutional crisis. If the Prime Minister cannot bring in something realistic and as easy to adopt as that in this atmosphere, I do not know what he is trying to do. That sort of procedure, of course, would be the most effective means of answering the criticism that the Senate fails to provide regional representation. And we could, without entangling the provincial governments in the federal legislative process, do that through a House of the Provinces or House of the Federation.

As to the other apparent evidence of our lack of independence, that respecting the Speaker, I think the Speakership in this chamber has a constitutional genesis far more important than any publicly perceived disadvantage in the appointive system. It goes back in to the Westminster model of the 13th and 14th centuries. The Speaker is basically an emanation of the Crown. That is important to retain, if we are to remain a Westminster model parliament as opposed to being a Congressional model.

With regard to the government leader, there is a problem involving a real conflict of interest as between his duty as leader of the Senate and his duty as a cabinet minister. Those two aspects are not always parallel of consistent. But I think a resolution of that problem lies in amending the Senate and House of Commons Act to provide for a legally recognized—and I underline those two words "legally recognized"—house leader who is recognized by the government party in the Senate, and a legally recognized house leader of the opposition who is recognized by the opposition party of the Senate.

Some people here are referred to as house leaders, but you will find no mention of such a person in the Senate and House of Commons Act.

We must also have statutory recognition, as they do in the House of Commons, of our government and opposition whips. They must be paid for those jobs and I think it is a scandal that we have allowed this to escape our notice for so long.

Some Hon. Senators: Hear, hear.

Senator Lang: As to whether or not we have responsibility for our two senior officers, the Clerk and the Black Rod, that will require statutory amendments by which we will reassume responsibility for those two offices. We had the responsibility before and we threw it away by allowing an amendment to a bill to pass because no one brought it to our attention.

Our greatest problem, of course, is to prevent the opposition falling below a substantial proportion of the representation in this chamber, be they Conservatives or, perhaps some day, Liberals.

Finally, with regard to the misconception that senators are of an advanced age, as though that were some sort of disability—I doubt that Senator Croll would feel it was—I think the root of that criticism lies in the relatively slow turnover in our ranks. Such an argument could be met rather easily were senators to be put on the same basis as judges of the superior courts under the Judges Act. No one suggests that our judges are too advanced in age. Well, senators should not forfeit their pensions by opting for early retirement either. Judges do not.

Moreover, senators should be able to remain on call as supernumeraries. Our best brains would not then be permanently retired as under the present law. We could call upon them. I can think of half a dozen right now who would be invaluable could they be called upon to perform specific jobs and undertake specific responsibilities.

There are many other changes that could be made in the Senate. There are also many constitutional reforms that could be made, including our legislative power vis-à-vis the Commons, but I will not go into those at this time.

Finally, I would refer again to Professor Weiler, according to whom the current Senate role is legislative refinement, expenditure control and also being an agent for policy change through investigation and analysis of emerging social and economic issues. Well, that is what the Senate is now pressing to do through its various committees—its Banking, Trade and Commerce Committee, its Finance Committee, its Foreign Affairs Committee, its Agriculture Committee, its Legal and Constitutional Affairs Committee and many others. But our capacity is curtailed through the most ridiculous physical limitations imposed on our office space, our staff, our facilities and everything else. Our capacity in these areas must now be reinforced and expanded.

One final thing I should like to add, to which there has been no reference among the various authorities that I have looked at, is that if the Senate were abolished, the federal Parliament would become a unicameral system under the beige paper proposals, or it would become a bicameral system dominated by the provinces under the other proposals. I cannot imagine which would be worse for this country. Let us not forget that if we had a unicameral federal Parliament, with our party system being what it is today, and with a situation of majority governments, there would be absolutely nothing to check a determined executive.

● (2140)

Members of the majority party in the Commons might argue, cajole or remonstrate in caucus or otherwise, but when the crunch came, combined with party discipline and an election ahead, self-preservation would dominate and the

member would retreat. That is too dangerous a system for Canada.

The alternative proposal, such as a House of the Provinces would, in the words of Professor Weiler, be a recipe for the continual log-rolling and filibustering that would lead to the constitutional unravelling of national policy-making authority.

What is preferable to the two abysmal alternatives presented to us by these constitutional reformers? I suggest, honourable senators, a renewed, revitalized and, indeed, a reformed Senate. Such an institution need not be feared by the cabinet or the House of Commons. Let us recall, even now, how in the recent past we have saved many a cabinet minister from unseen legislative disasters and fiascos. Look at the Income Tax Act of 1971, the Bankruptcy Act, the Investment Companies Act, and the Small Loans Act, to name only a few.

The Senate is supportive of the country's elected representatives of whatever party, but it must never be subservient to them, nor uncritical of the laws they bring to Parliament or the regulations that the unfretted bureaucracy tries to impose on Canadians under delegated legislation.

I hope that honourable senators will reread the British North America Act. It is not "obscure and anachronistic", or "plodding and uninspiring", as the government's White Paper on Bill C-60 described it. Compared to Bill C-60, the B.N.A. Act reads rather like the St. James version of the Bible. It is skeletal, it is succinct, it is adaptable. It does not coerce. It was not drafted by the British Colonial Office, as some people would try to lead us to believe. It was drafted by a few Canadians with names like Macdonald, Cartier, Galt, Tupper, Tilley and Brown. In section 3 it says:

> —the Provinces of Canada, of Nova Scotia, and New Brunswick shall form and be One Dominion under the name of Canada.

That act can be adapted, expanded, interpreted and patriated, but it must not be destroyed. It contained a vision—one Dominion under the name of Canada—and where there is no vision the people perish.

Hon. Arthur Tremblay: Will the honourable senator permit a question for purposes of clarification?

Senator Lang: Yes.

Senator Tremblay: Before asking my question, I should like to thank the honourable senator for referring to the role of the Senate. He made a fascinating analysis. If I understood him correctly, he referred to the role of the Senate at the beginning of Confederation as one of representing the interests of various regions in Canada. If I recall correctly, Sir John A. Macdonald not only mentioned regions but also provinces. Also, if I recall correctly, George Brown referred to that arrangement as the only way to establish Confederation. It was a kind of bargaining point between the various provinces.

It is my understanding that Senator Lang wished to make of the Senate solely an upper chamber as a part of the legislative process, without any reference to representation of regional interests.

[Senator Lang.]

Is that really how the honourable senator conceives the new Senate, or does he think that we should get back to the original intention of the Fathers of Confederation and find ways to have the Senate perform more efficiently its role of representing all regional interests and, to use the words of Sir John A. Macdonald, "provincial interests"?

Senator Lang: To the first part of the question I would answer no, and to the second part of the question I would answer yes. The question is sufficiently long that it would be difficult for me to provide an answer in that context.

On motion of Senator Petten, for Senator Lamontagne, debate adjourned.

FOREIGN AFFAIRS

BOYCOTT OF 1980 OLYMPIC GAMES IN MOSCOW

On the Order:

> Resuming the debate on the motion of the Honourable Senator Nurgitz, seconded by the Honourable Senator Roblin, P.C.:
>
> That the Government of Canada formally support the boycott of the 1980 Olympic Games by the United States of America and that the Government take note of the resolution adopted by the Ontario Legislature, via a free vote, calling upon the Government of Canada to boycott the Games.
>
> That the Government of Canada affirm its solidarity with the dissidents, cultural and religious minorities in the Soviet Union, who, like the people of Afghanistan, are now under totalitarian Soviet dictatorship; and
>
> That the Government of Canada affirm Canada's strong continued support for international human rights and worldwide peace.—(*Honourable Senator Macdonald*).

Senator Macdonald: Honourable senators, I should like to yield to Senator Yuzyk.

Hon. Paul Yuzyk: Honourable senators, I shall not be long. My contribution to this debate will be to present a different but important dimension of the boycott of the 1980 Olympic Games in Moscow. Western democracies, including Canada, should be fully aware of the stance that has been taken by the various dissident groups in the U.S.S.R. and the Soviet bloc countries which are courageously fighting for the implementation of human and national rights under their totalitarian regimes.

I warmly commend Senator Nathan Nurgitz for initiating this motion. He was indeed happy that shortly after its introduction the Canadian government announced the decision to boycott the 1980 Olympic Games in Moscow and adopted a number of restrictive measures which were initiated by the former Conservative government.

The indecision of the present Liberal government up to April 22 caused some confusion among our NATO allies. Nevertheless, Canadians welcomed this action and will give

the government every support to make it effective, and strongly demonstrate our opposition to the brutal Soviet aggression of Afghanistan and Soviet suppression of human and national rights.

As we have been accustomed to in this chamber, Senator Stanley Haidasz capably defended the record of the Canadian government and extolled the performance of Canada in the support for international human rights and worldwide peace.

● (2150)

I am particularly happy now that Canada has stood up proudly to be counted with the United States at this time of great trouble and stress, and with our allies in NATO. I wholeheartedly welcome—and I feel sure that all freedom-loving Canadians also welcome—the determination of the Canadian government to strengthen the NATO alliance and its commitment to "doing its full part." In this respect this is a follow-up of the policy of the former government, and thus provides consistency in Canadian foreign policy, which can only serve to enhance our stature in the international arena.

I fully share the profound feelings of Senator Haidasz, and the Poles in Canada and throughout the world, regarding the heinous murder of some 15,000 Polish officers in 1940 by Stalin's Soviet regime in Katyn forest, on the occasion of the fortieth anniversary of the Katyn massacre. I feel sure all freedom-loving Canadians join in condemning this vicious crime perpetuated by the Russian Communist government, and pay tribute to the Polish nation in its struggle for the realization of national freedom, democracy and human rights.

At this time I should like to commend the Canadian Olympic Association for voting to accede to the federal government's decision to boycott the Moscow Olympic Games. We are acutely aware that this was a substantial personal sacrifice for the athletes who have been preparing for several years to participate, and we congratulate them. The cancellation of the Canada Cup tournament, in which a Soviet hockey team was to participate, was a logical and proper move.

Yet Canadian athletes are not the only ones making a sacrifice. Because of the limited embargo on exports to the Soviet Union that has been imposed by the Canadian government, farmers in Canada, scientists and academics involved in exchange programs, businessmen selling high technology products, and others, are also making considerable sacrifices. Let us not forget, either, our taxpayers who must pay for the increased expenditures in defence and external affairs resulting from the Soviet aggression in Afghanistan, and NATO's preparations to stop further Soviet aggression elsewhere, particularly in the Middle East and Europe.

Senators, and for that matter, all Canadians, should be aware that the Helsinki monitoring groups in Moscow, Ukraine, Yellow Russia, Lithuania and Georgia, and leading dissidents on whose behalf the Canadian Parliament has intervened with the Soviet government, have condemned the holding of the Olympic Games in Moscow. They point to the fact that the pre-Olympic period in the U.S.S.R. is marked by massive repressions against activists defending human and national rights in direct violation of the Helsinki Agreement that was solemnly signed by the Soviet Union. At the 25th Annual Meeting of the North Atlantic Assembly, which was held in Ottawa last October, 10 of these dissidents who had been expelled by the Soviet government, and who now represent the Helsinki monitoring groups in the U.S.S.R. under the leadership of Major General Petro Grigorenko, stated that although the boycott of the Moscow Olympics is a weak and insufficient response to the Soviet invasion, it is nevertheless a symbolic response to the murder of thousands of Afghans, and to the repression of human rightists, nationalists and religious believers in many republics of the Soviet Union.

In 1978, dissidents of Russian, Ukrainian, Jewish and other origins formed the Association of Olympic Guarantees in the U.S.S.R., an underground organization. The statement of the dissident group was made public at a press conference at the Winter Olympic Games at Lake Placid on February 18. The first sentence reads:

> By the will of fate, the upcoming Olympics '80 and human rights have shown themselves to be bound in one knot.

The statement then cited numerous events, names of persons and groups who have been recently persecuted, and continued:

> —corroborate the growing evidence that our (Soviet) government has decided to destroy the movement in defence of rights and, first and foremost, to cleanse Moscow, before the Olympics, of all dissidents by whatever means—arrests, banishment, exile and various despicable provocations.

The argument that sports and politics should not be mixed is meaningless in the Soviet Union, because the totalitarian regime has always made sports a part of politics. Here is another part of their statement:

> By contributing to the prestige of Olympiad '80, they also contribute to the destruction of the opposition in the U.S.S.R. to repression, to "cleansing" the Olympics of a free exchange of people and ideas, thus turning sports into politics, but into politics that benefit not democracy and friendship, but tyranny.
>
> There is no guarantee that those in the Soviet Union who wish to do so will be able freely to be present at the Olympiad. There are no such guarantees even for persons of the Western World; those among them who do not please the Soviet authorities will not even be allowed into the U.S.S.R.

On this point I should like to refer to the section in the International Olympic Committee rule book, chapter 4, paragraph 39, which states that colonies, dominions and even those national entities that are temporarily incorporated into other nations, may participate in the games. Such dependent colonies as Bermuda and Hong Kong, and non-U.N. members such as Liechtenstein and Monaco participate independently in Olympic Games. The Soviet Union, however, blatantly violates this principle. Ukraine, a 45-million nation and member of the U.N., and Byelorussia, a 12-million nation and

U.N. member, as well as many other nations with ancient cultures and traditions, are not allowed to form Olympic committees of their own and field independent teams. The U.S.S.R. fields single teams composed of various nationalities, under the Soviet Russian banner. Athletes who express pride in their nation when it is not Russian are repressed. For example, Mykola and Valentyn Papirovy, Ukrainian brothers, were barred by a decree of the Presidium of the Supreme Soviet of the Ukrainian S.S.R., January 29, 1980, from participating in the Lake Placid Games, accused by the KGB of nationalistic tendencies and of being politically untrustworthy.

The Association for Olympic Guarantees in the U.S.S.R. outlines three objectives:

> 1. To inform the community about actions of the government aimed at liquidation of the movement of rights relating to the approach of Olympiad '80 and the Madrid meeting in 1980;

● (2200)

> 2. To demand that our government give official assurances to the International Olympic Committee as to a halt to the persecution of defenders of rights and that prior to Olympiad '80 a general political amnesty will be proclaimed; otherwise, to appeal to the IOC to transfer the Games to another country, or postpone them;
>
> 3. To propose to all athletes and all honest citizens of our country to boycott the Olympics in Moscow, if the government does not stop the repressions against participants in the democratic movement and does not proclaim an amnesty for political prisoners.

This body has the support of dissident groups in the U.S.S.R., and of most dissidents, if not all of them, who have been expelled from that country. Among the latter are such distinguished spokesmen as Solzhenitsyn, Grigorenko, Alekseyeva, Plyushch, Kuznetsov and Avital Scharansky. Andrei Sakharov, the great Russian scientist, writer, Nobel Prize winner and leader of the human rights movement in the Soviet Union, who last year was exiled from Moscow, has condemned the Olympics in Moscow and urges active support for a worldwide boycott.

A very recent voice on this subject has been that of Dr. Nina Strokata-Karavansky, a microbiologist and a founding member of the Ukrainian Helsinki Monitoring Group, who spent four years as a prisoner in the Mordovian labour camps, and was released a few months ago. I should like to quote briefly from her statement at a press conference held at the Lake Placid Games on February 18, 1980. She said:

> In the upcoming Olympic capital city, and on the territories of nations enslaved by Moscow, there are taking place many searches, arrests, surveillance and bugging of private conversations, and even the forced resettlement of those whose words can serve as testimony to the true nature of the aggressive and repressive regime.
>
> The striving of athletes to compete on a forum above politics is quite understandable, however no one can be above ethics. And the ethics of Moscow are the ethics of an invader and conqueror.
>
> Perhaps the fresh bloodletting in Afghanistan will jar the sombulent conscience of the world into saying "No" to the Olympics in the capital of Red Fascism.
>
> I understand that to say "No" will be the most difficult for those who have expended much effort in preparing for the Olympics. But this is not a policital step, but rather an ethical one, and for this reason it is a difficult, albeit an unavoidable step to take. For if ethical considerations were primary in the world, the threat of destruction which hangs over the world would disappear.

Honourable senators, the voice of the oppressed peoples under the totalitarian Soviet regime has been consistently clear and loud. The conscience of the free world has been profoundly stirred. We can be proud of the stance of the Canadian government, backed by the athletes and the people, in supporting the United States and an increasing number of countries in the boycott of the Olympic Games in Moscow.

May I conclude with a quotation from the great Russian philosopher, Solzhenitsyn, published in *Time*, February 18, 1980. I understand all senators have received a copy of this article. The article states:

> Communism stops only when it encounters a wall, even if it is only a wall of resolve. The West cannot now avoid erecting such a wall in what is already its hour of extremity . . .
>
> All oppressed peoples are on the side of the West: the Russians, the various nationalities of the USSR, the Chinese and the Cubans. Only by relying on this alliance can the West's strategy succeed. Only together with the oppressed will the West constitute the decisive force on earth. This is also a matter of principle, if the West is to uphold freedom everywhere and not merely for itself.

The bulwark of freedom and democracy in the world is NATO. Let us in Canada carry out our full share and keep NATO strong.

Hon. Senators: Hear, hear.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, May 7, 1980

The Senate met at 2 p.m., the Honourable Renaude Lapointe, P.C., Speaker *pro tem*, in the Chair.

Prayers.

• (1400)

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tem* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

May 7, 1980

Sir,

I have the honour to inform you that the Honourable Julien Chouinard, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 7th day of May, at 5.45 p.m., for the purpose of giving Royal Assent to a bill.

I have the honour to be,
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

THE SENATE

RECORDING OF SPEECHES FOR RADIO BROADCASTING

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before I table certain documents I should like to inform you that the Clerk of the Senate received a phone call a short time ago asking if Radio Mutuel could record Senator Lamontagne's speech in the debate on the motion for an Address in reply to the Speech from the Throne today. The Clerk and I discussed the matter, and I also discussed it with Senator Flynn.

I am sure all senators realize that no one can give permission to have anything recorded or photographed in the Senate chamber except the Senate itself. Therefore, of course, none of us presumed to give any such authority. However, Senator Flynn and I felt that in principle there was nothing improper in the Senate's considering giving such permission in a proper case, but, without there being any suggestion that this is not a proper case, the notice did seem rather short.

The Clerk, Senator Flynn and I felt it was our duty to inform the Senate that the request had been received. The Senate, of course, is the sole authority.

Senator Walker: Will it be used to help the "Noes"?

Hon. Maurice Lamontagne: I rise on a question of privilege. I wish to tell honourable senators that I was not aware of this request.

Hon. Azellus Denis: I also rise on a question of privilege. A framed photograph of the Senate is selling at a cost of $125, which I think is much too expensive. Perhaps someone wishes to make money out of our nice faces.

Hon. Jacques Flynn (Leader of the Opposition): I think the question should be referred to the Committee on Standing Rules and Orders. I don't think we are prepared today to make a decision in the affirmative.

• (1405)

Hon. Allister Grosart: Honourable senators, in view of the fact that I know this whole matter was placed before the Standing Senate Committee on Internal Economy, Budgets and Administration by myself on another occasion recently, let me say, first of all, to honourable senators, that it is a great compliment to Senator Lamontagne that this request has been made.

Hon. Senators: Hear, hear.

Senator Grosart: The request as it was presented to the Senate in the last session was that access might be permitted on specific occasions as requested by the CBC or CTV or others. This, as far as I know, is the first request following that original request, and as I said, it is a great compliment to Senator Lamontagne. But I would suggest this is a matter that should be dealt with in the larger context of the request of the CBC to come in here and set up its equipment. I for one am in favour of that, but I believe it should be dealt with on a recommendation of the Internal Economy Committee in discussion with the Speaker when he is in the Chair.

Hon. George van Roggen: Honourable senators, under normal circumstances I would agree entirely with Senator Flynn and Senator Grosart that this matter should be considered by the appropriate committee before an exception of this type is made. However, it seems to me we are obviously dealing with an unusual situation, unusual in the extreme

because of the time limits involved. It this were a speech that a senator was going to give—however interested the CBC might be in recording it—involving any number of subjects which are not going to be decided within the next couple of weeks, then certainly the question could be sent to committee for consideration. The speech could be delayed and the CBC advised later as to the decision of the Senate committee and the Senate itself.

In this case we are dealing with a speech which obviously is going to bear profoundly on the referendum in Quebec. I see Senator Flynn, who is from the province of Quebec where the referendum will be taking place, and I would bow to his judgment as to the importance of these matters there. I speak as a senator from the far west, but naturally we all have a deep concern as Canadians about what is going to happen in that referendum. If an adverse headline results from a decision of the Senate not to allow the CBC to record Senator Lamontagne's speech—and because of the work he has done and the book he has published, and so on, relative to the referendum, he is not like any other senator with respect to this particular subject matter—I think we would do injury to the Senate and possibly prevent an important message from being put forward relative to the referendum at this particular time when a week's delay could be of some concern.

So in spite of the shaking of the head of the Leader of the Opposition, I am going to make a plea that we make a decision now. I only heard about this the minute I walked into the chamber—I have not been prompted—and I accept totally the word of Senator Lamontagne that he did not promote this idea. However, the idea having come before us, we should deal with it now and not give the press an opportunity to criticize us under these circumstances. A delay of even a few days that would result from referring this question to the Internal Economy Committee could deny the forces of federalism in Quebec the use of this extra tool, whatever its importance might be. So I would certainly make a plea to honourable senators that they speak to this matter now and endeavour to resolve it now.

Senator Graham: May I ask the Acting Leader of the Government what use is going to be made of this particular film if it is indeed allowed?

Senator Frith: It would appear that some senators came into the chamber after the start of this discussion, so I should make it very clear, as will appear from the record, that it is not the CBC, and it is not a film; it is a recording. So the equipment involved, as I understand it, would be negligible; in fact, they probably could patch into the system that we have.

● (1410)

I should also say that just before coming into the chamber I had a call from a representative of Radio Mutuel, and I told him that I would bring the matter up but that I did not think, in view of the short notice, it would be possible to have permission given. That is the way I left it with him, that I would raise it but that I did feel that with the notice being so short we probably would not be able to come to what I would consider the necessary unanimous decision. I do not know that there is any rule that it should be unanimous, but it seems to me to be the kind of question that should be settled unanimously. The gentleman from Radio Mutuel seemed to understand, although he was disappointed.

We can see that it is apparently in the context of the explanation given by Senator Grosart, that this is the first of the specific requests. I did say—I hope you will forgive me for having done so—that I did not want this gentleman to feel we were turning down the principle in any way, and that I hoped he would renew his request, but if possible would try to give us a little more notice so that we could get it straightened out in due course.

If honourable senators will support this view—and I do not wish in any way to block the suggestion made by Senator van Roggen—if it is the feeling of the Senate that the decision should be a unanimous one if we are going to do it, subject to your feelings, Madam Speaker, it does not seem to me that such unanimity prevails, but I leave that for the decision of the Speaker and the chamber.

Senator Choquette: May I ask when this speech will be given?

Senator Frith: Later this afternoon. I just want to add one thing, which is to put on record my apologies to Senator Lamontagne that I told him nothing about this, because it happened at such short notice. I am sorry that I did not do so.

Hon. L. Norbert Thériault: Honourable senators, I wonder if, as a novice, I might be permitted to express my feelings on this subject? I have tried to take a deep interest in the workings of this chamber, and I am getting to have more and more respect for it as time goes by. However, I must honestly say, with no reflection at all on anyone who has addressed the Senate since this session of Parliament opened, that in my humble opinion very little has been said on this extremely important event that is taking place in the province of Quebec, which, in my humble opinion, will affect the whole of this country that we all so dearly love.

It seems to me that for once this chamber could make an exception, because of the stature of the person who is going to make this speech this afternoon, because of his deep involvement in the matter and the work he has put into his writings on the subject. As a newcomer to this house, I would be very happy if this chamber could make this unanimous decision without pondering for weeks, and allow the speech of Senator Lamontagne to be recorded.

● (1415)

Senator Flynn: If the idea is to have a sitting of the Senate to deal with that problem, that might be arranged for next week. If that were the case, not only Senator Lamontagne would have an opportunity to speak on the subject, but others would too. I do not see why permission should be given to one station and not others. This is a very dangerous precedent to set at this time. My friend, Senator Thériault, disagrees. Of course, anything that is all right with the Liberal Party is all right with him.

Some Hon. Senators: Oh, oh.

Senator Flynn: I am serious about that.

Senator Thériault: I am, too.

Senator Flynn: You do not have to stand up. There is no question of privilege. Take your seat and stay there.

Senator Thériault: I am on a point of order.

Senator Flynn: There is no point of order. Try to raise a real point of order.

Senator Thériault: The point of order is that the Honourable Leader of the Opposition in the Senate mentioned my name in reference to the Liberal Party. I thought that, with all his experience of being a Canadian, he would be bigger than that and would not try to—

Senator Flynn: This is not a point of order.

Senator Thériault: —inject politics into the important matter which Senator Lamontagne wishes to discuss this afternoon.

Senator Flynn: I did not. You did.

Senator van Roggen: I take personal exception to the remarks made by Senator Flynn. I would have made the same remarks if that request had concerned a speech of his on the same subject. What I said was absolutely unrelated to the fact that I was a member of the Liberal Party.

Senator Flynn: Don't get worked up.

Senator van Roggen: My remarks related only to the concern that we, as Canadians, have for the referendum in Quebec. It was a completely non-political statement that I made.

Senator Flynn: I did not mention you; I mentioned Senator Thériault's name. So you have nothing to get excited about it. What I said is that we should not improvise on this kind of decision.

I am going to be in Quebec City this evening speaking on the same platform as the Prime Minister of Canada, so I do not have any lectures to receive from you or any other member of the Senate on the importance of this matter.

Some Hon. Senators: Hear, hear.

Senator Flynn: What I am saying is that we should not set a precedent like that. I am asking Senator Lamontagne to delay his speech to next week so that we can arrange a sitting of the Senate and invite everyone to speak on the matter.

Senator Asselin: He wants to sell his book.

Senator Flynn: This is improvising, and it is not wise to improvise in matters of such importance. That is my point. That is why I am objecting to it. We do not know what implications may flow from a precedent such as this. Sober second thought is supposed to be our motto. We should not be rushed into making decisions on the spur of the moment.

Senator Frith: Honourable senators, I think the question I raised has caused a more heated discussion than I anticipated. However, I think that is thoroughly understandable in view of the importance of the events taking place in Quebec, and in view of the concern we all have about them.

[*Translation*]

Senator Asselin: As we say in French, "vous vouliez nous passer un Québec", you were up to an old trick again.

Senator Frith: I beg your pardon?

Senator Asselin: As we say in French, "vous vouliez nous passer un Québec" on the sly.

Senator Lafond: That one is not funny at all either.

[*English*]

Senator Frith: Honourable senators, it seems that any difference of opinion we may have on these subjects would be better dealt with under another rubric. I suggest, unless someone wishes to move that we deal with this now—and I would not take it personally if the Senate disagreed with me—that we pass on to other business on the order paper. I would simply ask for your support, or lack of support, respecting my understanding that we should only give permission on such short notice in the case of unanimity.

Some Hon. Senators: Hear, hear.

• (1420)

Senator Grosart: Honourable senators, I would like to make very clear the position I took in my former intervention. In the first place, I believe that a request such as this should be referred to the Speaker of the Senate. It should not come in this fashion from the government benches. I say that as a suggestion. The procedure in the past was that such requests were dealt with by the Speaker.

The reason I raise some doubts about the suggested procedure is the fact that the CBC did come to the Senate, through the Speaker of the Senate, with a request that they be permitted, on occasion, to broadcast the proceedings of the Senate. On that occasion, the Speaker referred the question to the Internal Economy Committee, and the committee, after consideration of the question, refused to permit the CBC to broadcast any proceedings of the Senate until the matter was given further consideration.

That, as I understand it, is the situation at the moment. It would, therefore, be an insult to the CBC, given that their request is now before the Speaker of the Senate and the Internal Economy Committee, to permit some other organization to come in and pre-empt the very privilege that the CBC has requested. A decision on that request has been deferred.

Hon. Joseph-Philippe Guay: Honourable senators, I believe it is unfair of Senator Grosart to say that the Internal Economy Committee has refused such permission to the CBC. Senator Grosart, as a former Speaker of this house, should inform honourable senators why permission was refused. The ground on which permission was refused was that of fair play. The Internal Economy Committee wanted to ensure that, in

the event that permission to broadcast was granted to the CBC, that same permission would be granted to CTV and some of the other networks and independent stations from time to time.

The decision taken by the Internal Economy Committee, rather than being a direct refusal, was in fact a decision to allow due consideration to all involved.

Senator van Roggen: Honourable senators, when I first spoke on this subject, I tried to do so in modulated terms. I was not being emotional. I simply felt that the time limits were such that we should consider this question as quickly as possible.

It is obvious, as the Deputy Leader of the Government has said, that there is no unanimity on the question. However, I would ask honourable senators to consider referring this matter to the Internal Economy Committee immediately, with the hope that, subject to its deliberations, it may see fit to bring down its report early next week, at which time Senator Lamontagne, and any other honourable senators who wish to address themselves to this subject, could then speak to the matter. The committee, I assume, would automatically take into consideration the fact that such permission would not be granted to only one radio network, but to a number of them.

If a motion to that effect is in order, I would so move.

Senator Frith: It seems to me, honourable senators, that such a motion would be in order. Under rule 46(b) no notice is required for a motion for the referral of a question to a committee. If there is such a motion, perhaps we could dispose of the matter in that way.

Senator van Roggen: Honourable senators, I move that this question be referred to the Internal Economy Committee.

Hon. Rhéal Bélisle: Honourable senators, I would inform the Deputy Leader of the Government that at the time I was Chairman of the Internal Economy Committee, and Senator Guay was the Vice-Chairman, we did receive a letter from the CBC requesting permission to broadcast portions of the proceedings of the Senate. Following receipt of that letter, we had a meeting of the full committee, and the committee decided unanimously that the privilege should not be granted to only one broadcaster; that what the committee granted to one, should be granted to all. That letter is available in my office.

Senator Flynn: Honourable senators, I will second Senator van Roggen's motion that the question be referred to the Standing Senate Committee on Internal Economy, Budgets and Administration.

The Hon. the Speaker *pro tem:* Honourable senators, rule 67(1)(*f*) of the Rules of the Senate reads:

> The Committee on Internal Economy, Budgets and Administration . . . is empowered on its own initiative to consider any matter relating to the internal economy of the Senate—

In light of that rule, no motion is necessary.

Senator Flynn: We should hear from the chairman of the committee as to whether he agrees to take that step.

[Senator Guay.]

Senator Frith: That is the point. That rule would cover it provided the Senate were assured by the chairman that the committee would consider the matter on its own initiative. I would respectfully suggest, having a choice between those two methods of procedure, that we might vote on the motion of Senator van Roggen, seconded by Senator Flynn, and then we can be assured that the committee will deal with it.

Senator Thériault: Before the question is put, may I ask what it is that we are being asked to refer to the committee? Is it the whole subject-matter of radio and television coverage of the proceedings of the Senate?

Some Hon. Senators: Yes.

Senator Argue: Whatever the motion says.

• (1425)

Senator Frith: With respect, I think the actual motion before us is that this particular request be referred to the committee, and that does not preclude the committee from dealing with the matter in the context of the whole question, which I am sure they will do. However, the specific matter being referred to the committee at present is this particular request, which they can consider in the overall context.

Senator Graham: Honourable senators, as Chairman of the Committee on Internal Economy, Budgets and Administration, I can assure all honourable senators that the overall question will be dealt with at the first opportunity. With respect to the question that is raised today, it seems to me that the horse will be out of the barn, because I understand that Senator Lamontagne is going to speak this afternoon. But I assure honourable senators that any other request will be dealt with forthwith by the committee.

Senator Thériault: Honourable senators, that is why I asked the question. I think I see Senator Lamontagne shaking his head to indicate that he is not going to speak. I am anxious, personally, that that speech be recorded, because of the work being done by Senator Lamontagne. Is the committee going to deal with the request by the radio station to tape Senator Lamontagne's speech?

Senator Frith: Honourable senators, I would respectfully suggest that we deal with the motion, and if it is adopted we can permit Senator Lamontagne to make up his mind as to whether he wants to wait until next week or not.

Senator Lamontagne: Honourable senators, I repeat that while I am the object of the discussion I am not really the cause of it, because I was not aware of the request before I entered the chamber this afternoon.

Perhaps this is a good opportunity to establish this new tradition, and I am quite prepared to postpone my speech until sometime early next week. After I speak I would certainly hope that other senators on the other side—and I see Senator Tremblay in his seat—would also have something to say about the Quebec situation and the referendum. This might be good not only for the current campaign in Quebec, but also good for the Senate.

Hon. Senators: Hear, hear.

The Hon. the Speaker *pro tem:* Would the leader prepare a motion which can be put later?

Senator Frith: Honourable senators, Senator van Roggen's motion is—and I would ask him if he is satisfied with this working—that the request by Radio Mutuel to record for radio the speech to be made this afternoon by the Honourable Senator Lamontagne, P.C., be referred to Senate Committee on Internal Economy, Budgets and Administration.

• (1430)

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, following up Senator Lamontagne's remarks or comments when he suggested rather explicitly that other senators on this side rise to speak after him, am I to understand that by rising after Senator Lamontagne either to ask questions or make comments we would thus be using up our privilege to rise on our own behalf in the debate on the Address in reply to the Speech from the Throne?

Let me explain. I think I will see more clearly when Senator Lamontagne expresses his views and I assume it will be interesting, following his speech, to have a dialogue. Personally, I expect it will be possible to do it that way. However, I would not want such an intervention to be limited to a single question but for it to take the form of an exchange of views, and afterwards not prevent me or any of you from taking part in the debate on the Address in reply to the Speech from the Throne, after the referendum. That is the time I had anticipated to rise. However, I would urge Senator Lamontagne to intervene explicitly as long as I can reply next week. I do not know if our rules allow that. That is why I am asking the question.

Senator Frith: All we want is honourable senators to agree—

Senator Guay: Honourable senators, I think that with respect to this matter, other senators who might want to speak after Senator Lamontagne should be given an opportunity to do so. I believe the motion before us does not contain any reference to that.

Senator Flynn: Maybe this practical problem being raised by Senator Tremblay and to which Senator Guay just alluded could be solved if, for example, the Senate were to decide to reserve the whole sitting of Tuesday or Wednesday for that debate outside the period allotted for the debate on the Address in reply to the Speech from the Throne—if you want a sort of inquiry on that issue, which would solve the problem. We could then continue the debate on the Address in reply to the Speech from the Throne limiting ourselves at that time to the referendum issue. Perhaps the committee could consider that.

Senator Guay: Yes.

Hon. Martial Asselin: Honourable senators, I believe we should not be extending special privileges to a senator. All senators have the same privilege to rise. If the committee decides that the debate in which Senator Lamontagne will be participating is to be aired, we should ask the committee to consider the possibility of setting aside the full day when the proceedings of the Senate will be broadcast. Then Senator Lamontagne or someone else could speak. Because of the privileges the other members of this house have, I would not want that privilege to be extended only to Senator Lamontagne and then that the broadcasting of the other speeches be cut off. I would want that privilege to apply to all members of the Senate. If Senator Flynn wants to speak after Senator Lamontagne, or Senator Tremblay, or others, or myself, I would want my remarks or the remarks of Senator Flynn to be broadcast as well. Because, otherwise, this would be giving a senator a privilege over the others. I am not against Senator Lamontagne expressing his views in the Senate but I want that privilege with respect to the broadcasting of the debate to apply to all senators who want to speak.

Senator Frith: Honourable senators, it is impossible for such a motion to solve all the problems that can arise, including those created by the demands by other broadcasters. We do not know whether they intend to record the full speech or to select certain portions. We do not know what the committee report will suggest. I hope to persuade you that, if we pass the motion now before us, the committee I imagine will consider all the other problems that could arise in the future, the results of which could affect not only the privileges of senators but those of the networks, and so on. This is only a matter of having a question that will settle the whole thing in the future.

Senator Asselin: Honourable senators, it is precisely for that reason that I do not want the committee to study only the possibility of broadcasting Senator Lamontagne's speech. I shall object as a member of the Senate. If the radio station wants to broadcast all speeches made in the Senate that day I entirely agree. But if it favours a senator at the expense of others I think that we would misinterpret our rules if we authorized the broadcasting of only one senator's views.

Senator Frith: We did not propose that the committee give its authorization but only that it study the matter. I point out that the Senate alone can give that kind of authorization.

Senator Asselin: Then I want to give the committee notice of my intention.

Senator Thériault: Honourable senators, as concerns Senator Asselin's remarks, I should like to say first that our house must make a decision on a request from a radio station for broadcasting the speech made by a member of the Senate. I suppose that the request has been made because Senator Lamontagne has been working for a long time on the issue he must deal with in the Throne Speech debate. I am very pleased, honourable senators, that Senator Tremblay who is famous for his work on constitutional matters has asked for leave to put certain questions to Senator Lamontagne and discuss the matter with him.

But I do not believe that the best answer lies in the position taken by Senator Flynn and Senator Asselin. I think that we have here a specific request concerning a particular case, in this very particular time we are going through in our country.

I would have liked and hoped that honourable members on both sides of this house, on the three sides if there were three, had agreed on that matter and made a decision now, without postponing if for two, three or four weeks.

Senator Asselin: Well, if that is the interpretation given to the motion I can tell you right now that if the report of the committee is to seek unanimous consent of the Senate I shall not grant it.

● (1435)

[*English*]

Senator van Roggen: As the mover of this motion, I would ask honourable senators to reflect on the remarks I made earlier, which were simply to the effect that this whole question should be referred to the Internal Economy Committee, which could make a decision and in its report—which I hope we shall have early next week, because of the pressure of time—indicate which radio stations—hopefully any radio station—would be entitled to record whatever speeches made on this subject they chose, including speeches from the opposition side. In those circumstances, perhaps Senator Lamontagne might wish to consider giving his speech next week.

My resolution was not aimed at recording only Senator Lamontagne's speech. The Deputy Leader of the Government has proposed a specific wording for the resolution, to which I would have added words to the effect that all the comments made during the past half-hour should be considered by the committee.

However, we do not need to stipulate that in the motion. It is obvious that the committee will consider this in the broadest context. The Leader of the Opposition nodded his head at the suggested wording, and I am certainly content with it. I am confident that the Internal Economy Committee will consider this matter in the broad sense, and bring down a recommendation which will encompass the concerns expressed here. I submit, honourable senators, that we should not try to conduct that committee hearing here this afternoon.

● (1440)

Senator Grosart: Honourable senators, I rise on a point of order. I think it is time we applied our rules. There is a question before the Senate. Rule 28 is very specific:

> A senator shall not speak more than once to any question or other matter before the Senate except in explanation of a material part of his speech in which he may have been misunderstood, and then he shall not introduce new matter.

I ask that that rule on the point of order be now applied, otherwise we will be here all afternoon rehashing this subject.

The Hon. the Speaker *pro tem*: Are honourable senators ready for the motion?

Hon. Senators: Yes.

The Hon. the Speaker *pro tem:* It is moved by the Honourable Senator van Roggen, seconded by the Honourable Senator Flynn, P.C., that the request made by Radio Mutuel to record for radio the speech to be made this afternoon, or on some other day, by the Honourable Senator Lamontagne, P.C., be referred to the Standing Committee on Internal Economy, Budgets and Administration.

Is it your pleasure, honourable senators, to adopt the motion?

Senator Asselin: On division.

Motion agreed to, on division.

DOCUMENTS TABLED

Hon. Royce Frith (Deputy Leader of the Government) tabled:

Report on the Administration of the *Members of Parliament Retiring Allowances Act* for the fiscal year ended March 31, 1979, pursuant to section 35 of the said Act, Chapter 25 (1st Supplement), R.S.C., 1970.

Report on operations under the *Cultural Property Export and Import Act* for the fiscal year ended March 31, 1979, pursuant to section 46 of the said Act, Chapter 50, Statutes of Canada, 1974-75-76.

Report of the National Film Board of Canada, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1979, pursuant to section 20(2) of the *National Film Act,* Chapter N-7, R.S.C., 1970, as amended by section 17 of Chapter 22, Statutes of Canada, 1977-78.

Report of Air Canada for the year ended December 31, 1979, pursuant to section 17 of the *Air Canada Act, 1977,* Chapter 5, Statutes of Canada, 1977-78.

Report on operations under the *Clean Air Act* for the fiscal year ended March 31, 1979, pursuant to section 41 of the said Act, Chapter 47, Statutes of Canada, 1970-71-72.

AGRICULTURE

REPORT OF COMMITTEE EXPENSES TABLED

Hon. Cyril B. Sherwood, for Hon. Harry Hays, Chairman of the Standing Senate Committee on Agriculture, tabled, pursuant to rule 84, a report of expenses incurred by the committee in the First Session of the Thirty-first Parliament.

(*For text of report, see today's Minutes of the Proceedings of the Senate.*)

NATIONAL FINANCE

REPORT OF COMMITTEE EXPENSES TABLED

Hon. Douglas D. Everett, Chairman of the Standing Senate Committee on National Finance, tabled, pursuant to rule 84, a report of expenses incurred by the committee in the First Session of the Thirty-first Parliament.

(*For text of report, see today's Minutes of the Proceedings of the Senate.*)

QUESTION PERIOD

[*English*]

PUBLIC SERVICE

INDEXING OF PENSIONS

Hon. C. William Doody: Honourable senators, I have a question which I suppose should be directed to the Minister of State for Economic Development. In his absence perhaps the acting government leader can direct the question to the appropriate authority and get the information for me. Actually, I have a series of questions, but I will restrict myself to one this afternoon. I will pursue the matter later, perhaps, when the ministry is represented more fully. My question concerns the civil service pension plan, which is a matter of concern to me.

Civil service pensions are indexed to the rate of inflation, I understand, but the funding system is not indexed. The result of this—and it will be obvious in a short period of time—is that the contributions will not keep up with the expenditures. I wonder if the government has any plans to remedy this situation, or is it their intention to supplement the funding through general revenue or by means of taxation?

Hon. Royce Frith (Deputy Leader of the Government): I take that question as notice on behalf of the Minister of State for Economic Development.

SASKATCHEWAN

SASKATOON—TRANSFER OF DISTRICT POST OFFICE

Hon. Herbert O. Sparrow: I wonder if I might ask the Minister of State for the Canadian Wheat Board a question pertaining to the post office facilities in Saskatoon. A question was asked in this chamber over a week ago about the possibility of the regional post office in Saskatoon being moved to Winnipeg. The minister at that time said that he would check on the matter, and report. I wonder if he has anything to report at this time.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, just before that question was asked I had written to the minister involved, but in any event I have since carried that request to the Postmaster General, and he listened to my representations very carefully and, I would say, very sympathetically. This request that the post office facilities in Saskatoon remain as they are, and that there be no amalgamation of the administration of that post office with the post office in Manitoba, is strongly supported by Senator Buckwold, Senator Steuart and Senator Sparrow.

Honourable senators will be pleased to know that I have had an encouraging and sympathetic response from the Postmaster General that leads me to believe that a decision will be taken to retain the post office facilities in Saskatoon in their present state, and with the same authority as they have at the present time; in other words, that this move to amalgamate the administration between Saskatchewan and Manitoba will not take place.

[*Translation*]

JUSTICE

HONOURABLE LÉO LANDREVILLE—FEDERAL COURT RULING

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Deputy Leader of the Government, which I would ask him to direct to the Minister of Justice, concerning the ruling brought down by the Federal Court in the case of the Honourable Léo Landreville, former Ontario Supreme Court judge.

The Federal Court having ruled that the cabinet did not exercise its discretion with regard to the pension of the former judge, can the minister tell us whether the government accepts that decision and, if so, when it intends to reach a decision as required by the ruling of the court?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I shall refer that question to the Minister of Justice.

[*English*]

PUBLIC SERVICE

AUDITOR GENERAL'S REPORT

Hon. Robert Muir: Honourable senators, I was hoping that the Leader of the Government in the Senate would be here today so that I could put these questions to him. Without any reflection on the deputy leader, I will ask my questions of him, and he in turn will perhaps take them as notice.

In view of the Auditor General's findings on civil service efficiency, I wonder if the government leader can tell me what remedial action, if any, is being taken to ensure that the situation improves.

Hon. Royce Frith (Deputy Leader of the Government): I will pass that question along.

Senator Muir: Thank you. My supplementary question is: Does the government propose to establish efficiency norms for the public service that are comparable to those in the private sector, and see to it that these are enforced? I would also like to know what, if anything, is being done to improve personnel management and productivity.

Senator Frith: I will see that that question also comes to the attention of the government leader.

● (1450)

Senator Muir: I thank the honourable senator. I am sure he will have many notes to pass along. My final supplementary is: Since it was the Auditor General's opinion that the work being done by 50,000 clerical regulatory federal civil servants could be done by 38,000, does the government anticipate reducing the size of the federal bureaucracy? If so, how and when?

Senator Frith: I will also draw that question to the attention of the Leader of the Government.

[*Translation*]

ENERGY

EXPORT TAX ON ELECTRICITY

Hon. Martial Asselin: Honourable senators, I have a question for the Deputy Leader of the Government.

It seems that to compensate for the oil price increase and also to reimburse the government for the funds given to the eastern provinces of Canada, the Minister of Energy, Mines and Resources, the Honourable Marc Lalonde, is getting ready to levy an export tax on electricity produced in Quebec and Ontario and sold to the United States.

Could the deputy leader check whether, to recover the cost of oil increases and the compensation paid to the eastern provinces of Canada, the minister intends to impose an export tax on electricity produced in Ontario and Quebec and sold to the United States?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I shall ask the minister and the Leader of the Government in the Senate to get a reply to the question.

[*English*]

INDUSTRY

ASSISTANCE TO CHRYSLER CORPORATION

Hon. Guy Charbonneau: My question would be addressed to the Minister of State for Economic Development, but in his absence I will address it to the Deputy Leader of the Government. It pertains to the subject of government assistance to Chrysler Corporation.

The Minister of State for Economic Development mentioned last week that the agreement would be settled very soon. In view of a declaration made by the President of the United Auto Workers that an agreement must come within the next week—and this statement was made two days ago—because the entire United States package hinges on approval of the Canadian package, and that without the help being sought by Chrysler, Chrysler would fold shortly, would the minister tell us what action is being taken or what is the state of negotiations?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in view of the urgency that appears implicit in the question I shall bring it to the attention of the Minister of State for Economic Development as quickly as possible.

Senator Charbonneau: By way of supplementary, would the minister report on the talks, if he can, held the night before last between Department of Industry, Trade and Commerce representatives and the United Automobile Workers concerning plans that the government could be making for alternative employment should Chrysler cease to operate?

Senator Frith: Senator Charbonneau will understand that I cannot undertake on behalf of the minister to report on that meeting, but I willingly undertake to bring his request to the minister's attention.

[Senator Frith.]

Senator Charbonneau: I only wished to put the question on record for that reason. We must have a report fairly soon in view of the seriousness of the situation.

FISHERIES

ASSISTANCE TO FISHERMEN

Hon. C. William Doody: Honourable senators, my question is for the Minister of State for Economic Development, but in his absence I direct it to the Deputy Leader of the Government.

The gracious Speech from the Throne tells us, and I quote:

> Farmers and small businessmen are also hit especially hard by rising costs, and my government is sensitive to their plight.

Is the government also sensitive to the plight of the fishermen in the country; if so, in what manner does the government intend to demonstrate that sensitivity? Could the specific programs to help fishermen be brought to the attention of the Senate?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I feel confident that the government is sensitive to the needs of fishermen, but certainly, as to the manner in which they propose to express that sensitivity, I must pass that question along to the Minister of State for Economic Development.

Senator Doody: As a supplementary, I should like to bring an inadvertence to the attention of the Senate. The portion of the Speech from the Throne which I just read states:

> Farmers and small businessmen are also hit especially hard—

I expect that small businesswomen are also included and that they are not deliberately excluded.

Senator Frith: I have no comment. That is my best answer to that.

[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

OFFSHORE RESOURCES

Hon. Martial Asselin: Honourable senators, I do not know whether I should raise a point of order or a question of privilege, but I would like some clarification on the answer given to me yesterday by the Deputy Leader of the Government to a question I had asked concerning the administrative arrangements between the federal government and the provinces. As recorded on page 199 of *Hansard*, I asked whether, for the renewal of federalism or in cases where the provinces and the federal government do not agree on a jurisdiction, the federal government would try to reach a political solution through negotiations or whether all cases would be submitted to a court of justice, such as the Supreme Court of Canada, as in the past. Senator Frith replied that indeed the provinces and the federal government would have to submit such cases to the courts.

This is an extremely important issue and if, to change or renew Canadian federalism, the federal government must appeal to the courts every time it cannot come to an agreement with the provinces on some jurisdiction, this would mean that federalism would be renewed by the effect of court decisions. I do not believe that this is the spirit in which the government and the Parliament of Canada want to seek a renewed federalism.

Since this is an important issue and since my honourable friend may have replied too quickly, would it be possible to have a ministerial statement on the subject, about which we would be warned in advance so that the opposition could respond to this statement and comment on the attitude of this government?

Hon. Joseph-Philippe Guay: Honourable senators, I have no objection to the privilege requested by the honourable senator. However, I would like to say that I do not believe this to be a point of order. He can raise the issue by asking a question if he so desires. This is neither a point of order nor a question of privilege.

Senator Asselin: You can call it what you want, but it is an important issue.

Senator Guay: I quite agree.

Senator Asselin: Moreover, if you do not consider it important yourself, I do not know where your interpretation is leading us.

Senator Guay: I consider this question to be important, but not a point of order.

Senator Asselin: You may think what you want in any case, but if Madam Speaker judges that I am out of order, I shall sit down. However, if I can continue to ask my question, I shall do so.

Senator Denis: We have no objection to your sitting down.

Senator Asselin: Do you want to say something?

Senator Denis: No.

Senator Asselin: No, you do not want to say anything? I would be surprised if you did.

Senator Denis: I still find this rather long.

Senator Asselin: You find this rather long! Do you mean for yourself?

Senator Denis: Oh, yes.

Senator Asselin: Absolutely. I can well understand your position!

Senator Denis: You are not alone!

Senator Asselin: Are there others who find that I am going on too long?

Since the question I asked is important and since the Deputy Leader of the Government may have answered it too quickly or prematurely, and in view of all the consequences that this answer could have for renewed federalism, could he ask the responsible minister to make a statement so that we can know where we are going and what to expect as concerns renewed federalism?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, if my answer left the impression that the government's policy is to refer to the courts every matter of jurisdiction or other, or difference between the provinces and the Canadian government, I did not understand the question correctly. If I remember correctly, the question touched on jurisdiction over offshore mineral rights settlements. That was the specific question: If the provinces and the federal government agreed it was a matter of jurisdiction, a legal matter, should we finally refer the question to the courts?

That is my impression of what the question was. If this is so the answer remains unchanged, because in that case, if I understand correctly, in order to arrive at administrative agreements we must first determine the legal rights. By the way, when I made a speech in the Senate on the question, when I was explaining the arrangement in Australia, Senator Asselin suggested this was a bargain, an arrangement, a settlement. I was in total agreement.

However I suggested that it was only in the context of offshore mineral rights that finally, if we cannot agree, the question should be referred to the courts, only for a determination of what our rights are, and then we could arrive at administrative arrangements. Certainly, if I left another impression, that this principle applies in any area of jurisdiction, I misunderstood the question. I did not want to leave that impression.

Senator Asselin: Will the Deputy Leader of the Government agree that on the communications issue, that same attitude was taken by the federal government and, after the court judgement, it was decided that communications belong to the federal government? The provinces should then arrive at administrative arrangements with the federal government.

Senator Frith: In that respect yes, because normally we can try to arrive at an administrative arrangement right away, before the determination of legal rights. But there must be a determination of rights just the same to arrive at an administrative arrangement. Possibly the area of communications is a good example. I wanted to stress that such an approach would not apply to any field whatsoever.

Senator Asselin: Would there be in the deputy leader's mind other areas where the federal government could ask the court for a determination on joint provincial and federal jurisdictions?

Senator Frith: In my view, the question is so hypothetical that it cannot be answered. We only need to scrutinize sections 91 and 92 of the British North America Act to see that the fields of speculation are very large.

Senator Asselin: All this means that when I requested an answer, I did not obtain it. You have not yet answered my question. When I enquired whether the federal government would propose, before the referendum in Quebec, constitutional changes of jurisdiction between the provinces and the federal government, and whether the federal government

would propose these changes before the referendum, I never had an answer. Is it no, we will never have such a proposal from the federal government?

Senator Frith: Should the government finally refer every point of difference to the courts if no settlement is possible? The answer is no. But if a more precise answer is required, I can take note of the question and provide more specific information.

● (1500)

[*English*]

AGRICULTURE

PROPOSED EASTERN CANADA POTATO MARKETING AGENCY

Hon. Heath Macquarrie: Honourable senators, I am very glad to see the Minister of State for the Canadian Wheat Board here. Since I am against the non-utilization of resources, I should like to ask him a question about the establishment of a marketing agency for eastern Canadian potatoes, a matter of great importance in Prince Edward Island, and in neighbouring areas where they grow fairly good potatoes as well. Is the minister in a position to indicate what progress has been made, what role the Government of Canada is playing and will play, and if he has reason, from his vast knowledge and genuine interest in marketing agencies and boards, for optimism that this regional board will be in place for next year's crop?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I am sure the honourable senator will realize that I am not likely to have the definitive kind of information that he is seeking. I do know that the Minister of Agriculture is well aware of the difficult potato situation in eastern Canada, and some provincial governments have taken steps towards support of a marketing agency. I shall be delighted to bring this question to the attention of the Minister of Agriculture, and I hope to be able to give a full report shortly.

NOVA SCOTIA

TRANSFER OF FEDERAL GOVERNMENT SERVICES TO SYDNEY

Hon. Robert Muir: I have a question for the Deputy Leader of the Government, which concerns the decentralization of government services. In light of the fact that for a period of at least two years when I served in the other place I threatened, cajoled, wheedled and coaxed the government to transfer some services to Sydney, Nova Scotia; in light of the fact that that concept was finally accepted and the necessary land purchased by the Trudeau government; and in light of the fact that the Clark government immediately cancelled those plans, would the Deputy Leader of the Government take notice of this question and make a full and comprehensive report on whether the government is now proceeding with this project, which would mean, as I have been led to understand, an additional 300 jobs in a high unemployment area, and an economically distressed area.

[Senator Asselin.]

Hon. Royce Frith (Deputy Leader of the Government): I will. I cannot guarantee that the report will be so full and comprehensive as to entirely satisfy the honourable senator, but we will certainly do our best.

● (1510)

FOREIGN AFFAIRS

FISHERIES—CANADA-UNITED STATES NEGOTIATIONS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I now have an answer to a question asked by Senator Marshall on April 24 last with reference to the Canada-United States negotiations on the subject of fisheries. It is a long answer, and if honourable senators agree I will place it on the record. If Senator Marshall has any supplementary questions, he can ask them on another occasion?

Hon. Senators: Agreed.

(*The answer follows:*)

> The motion in question, which was presented by Mr. McGrath and adopted by the House of Commons on April 23, urges the Senate of the United States to take early and favourable action to "ratify" the separate but linked Gulf of Maine Boundary Adjudication Treaty and the East Coast Fishery Resources Agreement.
>
> These two treaties were signed by both Canada and the United States on March 29, 1979, subject to ratification by both governments to bring them into legal effect. Since then the Canadian government has consistently and repeatedly urged the U.S. Administration and influential U.S. senators to ensure that these treaties were given early Senate approval. The Senate of the United States must give its consent to these treaties before they can be ratified by the United States. Most recently, the Secretary of State for External Affairs conveyed to his U.S. counterpart, Mr. Vance, Canada's disappointment that, in over a year since the signing of these treaties, Senate consent has not yet been obtained. Mr. MacGuigan pointed out to Mr. Vance the dangers of conflict in the boundary region in the absence of a sound fisheries management régime and pointed out that the government was under pressure from Canadian east coast fishermen to take steps to ensure that fishermen were not prejudiced by the long delay in U.S. ratification of the treaties.
>
> The government has every reason to believe that the new U.S. Secretary of State, Mr. Muskie, will maintain the commitment of Mr. Vance to the treaties as signed. Whether the Administration can obtain the necessary consent by the Senate, of course, is another matter. The government is keeping this matter under careful surveillance and is examining available options in the event that these treaties are not given Senate consent in very short order.

Senator Frith: That is all I have been furnished with as of today by way of answers, honourable senators.

GRAIN

FEED BARLEY AND OATS—EXPORT PERMITS

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I would like at this point to respond to the question asked by Senator Bielish on April 23 last regarding the desire on the part of some farmers in southern Alberta to export crushed and rolled barley and oats to the United States. At the outset I might inform Senator Bielish that I have discussed this question with the Canadian Wheat Board.

Section 33 of the Canadian Wheat Board Act requires that no person other than the board shall export wheat, oats or barley, or the products thereof, out of Canada, except as permitted under the regulations. Regulation 14 permits the board to grant export licences subject to conditions considered advisable to the board, always including a requirement for recovery from the applicant, by the board or board designate, a sum which, in the opinion of the board, represents the pecuniary benefit inuring to the applicant as a result of the granting of the licence. Therefore, producers wishing to export are treated in generally the same manner as are the board's accredited export agents, who must obtain their export supplies from the board at a price acceptable to the board. The effect is that the difference between that price and the initial price is preserved for the account of all producers in the same way that it is for all other export sales of wheat, oats or barley.

Within these terms, licences are readily available to farmers wishing to export feed barley and oats to the United States. The conditions attached to them are those I have outlined, and the mechanics of meeting them exist in board procedures. If the terms are met, a farmer may truck the licensed commodity to prospective customers across the border. The restrictions which apply to such a movement also apply to grain products as defined in regulations 16 to 19 inclusive. In brief, grain products are those containing greater than 25 per cent wheat or oats or barley, or mixtures thereof.

The Canadian Wheat Board is by law given authority to market wheat, oats or barley in export markets on behalf of producers. If they or anyone else were allowed to freely export grain, the board would be placed in the untenable position of competing with the very people—that is, the producers—on whose behalf it is supposed to be marketing grain.

I might add that if the board were to allow digression from the requirements of the act and regulations, it would, in all fairness, be obliged to extend the same concessions to any and all who wished to bypass the board and negotiate direct sales to United States purchasers. Such sales would be for the seller's own account and at whatever price he was able to negotiate.

I think honourable senators will agree that this would quickly erode the board's marketing effectiveness and its statutory position. Moreover, to ignore the requirements of the act and regulations would be a violation of the law.

DEPARTMENT OF LABOUR ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Monday, May 5, the debate on the motion of Senator Thériault for the second reading of Bill S-4, to amend the Department of Labour Act.

Hon. John M. Macdonald: Honourable senators, the purpose of Bill S-4 was well explained by its sponsor, Senator Thériault, and there is nothing I can or need to add to his explanation. In the course of his remarks in moving the second reading of this bill, Senator Thériault gave a short review of the history of the publication known as the *Labour Gazette*. My only purpose in speaking to this bill is to expand somewhat on that review, and to add a few complimentary remarks about the *Labour Gazette*.

As Senator Thériault mentioned, the *Labour Gazette* was founded in 1900, with its last edition being Volume 78, Nos. 11 and 12, November and December, 1978.

That final edition contains a very interesting article as to its origin and development. The story in question was written by its distinguished executive editor, G. F. Sanderson. I do not know how many editors that publication had over its 78 years of existence, but it is interesting to note that its first editor was a person who later became well known in the public life of Canada, a person who held the office of editor of that publication for nine years, one W. L. Mackenzie King.

The purpose of the original publication is well stated in the article written by Mr. Sanderson, and I should like to quote from it, as follows:

> The Conciliation Act of 1900 establishing the *Labour Gazette* was introduced in the House of Commons by then Postmaster-General William Mulock, who said the legislation was designed "to provide a useful publication for all classes concerned in industrial life, whether employers or employees" and "to enable them better to understand not only the conditions affecting their own side, but the conditions affecting the side of the other party." In this way, the government hoped that labour and management "would be more ready to adopt peaceful arguments for the settlement of controversies."

Over the years, the *Labour Gazette* made an important contribution to the industrial life of Canada and to the employee-employer relationship by giving authoritative statistics and factual information on matters pertaining to industry, both in Canada and elsewhere. It developed, too, that it gave more than that in that it began publishing the results of conciliation boards and arbitrations, as well as summaries of labour legislation.

As you know, back in 1900, and for a good many years thereafter, such information would have been very difficult, if not impossible, for many persons to obtain. The *Labour Gazette* was used by those interested in the labour movement. In addition, it was used as a reference source for many schools and universities. I well remember that in the late 1930s the extension Department of St. Francis Xavier University ran night school or evening classes in industrial Cape Breton for

those either involved in or interested in the labour movement. If my memory serves me right, the class was called Labour Economics, and one of the textbooks used was the *Labour Gazette*.

Of course, as time went on, other sources of information became available. Indeed, there were a great many changes in the labour movement. In the early days the officers of a union also had to work at their ordinary occupations. The evolution has been such that those offices now constitute a full-time occupation.

As more and more information became available from other sources, the original need of the *Labour Gazette* became less important. This was well summarized in the article by Mr. Sanderson in which he said, speaking as of the date of the editorial:

> Today the *Labour Gazette* is an independent and lively periodical with a cross-country circulation and a significant readership abroad. From a journal of record, presenting dry statements of fact and collections of statistics, it has evolved over the past 10 years into a unique national forum for the analysis and discussion of prime problems and issues affecting the world of work. At the same time, the magazine has consistently striven not to reflect favouritism toward nor to serve as a platform for the vested interests of any individual or institution. In this way, the *Gazette* has continued to impart knowledge while furthering understanding and looking for attitudes and concepts suited to our changing socio-economic climate.

It is obvious that the original purpose had to be changed. The publication was no longer necessary in terms of its original purpose. It had to change with the times.

The amount of money to be saved by the cancellation of this publication was not large, and while it was a factor, I do not think it was a major factor in the decision to cease publication.

● (1520)

The original purpose of the publication is no longer necessary, and while it was an interesting publication with an influence probably far greater than its circulation seemed to warrant, nevertheless its continued existence would, I think, be a luxury rather than a necessity.

Honourable senators, I think it is only right that it should be placed on record that in its 78 years the *Labour Gazette* was an outstanding publication which did much to foster good relationships in our industrial society and, indeed, helped to inform, if that is the proper word to use, many of those who worked hard and long in the labour movement. Those were the days when the labour union leaders were not as highly educated or as well informed as they are today. While we may regret that the *Labour Gazette* has ceased to publish, I think it is but right that acknowledgment should be made of the great service it rendered to the people of Canada in the 78 years of its existence.

Honourable senators, the intent of the legislation is so clear that no useful purpose would be served by referring it to committee.

[Senator Macdonald.]

Hon. John J. Connolly: Honourable senators, I do not propose to make a speech about the bill, but to say something about the honourable gentleman who has just spoken. Senator Macdonald has done a great service this afternoon to this chamber and to Parliament. He has taken a lot of trouble to look into the history of the *Labour Gazette*, which is a most honourable history, and has put the information before us in a way for which he should be commended.

Hon. Senators: Hear, hear.

Senator Connolly: There was no question of his reading some essay, written by someone in a department of government, on what the legislation means. What Senator Macdonald has done is give his own views on what the *Labour Gazette* has meant to this country, has meant to the labour movement, and what it has now come to because it has outlived its usefulness. There are now other ways of obtaining the same kind of information and making it available to the people concerned with the problems which the *Labour Gazette* attacked.

We are indeed indebted to Senator Macdonald for his speech this afternoon. It is a model for a good many of us.

Hon. H. Carl Goldenberg: Honourable senators, I feel that I should say something about the passing of the *Labour Gazette*. I have spent, as you know, most of my career in mediating and arbitrating labour disputes. To me the *Labour Gazette* was one of the most valuable publications in that work.

I personally objected to the government's proposal in 1978. I was advised of it and I objected strongly. I was supported in my objection by, among others, the head of the Department of Industrial Relations at McGill University; the director of the Industrial Relations Centre at Queen's University; leading arbitrators and mediators, and professors of industrial relations in the United States and in the United Kingdom. It is my view that the government could have saved far more money than it is saving by this measure by simply cutting out some of that vast volume of literature which I find on my desk every time I return to my office, the larger part of which I throw out.

The statement that the *Labour Gazette* had a circulation of 2,800 and *La Gazette du Travail* a circulation of only 750, does not means much. For the people interested and involved in labour management relations that was a large circulation. The publication has not been replaced by any other publication similar to it, and those of us in the field—and I am still in that field—miss it, and will continue to miss it.

I must add that I am rather surprised that we are now dealing with a bill which is intended to allow the Department of Labour to put an end to the publication, when, in fact, the publication was terminated almost two years ago. I find that a little difficult to understand.

In any event, I know the *Labour Gazette* is dead. I join with Senator Macdonald in his eloquent outline of the history of the publication. I am proud to own copies of the first two volumes, 1900 and 1901, and I can only end by paying a tribute to those who over a period of 78 years made the contribution they did to the *Labour Gazette* and to Canada, because the *Labour*

Gazette allowed people interested in labour throughout the western world to know what Canada was doing.

Motion agreed to and bill read second time.

Senator Thériault moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

INCOME TAX CONVENTIONS BILL

SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Hicks, seconded by the Honourable Senator Deschatelets, P.C., for second reading of the Bill S-2, intituled: "An Act to implement conventions between Canada and Spain, Canada and the Republic of Liberia, Canada and the Republic of Austria, Canada and Italy, Canada and the Republic of Korea, Canada and the Socialist Republic of Romania and Canada and the Republic of Indonesia and agreements between Canada and Malaysia, Canada and Jamaica and Canada and Barbados and a convention between Canada and the United Kingdom of Great Britain and Northern Ireland for the avoidance of double taxation with respect to income tax".—(*Honourable Senator Grosart*).

Senator Grosart: Stand.

Senator Hicks: Honourable senators, before that order stands, I should like to point out that because of convocations at my university I shall not be here again until May 20. Would you agree to stand the order until that time, as I understand that Senator Grosart has some questions he wishes to raise and which I should like to deal with at that time.

I should point out that no one will be prejudiced as a result of the delay in passing this bill, because there are provisions in it that make it operative from the first day of January in the year in which it is passed. As long as this bill is passed this year, no taxpayer is adversely affected.

The Hon. the Speaker *pro tem:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

Order stands.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Rousseau, seconded by the Honourable Senator Hays, P.C., for an Address to His Excellency the Governor General in reply to His Speech at the opening of the session.—(*Honourable Senator Lamontagne, P.C.*).

Senator Lamontagne: Honourable senators, on the basis of what was arranged earlier this afternoon with respect to my speech, and with the co-operation of Senator Asselin, I am happy to yield to Senator Hicks.

Senator Asselin: I don't know why you mentioned me, but I agree.

The Hon. the Speaker *pro tem:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Henry D. Hicks: Honourable senators, first of all I wish to associate myself with the congratulatory remarks that have been directed to the mover and seconder of the motion for an Address in reply and the compliments paid to the new Speaker of the Senate, who has already shown, I think, that he will be presiding over our deliberations with that wit and good humour that characterize his conduct of affairs generally.

I wish also to refer to the loss, in the relatively short time we have been sitting in this session, of two valuable members of this chamber.

• (1530)

The death of Senator Josie Quart cannot but sadden all of us. Her good nature, wit and humour were a constant joy to all those who had anything to do with her, and she will be missed by this house.

I also want to refer to Senator Desruisseaux who, having achieved his seventy-fifth birthday, has retired. I knew Senator Desruisseaux for a long time before I came to the Senate, and have always had the greatest respect for him. His interventions were always carefully prepared, and were always constructive, useful and informative. I hope that each of these senators will be replaced by someone who will worthily fill the places they have vacated.

Honourable senators, I wish to deal primarily with only two subjects mentioned in the Speech from the Throne, the first of which is the re-affirmation by the Government of Canada that it would increase expenditure on research and development in Canada from 0.9 per cent of the gross national product, which is approximately the present level, to 1.5 per cent by, it is hoped, the mid-1980s. This is a worthy goal, and an achievable one, but I am not sure that it is going to be achieved by increments of only $190 million per year, which is indicated as being the increment that will be applied in the year 1980-81. I will enlarge upon that just a little.

First of all, government research in Canada compares favourably with that in most of the industrialized countries of the world, and so, in a general way, does research in the universities of Canada compare fairly well with research in the universities of other countries in the world, though we have suffered some serious declines in recent years. Between 1969-70 and 1976-77, federal support to universities for research declined from $111 million to $78 million, or by nearly one-third in terms of 1969 dollars. I am reading from a report of the Science Council of Canada, published in 1978.

Corrected to the growth in the Canadian labour force the decline is to $63 million, or by 42 per cent. This deterioration occurred, despite the recommendation of the Lamontagne

committee that total spending on research and development increase from 1.1 per cent of the gross national product—the level in 1972—to 2.5 per cent of the gross national product by 1980. Instead of increasing from 1.1 per cent since 1972, as honourable senators know, expenditure on research and development in Canada has declined to something like 0.9 per cent.

I am glad that the government has again expressed its determination to move this figure upward, though not to the 2.5 per cent which was the original recommendation of the Lamontagne committee, and which was the figure seized upon by the Clark government when they came into office about a year ago; though I suspect that the present state of affairs in Canada is such that we could not realistically hope to achieve an expenditure of 2.5 per cent of the gross national product on research and development by the mid-1980s no matter how well-intentioned we were. Indeed, I am concerned that the personnel to enable us to increase our spending to 1.5 per cent by the mid-1980s may not be available, and I will make a brief reference to this in a minute or two.

I now turn to industrial research. As everyone knows, of course, this is where Canada falls behind the other developed countries. Our businesses and industries are not carrying their share of research and development. They are content, generally, to rest upon their laurels, or to depend upon their parent corporations, mostly in the United States. This is not good for Canada. It is not good for Canada's industry, nor is it good for Canada's science and technology.

I read with great interest—and I hope other honourable senators have done so too—the speech of Walter F. Light, the President and Chief Executive officer of Northern Telecom Ltd., delivered in Toronto in February of this year. With respect to Northern Telecom he said:

> My company maintains the largest R&D establishment in Canada and our principal research subsidiary, Bell-Northern Research, employs about 2,900 people, making it the contry's largest industrial R&D centre by far. Big, you say. Hardly. Our West German competitor, Siemens, employs 25,000 in R&D—nearly nine times as many.

This is the company that is by far the largest in terms of undertaking R&D in Canada.

Mr. Light had this to say about research directed towards semi-conductors:

> A recent survey indicated that financial support by governments outside of North America for the development of semi-conductors totalled $1.7 billion. If one includes hidden subsidies such as inflated prices paid by some governments to their selected domestic suppliers, that total probably exceeds $2 billion. Because of the vital importance of semi-conductor technology, one can reasonably assume that half of the $3 billion government subsidization of the U.S. electronics industry last year was directed towards semi-conductor development.
>
> This suggests that upwards of $3.5 billion is being spent by free world governments to support research on semi-conductors, one of the keystones of the data, computer and telecommunications industries.
>
> In contrast, I know of no Canadian government program dedicated to the development of semi-conductors. A proposed three year, $50 million federal development program—

Please note, $50 million, as compared with $3.5 billion in the other western countries associated with us, and who are our competitors.—

> —for the electronics industry, introduced in April 1979 allocated $10 million to be used for microelectronics. As of today—

He is referring to February 1980.

> —none of these funds has been committed. In other words, Canada is thinking in pennies, while others are spending big bucks to ensure their positions in the electronic age and a profitable, competitive position in international trade.

This is a sobering thought. Mr. Light ends by saying that if he comes to address these people in five years' time he hopes the situation will be much more optimistic, but does not believe, on the basis of current performance, that it will be.

I referred to personnel requirements, and again I refer, honourable senators, to Report No. 31 of the Science Council of Canada, entitled: "University Research in Jeopardy", but I am not going to quote from it. Suffice it to say that in order to achieve an expenditure of 1.5 per cent of the gross national product we are going to have to provide a great many more technicians and scientists than are being turned out by our universities today. With the levelling off of staffing and student enrolments in our universities, we are not going to have enough people to perform the research and development that would be possible if we did devote 1.5 per cent of the gross national product to it.

On page 12 of this same report they point out, to make the problem more complex, that in about 15 years there will be a substantial increase in demand for academic staff and research personnel. A major intervention by the federal government—because I do not believe the provinces can do it—will be required in the training of scientific and technical personnel in our universities and technical institutions if we are going to conclude the twentieth century in a competitive position in relation to countries in the western world.

I am glad that the statement I quoted has been made again, and that we are striving toward the goal of these expenditures on research and development in Canada. I do not think we in Canada can compete in the modern technological world in which we live unless we are as good as everyone else, at least in some specific areas, and we cannot be that good unless we are prepared to devote a fair amount of our resources to development and to promoting research in the way it is being promoted by West Germany, the United Kingdom, the United States, Japan and Italy. It is true that Italy is lagging a little bit, as is Canada, but the first four countries I mentioned are those

which are spending more than 2 per cent of their gross national product on research and development.

● (1540)

I turn now to the Canadian Constitution and the present state of affairs in relation to its reform. I am one who believes that Canadians have been led to believe that a great many more things will be accomplished by constitutional reform than is the case. A great many Canadians feel that constitutional reform will, in itself, solve some of our problems. I do not believe it will. I do not believe that all problems in Canada are legal and constitutional; I believe they are political.

I point out that the British North America Act was passed 113 years ago and, despite all criticism, it has served this country extremely well. Whenever we have been able to agree on what we wanted to do in Canada, we have been able to do it under the British North America Act and very quickly achieve an amendment or make an agreement or bargain between the federal government and the provinces in order to achieve our goal. I refer, of course, to the devices that have made possible the payment of old age pensions by the federal government; all the welfare programs which the federal government has entered into, notwithstanding the original requirements of the Constitution; the payment of unemployment insurance; and the many other changes that have taken place.

I am not suggesting that we do not need to revise or reform our Constitution. Certainly, it is anomalous that it is still an act of the Parliament at Westminster. The Canadian Constitution ought to be brought to Canada; it ought to be patriated. I have no doubt about that. Again, there is no difficulty in doing this if we can agree on how we want to patriate it, and this largely means a review of the division of legislative powers—which everyone thinks is necessary—but, most importantly, it means that we have to agree on an amending formula for the Constitution. We will certainly not be obstructed by any desire of the Parliament at Westminster to hold on to the British North America Act. The question, as I say, is not primarily a legal and constitutional one. These things can be done very quickly. The question is for us to reach political agreement as to what we want to do.

I do not believe that Bill C-60 was the way to go about this, but, in view of the splendid speech of Senator Lang last evening on Bill C-60 and its ramifications, I do not think I have to say another word about it except to associate myself almost completely with the views he expressed. However, I do think that we have to reform the Senate.

As a matter of fact, when I was Premier of Nova Scotia in the 1950s, I wrote to Mr. St. Laurent, the then Prime Minister of Canada, with suggestions how the Senate might be reformed. I do not think a House of the Provinces or a House of the Federation is the way to go about it, but I do think we should allow provincial governments or provincial administrations to have some direct say in the appointment of senators. The recommendation I made to Mr. St. Laurent about 25 years ago was that we should allow a certain proportion of senators from each province to be appointed by the Governor General in Council, but on the recommendation of the Lieutenant Governor in Council of the province concerned. The tenure of office should be the same as for senators appointed as we have been appointed. I do not think the sort of merry-go-round which would have resulted by reshuffling the composition of the Senate after every provincial election, giving the members of it no particular tenure, would have achieved anything; and I do not think it would have achieved the presence of provincial governments in the federal capital as was envisaged by those who advocated this scheme.

Of course, you know, the biggest reform that could occur in this chamber would not require any constitutional change at all. It would merely require the government of the day to make more use of the Senate. In only one of the eight years that I have been here was the Senate used anywhere near its capacity and, even then, not really close to its capacity. When the Honourable Mitchell Sharp was the house leader in the other place, he directed a good deal of legislation to be initiated, and to be studied by committees, in the Senate. Generally speaking, it may be that these eight years have not been typical, and that political instability has made ministers want to keep their portfolios under their own arms and not divest themselves of legislation which they can handle themselves by allowing it to be introduced in the Senate. This is one way in which the Senate could be used much more effectively.

Because of the necessities of the situation which faced the Clark government, ministers were appointed from the Senate. I think our discussions during the brief period when that government was in power were extremely useful and, again, there was evidence that more legislation was to be introduced in and dealt with by the Senate. I am glad that the same situation applies now. Again we have ministers in the Senate.

We tend to think that this is abnormal, but, of course, a great many ministers were appointed from the Senate in Sir John A. Macdonald's time, but not very many in the years of the twentieth century. Perhaps it is a good thing that necessity has compelled the present administration to appoint some ministers from the Senate. I commend them for thus far introducing about a quarter or one-third of government bills in the Senate to be dealt with by this chamber, and I am sure that all of us want to give first-class attention to this legislation. I have confidence that we will deal with it as expeditiously and as carefully as the other place. In fact, I actually believe that we will do the work a little bit better than they would.

My view is that the Senate could be made much more effective just by making a different use of it. As we have done over the past years, I feel we should express our willingness to do additional work and, indeed, our desire to do additional work.

There seems to underlie in all proposals for constitutional change in Canada today the assumption that we ought to strengthen the provincial governments, and disperse the federal authority. For some reason, which escapes me entirely, some Canadians seem to think that this is going to establish a solid unified Canada. I do not believe it at all. I think what this country needs is a stronger central government, and that we must do our work in relation to every part of Canada carefully,

sympathetically and even generously, particularly toward some parts of Canada that may need federal intervention and assistance more than others. However, I do not think that we are going to make Canada stronger by making the federal government weaker. I believe the contrary is, in fact, the case.

What we do need, it seems to me, is a national pride and concern for all parts of Canada. Traditionally, most of us in the east and the west have accused Ontario of being selfish in wanting to develop its own industry and thus to promote tariffs and other policies which assisted it at the expense of the west and at the expense of the maritimes.

When I was Premier of Nova Scotia, I had an attorney general who had worked out the figures—I never did check his arithmetic, but I think he was correct—from which he said that if Nova Scotians could buy their automobiles on the world market without tariffs, calculated at that time to protect the motor car industry in Ontario, we would need no transfer payments of any kind whatsoever; that we would save more money than the transfer payments were worth at that time. That was in the mid-1950s, and I know the financial situation has changed greatly now, and that the same argument might not pertain. In any event, I would hope that the people of Ontario would be generous in their attitude towards the rest of Canada.

I note with some concern, notwithstanding the position of the province of Alberta during the 1930s and 1940s when its people were heavily dependent upon the goodwill of the central government and of other parts of Canada, now that that province has become independently wealthy it is close to adopting just as selfish an attitude as the one which was traditionally attributed to the province of Ontario.

● (1550)

Even the fine little province of Newfoundland, in the wake of its discovery of oil off the coast, has started to show the same selfishness, wanting to exclude any sharing by other provinces, even adjacent provinces such as Nova Scotia, in fishing and the exploitation of hydrocarbon resources. I therefore enjoin all Canadians to think of this country as a country, not as a conglomeration of provinces alone.

The recently expressed attitude of three members of the House of Commons in relation to the Michelin Tire Company in Nova Scotia is a case in point. We are fortunate to have in Nova Scotia a company with the most modern technology in the manufacture of automobile tires of any country in the world. Their market is largely in the United States. If we frustrate that company in its development by adding a third plant in Nova Scotia in order to meet the demands of their American markets we may influence them to leave Canada entirely and relocate in the United States. I tell you, honourable senators, that this is not just a figment of my imagination. This, I believe, has actually been discussed by officials of that country.

If the automobile tire manufacturers in Ontario are not technologically up to the Michelin plant in Nova Scotia, let them pull up their own socks. But it is very sad for me to hear members of the other place, largely from the Hamilton area, actually urging the Government of Canada not to assist the development or expansion of the Michelin plant in Nova Scotia. This is the sort of attitude that seems to me to be non-Canadian, to be ultra-provincial, and to be contrary to the best interests of the development of the whole of Canada.

We must, as I say, think and act like Canadians. I do not believe we amount to a row of beans in the world as Nova Scotians, or even as Quebecers or Ontarians. But we do amount to a great deal in the world as Canadians, and I hope that we can develop that Canadianism. I know that this is going to require generosity on the part of those who are in a better position to help than others. It is going to require the application to the solution of Canada's problems of all of us in this chamber, and outside, and I am confident, despite the current difficulties and the current pessimism that one finds in Canada, that Canada will surmount this challenge, and that we will be a greater country in the 21st century than we have been in the 20th century.

On motion of Senator Frith, debate adjourned.

RETIREMENT AGE POLICIES

REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

The Senate resumed from Monday, May 5, debate on the consideration of the Report of the Special Committee of the Senate on Retirement Age Policies, entitled: "Retirement Without Tears", tabled in the Senate on April 15, 1980.

Hon. John Morrow Godfrey: Honourable senators, when the motion to establish the Special Senate Committee on Retirement Age Policies was being debated, I was somewhat less than enthusiastic about the idea. Like, I am sure, everyone else, I had some pretty firm views on the subject, formed from a lifetime of personal experience. I felt quite capable of sitting down and writing a report on mandatory retirement based on age without hearing any evidence whatsoever. May I say that, while I agree with many of the recommendations of the report, on this narrow question my report would have been somewhat different.

Like me, Senator Croll also had firm views based on his own experience, and based on the fact that he is a great humanitarian, and, as such, he was very sympathetic toward those who don't want to retire at a mandatory age. Senator Croll expressed those views very clearly and unequivocally in his speech in support of the establishment of the committee.

Senator Fournier (Madawaska-Restigouche), in his speech on this report, stated that the cost involved was far below that of a royal commission. There are many Senate committees that do the work that is often done by royal commissions. The fact that the chairman, Senator Croll, announced the basic finding of the committee on mandatory retirement before it was even authorized makes it somewhat different from the usual royal commissions. Even the terms of reference of the committee in effect amounted to a finding against mandatory retirement based on age. May I remind honourable senators that one of the terms of reference was to report upon "the

protection for those over sixty-five against age discrimination in all employment areas". That part of the terms of reference bears the imprint of Senator Croll's drafting and views.

At pages 27 and 28 of the report there is a very fair summary of the arguments for mandatory retirement based on age, and I will list them.

First, the retirement of older workers aids in dealing with the problem of unemployment.

Secondly, it frees avenues of promotion for younger and ambitious employees. If older employees continue in their jobs beyond what has been regarded as a normal retirement age there is a risk of stagnation in the organization as promotional opportunities shrink. Younger executives, in particular, may find their expectations frustrated and there may be some consequent drop in morale and excessive turnover. It may be troublesome when senior executives regard themselves as indispensable and cannot bring themselves to relinquish control.

Thirdly, employers on humanitarian grounds will often permit an employee to continue for several years until the mandatory retirement age, even though it is recognized that the performance of the employee is below standard.

Fourthly, it would be necessary in all cases when older employees did not want to retire that they be retired "for cause". He would have to be dismissed for incompetence after many years of faithful service. This would be a cruel and bitter thing to have to do.

Fifthly, whenever an employee is dismissed for incompetence, the employee can threaten suit for wrongful dismissal. I might say here, as a lawyer with some experience in this area, that, except in very clear-cut cases, it is difficult to prove that there was sufficient cause to justify the dismissal. Such cases are settled probably 99 per cent of the time, usually for a year's salary or more, depending upon the position, length of service, prospects for a new job, and so on.

Sixthly, people do not have any excuse for putting off their retirement planning. If there is merely a zone of retirement without a special date, people tend to drift along in the hope that they will be retained until the last possible moment.

Now, in my admittedly very prejudiced opinion, those are very powerful and persuasive arguments against making retirement based on age at 65 illegal.

How does the report counter these arguments? With respect to the argument that the retirement of older workers aids in dealing with the problem of unemployment, the report says: "Quantitatively this is not an important consideration." It also, quite rightly, points out that this aspect of retirement policy, if valid, should vary depending upon a labour surplus or a labour shortage.

As to the other arguments, how do they deal with them? Very simply. They just ignore them and then go on, at page 37 of their report, to make the flat statement:

> From everything that has been said so far it is clear that the practice of mandatory retirement at a particular age is an outmoded practice which can harm both individuals and the economy.

I will agree that mandatory retirement can harm individuals. What little evidence there is in the report suggests that this is a very small minority indeed if we adopt the thrust of the other recommendations in the report and make provisions for improving the economic well-being of our elderly retired.

How about the economy? The report's only argument is that there aren't many who would be affected, and that mandatory retirement would adversely affect the economy when there is a labour shortage. When there is a labour shortage, surely companies themselves can be relied upon, out of sheer necessity, to adjust their own mandatory retirement policies to take care of a labour shortage, particularly with respect to skilled workers.

• (1600)

Is mandatory retirement an outmoded practice, as is so dogmatically stated in the report, without any authority whatsoever cited to back up the statement?

From my own personal knowledge, and from my reading of some of the briefs presented to the committee, I would say exactly the opposite, although some of our larger institutions, such as the banks, which used to have compulsory retirement at age 60, have raised it to age 65 with respect to newer employees.

The Royal Bank of Canada submitted what I thought was an excellent brief. They gave essentially the same arguments against the abolition of mandatory retirement because of age as are set out in the report. The recommendations of the Royal Bank in that respect are as follows:

> —That government rely on natural forces to determine appropriate retirement ages rather than create legislation to establish or restrict mandatory retirement ages.
>
> —That employers be encouraged to examine both sides of the retirement question, both early and deferred retirement, and develop policies and plan designs to accommodate their employees' needs in both areas.

I should like to quote further from the brief of the Royal Bank of Canada, which was appended to issue No. 8 of the proceedings of the Retirement Age Policies Committee. I quote from page 8A:10, as follows:

> Perhaps the most significant trend we are witnessing today is towards earlier retirement. While it is still too early to fully assess the impact of the introduction of the early retirement option in the bank, the number of employees electing this option is steadily rising. When one considers that the vast majority of our older staff have a normal retirement age of 60, retirement only a few years earlier than that would not seem significant. What is significant, however, is why these employees are retiring early and what is happening with them in retirement.
>
> It would appear that one of today's trends is to retire early, embark on a new career or paying hobby . . . and, in ten more years or so, retire permanently. One of the main

reasons for this is rather simple: two sources of income add up to more than one.

I might say this is in accordance with my own observations. The Shell Oil Company, for example, has a mandatory retirement age of 60 for all senior executives and 65 for the rest of their employees. A few weeks ago the head of their legal department retired on pension at age 52 to join my old law firm because he did not relish the idea of retiring at age 60.

The trend to earlier mandatory retirement is most noticeable in the accounting and legal professions. This certainly is not because of any tradition; rather, it is because of practical and sometimes bitter experience of what happens when there is not a mandatory retirement age.

They say that old lawyers never die, they just lose their appeal. I have seen mighty law firms in Toronto fade to comparative insignificance because older lawyers, who dominated the firm, insisted on staying on past their prime and dealing with clients' affairs. As a result, most of the bright, young lawyers left, followed by the clients.

The three largest law firms in Toronto have, in recent years, adopted mandatory retirement policies based on age, with some flexibility. The Clarkson, Gordon Company, one of our largest and best known auditing firms, have had, for a good many years, mandatory retirement at age 65. Several years ago, after considerable thought, this was reduced to age 60, with the provision that partners could, upon special request from the firm, stay until age 65.

I understand that all of the large accounting firms now have mandatory retirement policies, with the trend towards a lower age. Their senior partners quite often take early retirement and start second careers.

To state that mandatory retirement at a particular age is an outmoded practice is not in accordance with my personal knowledge, limited as it may be, as to what has been going on in the business and professional worlds in the last few years. If the committee had any authority or statistics for that statement which will show that I am wrong, no doubt some member will point it out to us.

This brings me to a matter where, on the surface, in any event, there appears to be conflict between the report and the speech given by Senator Croll in this chamber on the report. In *Hansard* of April 22, at page 80, Senator Croll is reported as having said:

> At one time there was a rough rule of thumb that one-third of those reaching the age of 65 would keep on working, one-third would retire before the age of 65 and one-third would retire at the age of 65. This is no longer true. It is indicated that now nearer 50 per cent want to stay on.

At page 50 the report states:

> Statistics Canada estimated that the elimination of mandatory retirement would probably increase the labour force participation rate of the older population by 2 per cent once the floor was reached. In other words, if the labour force participation rate of the older male population were 15 per cent, the elimination of mandatory retirement would increase it to 17 per cent. Somewhat higher estimates were made in the United States. As mentioned earlier, the United States Department of Labour estimated that raising the mandatory retirement age would increase the labour force by about 175,000 to 200,000 persons. In the U.S. in 1978 approximately 3 million workers were 65 and over out of a total labour force of over 90 million.

I find it impossible to reconcile those two statements and would welcome any explanation that Senator Croll can give us.

On the question of mandatory retirement age, my overriding concern is, without it, how does one get rid of the boss and the other senior executives? There are many historical instances of men staying on in command past their prime, with disastrous results. I can never forget that the French army that was so out-generaled by the Germans in 1940 was commanded by General Gamelin, who was then 68. He was succeeded, with no better results, by General Weygand, then age 73.

Gladstone, the great English Prime Minister, was senile for the last eight months he was in office. I have just read Mary Soames' *Life of Lady Churchill*, and this confirms the oft-told story of Harold MacMillan going to Lady Churchill, on behalf of his cabinet colleagues, to ask her help in persuading her husband to retire because, in their opinion, he was physically incapable of handling the job. She did her best, but without success, as he insisted on staying on for another 18 months, notwithstanding that there were long periods of many months in succession when he could not function as Prime Minister at all.

The report emphasizes the fact:

> There is no clear association between age in a biological sense and age in years. There are many examples of people who retain their physical and mental faculties unimpaired until they are very old.

That is, of course, true. Unfortunately, it is not always easy to detect when one becomes impaired.

I should like to quote from the 17th Victor Horsley Memorial lecture given by Dr. William Goody, an eminent London physician, at University College Hospital in London, England, reported in the October 1979 edition of the *World Press Digest*, as follows:

> Men and women become more powerful in human affairs as they grow older. Though they may grow wiser with experience up to a great age, powers of intellect, and especially of insight, eventually fail. Then people are positively dangerous in proportion to the powers they wield and to the rate of progression and degree of damage before the problem is detected. The most frightening state occurs when brain failure is detected but concealed for reasons of policy and power.
>
> Clearly large groups of people, millions perhaps, run the risk of having their lives directed by sufferers from brain failure. In medicine there are several ways of check-

ing whether we are fit for our jobs; but in positions of highest power there are no such stringent precautions.

As a profession we should try to devise the best rule for the age of retirement on the grounds that such an age is most properly determined by the actuarial likelihood of brain failure. We may well select 65 as the age of retirement, even though there are many instances of much longer durations of brain excellence individually. It may be wise that several brilliant surgeons lay down their scalpels at 65 so that one failing operator may be prevented from causing harm to an occasional patient.

• (1610)

I recently read a book by Ross Harkness of the Toronto *Star*. He tells about Harry Hindmarsh, the boss of the *Star*, reaching the age of 70. Mr. Hindmarsh had evidently suffered a series of minor strokes which he didn't admit to, and it was the opinion of a least two members of the board of directors that he wasn't fit enough to carry on. There was a mandatory retirement age of 70 which could be waived by the board. Two members of the board were not prepared to waive it and permit Mr. Hindmarsh to continue unless he could produce a doctor's certificate saying that he was capable of carrying on. At the next board meeting, Mr. Hindmarsh produced the doctor's certificate and forced the resignation of the two questioning directors from the board. The point of all this is that the very next day Mr. Hindmarsh collapsed and died. Mr. Hindmarsh's death saved the *Star*, because he had just verbally agreed, as the chairman of the trustees of the Atkinson Foundation which owned the *Star*, to the sale of the *Star* to persons whom I would regard as unsuitable owners. If he had lived another 24 hours, the deal would have been signed and the *Star* would not have been the vigorous independent newspaper it is today.

I would now like to turn to the question of retirement income. Here I must confess that I had strongly held, preconceived ideas on this subject long before the committee was formed. I am delighted to say that the committee came to the same conclusion, namely, that the private pension system in Canada is a failure for those in the middle and lower income groups, and that the public pension system must be expanded to fill the gap. I will not repeat all the reasons so persuasively detailed in the report and in Senator Croll's speech. I will just repeat one statistic: "In 1975, 81 per cent of unmarried women 65 and over, 74 per cent of the elderly unmarried men, and 60 per cent of elderly couples received no private pension based on previous employment".

May I say that the pension industry and employers have been repeatedly warned over the years by many reputable experts and commentators, that if there wasn't greater coverage of our work force by private pension plans, then the only alternative was for the government to step in and expand the Canada/Quebec Pension Plans. I don't blame the private pension industry for this failure. There are practical problems, which are well outlined in the report, which make it very difficult, in fact almost impossible, for them to significantly improve the situation under the present laws.

There are, however, several questions with respect to the recommendations in the report which I would like to raise. The report at page 67 makes the following statement:

> If no other changes were made in the structure of the Canada/Quebec Pension Plan it may be assumed that the approximate doubling of the contribution levels would yield a pension of roughly twice the size of present levels, or about $450 per month.

The way the report puts it, it all sounds very simple, doesn't it? Double the contribution and you double the yield, after, of course, the five-year phasing in period recommended by the report.

In his speech to this house, Senator Croll said:

> None of the recommendations contained in the report of the special committee will involve any cost to the government, either provincial or federal. It will not cost the government a penny or a nickel—not even a plug nickel.

That is true, of course, but for the ordinary taxpayer it doesn't make much difference if the increased costs are paid by the government out of increased taxes or paid by the taxpayer out of increased contributions to a pension fund.

Senator Croll referred in his speech to a study entitled, "The Retirement Income System in Canada," which has just been issued. It does show that there has grown up in Canada in the last few years what might be termed a retirement income study industry. This study was produced by an interdepartmental task force of officials formed by the federal government in 1976. The task force functioned under the general direction of a steering committee of senior officers from the Departments of Finance, National Health and Welfare, Insurance, and Labour, and from the Privy Council Office and the Treasury Board Secretariat. Its report is in two volumes and runs to about 750 pages. Luckily, they published at the same time a summary of the report which is only 64 pages long, and it is only the summary that I have read.

I might also mention that about the same time, the Ontario government created a royal commission to study this question. The Ontario report, which is reported to run to 10 volumes, is not expected to be ready for some months.

In other words, three different bodies—one appointed by the federal government, one by the Province of Ontario and one by the Senate, were all merrily going along their separate ways studying the same subject. I should qualify this somewhat by saying that the federal government task force, in deference to the Senate, did not go into the question of mandatory retirement because of age. I might say that, rather than duplicating the work of the other two bodies, my own preference would have been to wait until each had brought in its report and then have a Senate committee study their reports and bring in its recommendations.

Senator Croll said in his speech that in politics timing is vital. I completely agree with that statement. The only thing I am inclined to disagree with is his timing in this particular instance. Instead of rushing into print first, after spending a lot of time and money on duplicating research being performed

by, as Senator Croll says, "some very competent public servants" who produced a report which he describes as an "excellent one," the senator could have waited to take advantage of their research and the research of the Ontario royal commission. The Senate committee could then have examined the alternatives and recommendations of these two reports and had the final word with our own recommendations instead of the first word.

To digress for a moment. I was co-chairman of a task force formed by the Canadian Council on Social Development on Social Security. Practically all of our research was done for us by the Senate Committee on Poverty, chaired by Senator Croll, and the Castonguay-Nepvew report commissioned by the Quebec government. After examining both of these reports, we eventually came down in favour, with a slight modification, of the two-tier system of guaranteed income recommended by Castonguay-Nepvew. The federal government then issued its orange paper, which followed the recommendations of our committee. True, the Senate Poverty Committee has justly received a lot of favourable publicity, and is a recognized textbook on the subject. The committee that I co-chaired was considerably helped by having the last word and was able to persuade the government to our way of thinking.

To return to the federal government task force report, it states at page 20 of the summary:

> If full cost contribution rates were being charged—rates that would cover the cost of benefits of those now entering the labour force—Canada/Quebec Pension Plan contribution rates would be about double what they now are.

At page 6 of the summary it states:

> If the Canada/Quebec Pension Plan contribution rate is left unchanged, it is currently estimated that both funds will ultimately be depleted just after the turn of the century. If the present contribution rates were maintained until then, and the plans were subsequently put on a pay-as-you-go-basis, under which annual contributions would be approximately equal in amount to annual benefit payments, it is estimated that the contribution rates would then have to be in the order of 6 per cent, compared to the present 3.6 per cent; in later years, the pay-as-you-go contribution rate would be in the 9-11 per cent range depending on demographic developments.

Senator Croll quotes with approval in his speech a statement made by L. E. Coward, whom he describes "as the best authority I know of in this country on pensions."

Mr. Coward stated: "It is true that the Canada Pension Plan Fund will be exhausted in about 20 years if contribution rates are not raised, but it was always intended that they should be raised from their initial very low level".

The federal task force report explains, again at page 6 of the summary, how the present funds were accumulated:

> Since virtually everyone in the labour force pays these contributions, and since in the early years of the plans many of the elderly were not eligible for pensions from the Canada/Quebec Pension Plans, funds of around $14.5 billion and $5.2 billion had accumulated in the Canada Pension Plan and the Quebec Pension Plan respectively, by the end of 1978.

[Senator Godfrey.]

It took 10 years for the benefits under the Canada/Quebec Pension Plans to be phased in. The Croll report recommends that the increase in the benefits be phased in over a five-year period only. This will not permit the kind of accumulation to occur with respect to the increase in benefits as occurred during the initial 10 years of phasing in of the Canada/Quebec Pension Plans. No explanation whatsoever is given in the report as to why the double benefits can be phased in in five years when it was deemed necessary to have a 10-year phasing in when the Canada/Quebec Pension Plans were initially introduced.

If, as Mr. Coward says—and Senator Croll obviously agrees with him because he quotes him with approval—the present low rates have to be raised just to maintain the present level, then why did the committee ignore this in its report and flatly state that doubling the rates will double the benefits? Obviously, they won't for very long, if it is to remain actuarially sound.

• (1620)

Surely we should know how much the present rates have to be raised to maintain the same level, then how much above that will have to be charged in order to double the benefit after a phasing in of only five years and maintain it at that level. We will then, and I suggest only then, be in a position to judge whether or not the increased rates that will have to be charged are reasonable under all the circumstances.

The next point I would like to discuss is the question of survivor benefits for widows. At page 91, the report says: "It has been established that one survivor cannot maintain the same lifestyle with even one-half the income". With that statement I completely agree. The present Canada/Quebec Pension Plans provide that a surviving widow receive 60 per cent of her husband's pension, thus recognizing, to at least some extent, that a surviving widow cannot maintain the same lifestyle with one-half the income.

What does the report recommend? It completely ignores this fact, and by providing that public pensions are to be split evenly between husband and wife it reduces the amount of the survivor benefit for the widow from 60 per cent to 50 per cent.

Senator Bird recognized this anomaly in the report, and in the speech she gave on it she stated with considerable ingenuity and logic that the widow would "presumably" be entitled to a survivor's benefit, as at present, of 60 per cent of the husband's 50 per cent; thus her pension as a survivor would be 80 per cent of the total.

My only comment on this is that if that was the intention of the committee, then it should have said so in clear and unequivocal language in its report. Because they didn't say so, I can only presume that the committee overlooked the consequences of this recommendation and didn't realize that it would reduce the survivor's rights of widows from 60 per cent to 50 per cent.

The next point I would like to discuss is the guaranteed income supplement.

Senator Croll in his speech stated, as reported in *Hansard* at page 82:

> From the very beginning, the committee was completely aware that any proposal to solve the associated problems of retirement and retirement income by the major expenditure of public funds would be a waste of time. The committee from the outset was of the view that there should be no cost to the federal treasury, and that is a point stressed repeatedly in the report.

I was somewhat surprised at this statement. This did not sound like the crusading Senator Croll of old. It is obvious now, of course, that the committee was wrong. It would not have been a waste of time to have proposed a $35 increase per household in the GIS, which the Liberal Party promised in the last election, and the Liberal government has promised in the Throne Speech. I endorse this proposal 100 per cent. It is obvious that it is needed now, particularly for unattached males and females. We cannot wait for improvements in the Canada/Quebec Pension Plans, which eventually will largely replace the GIS, but this won't happen for a good many years. It must be a new experience for Senator Croll to lag behind his party and the government in an area of social reform.

In connection with the GIS, I would also like to refer to a statement made by Senator Croll in his speech. He referred to the present day on the question of selectivity versus universality, and he said:

> No one would think of introducing the principle of selectivity to such programs as old age security—

May I respectfully disagree. When the GIS was introduced some years ago, that was certainly introducing selectivity into the old age security program, because there was a means test in order to qualify for the GIS in addition to the old age pension. The recent addition of $35 to the GIS is a further example of selectivity in the old age security program.

Honourable senators, may I now deal with this matter on a more general note. We often hear these days about human rights, and much highly commendable legislation has been passed in order to outlaw discrimination based on sex, race, religion and age. I have always supported these human rights laws and have been a member of the Canadian Civil Liberties Association for many years. I am a great believer in individual rights and protection of minorities. But somewhere one has to draw the line. There are occasions when individual rights must give way to the interest of the public as a whole. I suppose the simplest illustration of this is where land is expropriated for public purposes such as airports, highways, public buildings, housing and parks. This nearly always creates an uproar, and individuals always suffer as a result. It is a question of weighing the interest of the public as a whole against the suffering, inconvenience and annoyance caused to individual property owners. In weighing these competing interests it is legitimate to consider how many individuals are being affected. The decision not to add new runways to Malton Airport but to build a new one at Pickering was primarily based on the greater number of people affected at Malton. Then, of course, the people of Pickering rose up in arms and, while not nearly as many as at Malton, they eventually forced the government to back off.

Mandatory retirement because of age does cause a lot of suffering, much of it economic, some of it emotional. If that part of the report dealing with retirement income is adopted, then there will be a significant easing in the economic suffering. Furthermore, as the report points out, "quantitatively this is not an important consideration."

In fact, it is estimated, as I have pointed out, that it will only affect 2 per cent of the group over 65. Actually, some good men and women are forcibly retired because of age who could continue to make a great contribution. When this subject comes up in the Senate all you hear about are Senators Arthur Roebuck, Salter Hayden, David Croll, Chesley Carter and Eugene Forsey. I should, of course, remind honourable senators that Eugene Forsey, in one of his last speeches in this house, said that he felt it was proper that he should retire before his growing infirmities became as obvious to other people as they were to him. Nobody, however, mentions the large number of ancient senators in the past who made absolutely no contribution other than to help maintain a quorum during sittings of the Senate; and, of course, we are all aware of some who weren't even capable of doing that.

As I said before, I am mainly concerned with the effect on our economy if commerce and industry are dominated by old senior executives who cannot be gotten rid of decently because mandatory retirement based on age is made illegal. I want to continue to permit mandatory retirement because of age as far as senior executives are concerned with sufficient flexibility, so that there can be extensions in exceptional circumstances.

As far as our political institutions are concerned, we do not need to impose mandatory retirement on elected officials. In a democracy the electors will take care of that, so that we avoid being dominated by old men as they are in Moscow and Peking.

The whole movement to at least extend to age 70 mandatory retirement because of age was started in the United States by representative, and former senator, Claude Pepper, who was, like Senator Croll, a truly remarkable man of about the same age. It is so easy to forget that they are not typical, and to be carried away by the eloquence of their speech and their truly humanitarian concerns.

I believe that government should take a very active hand in social and economic affairs. I am not a devotee of Adam Smith. For that reason I am regarded as somewhat left wing by my friends in the business community. On this occasion I really do believe, however, that governments would be going too far if they stuck their noses into this issue and made mandatory retirement because of age illegal. Their job should be to see that such retirement can be made with comparative economic comfort and otherwise let companies decide in light of their own experience what policy they should adopt.

Over the weekend I was reading the overseas edition of the Manchester *Guardian*. It contained an article on John Arlott, a prominent sportswriter for the *Guardian* and a BBC commentator who has just announced his retirement. He is quoted as saying:

> As you get older your techniques get better but you begin to run out of fresh ideas. It's time to give other people a chance.

To that I simply say, hear, hear!

Hon. Senators: Hear, hear.

On motion of Senator Frith, debate adjourned.

• (1630)

CANADA-EUROPE PARLIAMENTARY GROUP

SEVENTH ANNUAL MEETING — DEBATE ADJOURNED

Hon. Heath Macquarrie rose pursuant to notice of Tuesday, April 22, 1980:

> That he will call the attention of the Senate to the Seventh Inter-Parliamentary Meeting of Delegations from the Canadian and European Parliaments held at Ottawa from 25th to 30th November, 1979.

He said: Honourable senators, I realize it is a dangerous and dubious distinction to be taken up with the last agenda item, but I know why benedictions are brief and I will govern myself accordingly, and I hope to dispense with my wisdom in very short order today.

I should like to say, as a former professor, I am confident that all honourable senators have read the brief, succinct report of the meeting of the European-Canadian Parliamentary Association, which was held in Ottawa and Toronto last November. You may see a discrepancy between the dates given in my inquiry notice and in the printed appendix. This is because the latter refers only to those sit-down sessions of the two delegations. The dates of the meetings with government officers and their very interesting trip to Toronto, the meetings with Speakers and so on, are not referred to.

This, honourable senators, was the seventh annual meeting of the Canada-Europe Parliamentary Group but, so far as my research carries, I believe it is the first time it has been reported upon. At my advanced age I have become somewhat of a pioneer, and I hope that whoever is the Senate co-chairman of the forthcoming meetings will also bring to the attention of the chamber future gatherings of this very important group of people.

It would be impossible to over-estimate the value of our continuing friendly association with the parliamentarians of western Europe. The community has 260 million people; enormous resources, and a vast store of knowledge and experience which is so valuable today. A few years ago there was a period when we seemed to be in danger of wandering away from some of the important priorities—NATO was under question—and we seemed almost to neglect our ties with Europe. I remember having the honour of moving a motion in the other place which actually precipitated a two-day debate on external affairs. The purport of that was that we reappraise our priorities and that we look to Brussels, to the European community, and to NATO.

Our meeting came under a very exciting situation in that for the first time members of the European Parliament had been directly elected, whereas heretofore they had been designated members of the constituent national assemblies. Millions of people voted to elect 410 members of the Parliament of Europe for a five-year term, and, acting in that capacity, these people abandoned sitting together as nationals of a given country and sat in political groupings. Those political groupings comprised people from a number of countries. It was truly a remarkable and encouraging project in supranationalism. While we know the European community has its troubles, as has its Parliament, it is nevertheless a move which should gladden the heart of anybody who believes in such verities as the rule of law, parliamentary free expression, and goodwill among men.

We felt some of the excitement of the Europeans. They, in turn, were very concerned and questioned us about what seemed to be some of the problems in our own country. I was very proud of the great support which was given, and the knowledge which was bestowed upon the meeting, by my colleagues in the Senate—Senators Lapointe, McElman and Tremblay—along with distinguished members of the lower house. We talked of many important subjects which are discussed in the appended report. I will not give you a travelogue or dilate upon the events in Toronto when I was the sedate escort of the group to that great metropolis. Suffice it to say that it was a stimulating, interesting series of discussions from which we emerged enriched.

If any members of the Senate are interested in seeing the report which the members of the European Parliament produced, they will see that they too found it a worthwhile experience. I hope we progress, and give greater emphasis to this association across the Atlantic. Senator Grosart, in greeting the delegates, pointed out how very close we were in miles if you look to the northern isles.

We had frank discussions about fisheries and energy, and we did some soul-searching about the problem of refugees. We had a valuable discussion on international relations. We talked about Iran.

The events since we met enhance the value of a continuing dialogue between the "new world" and the "old world", as we used to call these two areas.

As I look with some anxiety, and at times with alarm, at the international situation, I think of how important it is for us and, indeed, for the United States, to draw constantly and freely upon the wisdom and experience of the Europeans. We should never forget the background which the British have in the Middle East. Perhaps, even more particularly, the wisdom and the pragmatism of the French in that area is of tremendous importance in these difficult times.

The other day on the radio I heard the comments of Harrison Salisbury from Brandon, Manitoba, an acknowledged expert on the Soviet Union—if there is any such thing

as an expert on that confused and complex country. He said that while he quite understood and appreciated that the west European allies supported the United States but sometimes had secret misgivings about their policy, he expressed the belief that probably it would be a better exercise in friendship if they were more forthcoming and frank in their point of view.

● (1640)

As we always like to give the last word to an Irishman, I heard Dr. Connor Cruise O'Brien, the editor of the *Observer*, last Sunday, when I was listening to the international news when I should have been in the kirk. He said that of course it was proper for the United States to be followed and supported fully by their European allies, but he added that at times it would be helpful if we had a clearer idea of where they were going. This forthright approach—not carping criticism, because we know we all walk the same path—and values of that kind gladden my heart when I have the opportunity and honour to meet with our European associates. I think we have enriched our Parliament by developing a meaningful association with them.

On motion of Senator Petten, debate adjourned.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Julien Chouinard, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Immigration Act, 1976.

An Act to repeal The Canada-France Trade Agreement Act, 1933 and The Supplementary Canada-France Trade Agreement Act, 1935.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, May 8, 1980

The Senate met at 2 p.m., the Honourable Renaude Lapointe, Speaker *pro tem*, in the Chair.

Prayers.

HOUSE OF COMMONS

CELEBRATION OF 100TH ANNIVERSARY OF HANSARD

Hon. John M. Macdonald: Honourable senators, I should like to draw your attention to the fact that this year the House of Commons is recognizing the 100th anniversary of the establishment of its *Hansard* Reporting Service.

At noon yesterday, Madam Sauvé, Speaker of the House of Commons, unveiled a commemorative plaque in the rotunda of the Parliament Buildings, and when that house met at 2 p.m. she read a message of congratulations from Her Majesty the Queen.

I take this opportunity, on behalf of the official opposition in this house, to add our congratulations to those that are pouring in from parliaments and legislatures around the world.

The official reporting staff of the Senate was not appointed until 1916, so our *Hansard* will not celebrate its centennial until 2016. However, while examining the early volumes of our debates, I came to the realization that the verbatim record of our proceedings goes back to 1871, the volume for that year having been produced by John George Bourinot, who styled himself "Short Hand Writer to the Senate," and who later became the Clerk of the House of Commons. The debates for the years up to and including 1916 were reported by outside contractors.

While congratulating the House of Commons *Hansard* I take the opportunity to thank the ladies and gentlemen of our own *Hansard* staff. They deserve high praise for their competence and patience. I am sure it is not always easy to understand all that is said in this house, yet one can hardly tell from reading *Hansard* that, in truth, a given speech was almost incomprehensible when it was made. Senate *Hansard* reporters and editors do a sterling job of making readable prose from what at times is rambling rhetoric. For that we thank them most sincerely. The work of all those associated with the production of *Hansard* is greatly appreciated.

Hon. Senators: Hear, hear.

Hon. Gildas L. Molgat: Honourable senators, on behalf of those on this side, I thank Senator Macdonald for reminding us of this important event in our parliamentary system.

There is no question but that *Hansard* is a most valuable tool to all of us, and we owe a great debt to those who take down our words in shorthand. Not only do they have to listen to us, but they must then proceed to transcribe what we have said, and it is always a wonder how quickly and accurately they do their work. When our work is finished, they have hours of labour ahead of them.

We are much indebted to the men and women of *Hansard*, both here and in the House of Commons, for the fine job they consistently do.

Hon. Senators: Hear, hear.

• (1405)

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A) PRESENTED AND PRINTED AS AN APPENDIX

Hon. Douglas D. Everett: Honourable senators, I have the honour to present the report of the Standing Senate Committee on National Finance on supplementary estimates (A) laid before Parliament for the fiscal year ending March 31, 1981, and I ask that it be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of today and form part of the permanent records of this house.

The Hon. the Speaker *pro tem:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report see appendix, p. 250.*)

The Hon. the Speaker *pro tem:* Honourable senators, when shall this report be taken into consideration?

Senator Everett: Honourable senators, I move that this report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

Motion agreed to.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORT OF COMMITTEE PRESENTED AND ADOPTED

Hon. B. Alasdair Graham, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Thursday, May 8, 1980

The Standing Committee on Internal Economy, Budgets and Administration, to which was referred the request made by Radio Mutuel to record for radio the speech to be made on Wednesday, May 7, 1980, or some other day,

by the Honourable Senator Lamontagne, P.C., makes the following recommendation:

That until further notice permission be granted for the audio recording and broadcasting of the proceedings of the Senate.

Respectfully submitted,

B. Alasdair Graham,
Chairman.

The Hon. the Speaker *pro tem:* Honourable senators, when shall this report be taken into consideration?

Senator Graham: With leave, now.

The Hon. the Speaker *pro tem:* Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Graham: Honourable senators, most of you were in this chamber yesterday when this matter was considered at some length, but by way of explanation I should like to say that we decided in committee this morning to deal with this matter in isolation, and not to deal with the over-all question of television broadcasting in this chamber. That and related matters will be dealt with in due course by the appropriate committee. I do not believe any further explanation is required, except to say that we did cover the matter in considerable depth this morning. As I said, we will be covering other related matters on a future date.

Hon. Allister Grosart (Acting Leader of the Opposition): Honourable senators, as Senator Graham has said, there was considerable discussion of this matter in the Senate yesterday and again in the meeting of the Standing Senate Committee on Internal Economy, Budgets and Administration this morning. I think we can say that we are in full agreement with the report that is before us. However, I should like to suggest that the words "in arrangement with the appropriate authority in the Senate" be added to the end of the recommendation. I have discussed this briefly with the chairman of the committee, and the reason I make the suggestion is that it might be unfortunate if this appeared to be a blanket authorization for anyone to come here at any time and record our proceedings. Perhaps the chairman will accept this amendment, just to give us additional protection so as to ensure that we will have control over our affairs.

Senator Graham: Honourable senators, I see no problem with the amendment, and I am perfectly prepared to accept it.

The Hon. the Speaker *pro tem:* Is it agreed, honourable senators, that the report be amended by adding to the end of the recommendation the following: "in arrangement with the appropriate authority in the Senate."?

Hon. Senators: Agreed.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I should just like to add that we had a very open and useful debate on this question. I think the report of the committee, including the suggestions made by Senator Grosart as to the wording of the report, is eminently sensible. I compliment and thank the committee for not only effectively dealing with the matter, but for doing it so promptly.

• (1410)

Motion agreed to, and report, as amended, adopted.

NORTHERN PIPELINE

REPORT OF COMMITTEE EXPENSES TABLED

Hon. H. A. Olson (Minister of State for Economic Development) tabled, pursuant to rule 84, a report of expenses incurred by the Special Committee of the Senate on the Northern Pipeline in the First Session of the Thirty-first Parliament.

He said: I have only one comment. In keeping with this government's attitude on fiscal restraint, this report calls for the expenditure of $15.35.

(*For text of report, see today's Minutes of the Proceedings of the Senate.*)

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved that when the Senate adjourns today it do stand adjourned until Tuesday next, May 13, 1980, at 8 o'clock in the evening.

Hon. Allister Grosart (Acting Leader of the Opposition): Before the question is put, could the Deputy Leader of the Government give us an indication of the business that will be before the Senate and its committees next week?

Senator Frith: Yes. We plan to meet next Tuesday evening at 8 o'clock, and again on Wednesday and Thursday afternoons as usual at 2 o'clock. Then, as I mentioned last week, we may be required to sit on Friday, probably Friday morning at 11 o'clock, to deal with the supply bill. In fact, I think you should so mark your calendars. This possibility was mentioned before and Senator Flynn inquired at that time why we would have to do so. As I recall it, he was satisfied with the eventual explanation given, that it would be too risky to delay its consideration until the following week, the week of May 19. That week starts with Victoria Day. The referendum is on May 20. We do not expect to have any legislation from the House of Commons for that week. It is our intention, therefore, to suggest that we not sit at all that week. I should be able to confirm that by Wednesday of next week.

Next week we will be continuing with the debate on the Address in reply to the Speech from the Throne. There are other items on the order paper to be dealt with, including the debate on the report of Senator Croll's committee. We also expect to conclude our consideration of certain bills now before us, and to receive some new legislation, including, of course, the supply bill. If it works out as anticipated, and we do not

receive any legislation from the House of Commons which urgently requires our attention, we will not meet the week of May 19.

Senator Grosart: Could the Deputy Leader of the Government inform the house whether it is the intention of the government, on the weekly motion to adjourn, to follow the practice of former sessions of indicating which committees will be sitting in the week ahead, and what legislative and other matters honourable senators will be asked to deal with in the chamber? I think it is important that that information be on the record from time to time.

Senator Frith: Yes, I think that is a satisfactory practice. We do intend to follow it, and the details of the work for next week are being determined right now.

Motion agreed to.

QUESTION PERIOD

[*English*]

BRITISH COLUMBIA

FEDERAL-PROVINCIAL MEETING RE NATURAL RESOURCES, RAILWAYS AND PORT FACILITIES

Hon. Richard A. Donahoe: Honourable senators, I am very happy to welcome back the Minister of State for Economic Development.

Some Hon. Senators: Hear, hear.

● (1415)

Senator Donahoe: The house did not seem quite the same in his protracted absence. We are glad to have him back with us today and, since he is here, I would like to direct my question to him.

In the light of the fiasco over the federal assistance to the export of British Columbia coal, would the minister tell us if it is now the policy of his government to cancel existing arrangements with the provinces when the government is approached for funding for different projects?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, no, it is not.

I appreciate the honourable senator's words in welcoming me back. I also read some of the comments that were made here in my absence that indicate to me that I was missed, and it is nice to be missed.

There were even some better comments than that about our beloved colleagues who are not here, and I appreciate all that.

I am sorry that the senator phrased his question with the preamble in such a way that it attempts to lay the blame on the federal government for some kind of undefined fiasco.

The meeting that we had in British Columbia over a number of outstanding matters, including the progress on the development of the northeast coal fields, the railways and the port facilities that are required, was anything but a fiasco. It was a very useful meeting. It was a meeting of minds between about eight federal cabinet ministers—it may be seven, and I stand to be corrected on that—and 14 ministers from the British Columbia cabinet. At the conclusion of that meeting we had proceeded substantially to an agreement on a whole package of things—such things as the northeast coal fields, Ridley Island, Roberts Bank, Trident Aircraft and the Vancouver Trade Centre. I am not trying to leave the impression that all of these matters were conditional on the others, but there was a great deal of enthusiasm and sincerity that progress was being made.

There are some words in the press now about a fiasco, and other things. I think that we should be patient for a day or two, and I am sure that we are going to have complete agreement on all of those things to the stage where they can go forward.

So I do not accept the preamble to the question at all. It was a very useful meeting. A lot of progress was made that is going to enhance the economic development of that part of our country, and not only that part but the entire country.

Senator Donahoe: Honourable senators, I have a supplementary question. I am prompted by the response to my first question to recall a premiers' meeting at which I was present along with the former Premier of Newfoundland, Mr. Joseph Smallwood. He was a little less than enthusiastic about what was being accomplished at the meeting, and finally, when it was his turn to speak, he said, "Well, I am prepared to say that this meeting was a success just by reason of the fact that it was held." I am reminded of that by the answer I have just received from my honourable friend.

My supplementary question relates to the minister's saying that Ottawa's commitment to help move the coal was enhanced. I am not quite sure what "enhanced" means, but I am sure the minister knows what it means because that is the word he chose to use. He said Ottawa's commitment to help move the coal was enhanced at the meeting of federal-provincial cabinet ministers in Victoria. That prompts me to ask: Is federal assistance going to be made available to help move coal in northeastern British Columbia to port for ultimate export to Japan, and, if it is, is this assistance tied in any way to a renegotiation of the federal government's commitment to assist in the Alaska oil pipeline project?

● (1420)

Senator Olson: No, it cannot be put down exactly in those terms. Starting back at the beginning of the question, it is a fact, as I announced in Victoria at the conclusion of the meeting between the two cabinets, that the federal government made a substantial additional commitment to the totality of what is required to get the infrastructure in place so that coal can be brought to export position. However, it must also be taken into account—I am not prepared to discuss the details now, because they have not all been worked out—that a large part of that commitment can perhaps be called start-up costs, because there is some cost recovery involved in it.

We raised the question of the Alaska pipeline. We asked them to clear up that matter too, because both Alberta and

Saskatchewan have long since provided us with an undertaking that there will be non-discriminatory tax on that pipeline, in keeping with the Canada-United States agreement. The agreement has not been signed, because there was the condition attached to it that if the deal was better for other provinces then they wanted the same treatment, which is a perfectly reasonable attitude.

What I am saying is that we put that matter on the table and said we would like it cleared up. It was one of the matters discussed.

Committees of cabinet have to face the fact that they are not decision-making bodies. All decisions have to be referred to the Premier of the province and the Prime Minister. I understand that there was some misunderstanding about that.

However, I want to add that I think we would do Canada a great disservice, and so would the press, if there were any attempt to hold up these things to the point where what I think is a good economic development agreement is scuttled. I can tell you now that I am not going to jeopardize the final negotiations in any way by going into that. We do not want things like this to go down the drain when there is a good possibility of their being successful.

NATIONAL DEFENCE

TASK FORCE ON REVIEW OF UNIFICATION OF THE CANADIAN FORCES

Hon. Jack Marshall: Could the Deputy Leader of the Government confirm the published reports that the Minister of National Defence plans to reject the proposal of the Task Force on Review of Unification of the Canadian Forces that there be a return to distinctive uniforms for the three arms of the service?

Hon. Royce Frith (Deputy Leader of the Government): No, I cannot confirm it. I take it that I am being asked to pass this question along. In direct answer to the question, I cannot confirm or deny it.

Senator Marshall: If the proposal has not been rejected, would the Deputy Leader of the Government extract from the Minister of Defence information as to whether there is going to be a review to consider it? Would he also make a report to the Senate on the nine major problems outlined in the Fyffe report; and, in consultation with his leader, would he consider the referral of the Fyffe report to the appropriate committee of the Senate so that it can delve into this very important matter, which has to do with the future of the Canadian Forces?

Senator Frith: I take it, Senator Marshall, that the antecedent to "he" in most of that question is the minister, and not me. I will pass the honourable senator's comments on to the minister.

• (1425)

ECONOMIC DEVELOPMENT

FEDERAL AID FOR CONSTRUCTION OF TRADE AND CONVENTION CENTRES

Hon. Guy Charbonneau: My question is for the Minister of State for Economic Development who has just told us that the government has announced a grant of $17 million towards the construction of a convention centre in Vancouver. Do I understand that none of the financial assistance that had been promised to the city of Montreal for the building of its convention centre will be forthcoming?

Why is it that $17 million can be found for the city of Vancouver, yet nothing can be found for the city of Montreal? Furthermore, what has happened to the help that had been promised to the cities of Edmonton, Ottawa and Halifax for the same purpose?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the fact is that the aid to the Pacific Trade and Convention Centre to be located in Vancouver was committed by this government prior to May 22, 1979. The government honoured that agreement because that commitment had been made. With respect to the other cities the honourable senator mentioned—Edmonton, Montreal, Toronto, St. John's, Ottawa and other places—as far as I can determine no commitment was ever made by this government either before or after May 22, 1979. That commitment was made by the government that was in office between May 22, 1979 and February 18, 1980.

As I understand it, there were no commitments given to the extent that contracts were let. There may have been some anticipation, but what was offered, I think, was something in the neighbourhood of 25 per cent of the cost for convention centres *per se*. All of those applications are still before us. We are going to hold a meeting as soon as we can to study the parameters that are involved, and, in keeping with our other stated policies of fiscal restraint, I cannot predict at this time what the result will be. However, that is the difference between Vancouver and the other cities which are waiting to see what the policy may be.

Senator Charbonneau: So that I understand the minister, the Montreal commitment—whether it be 25 per cent, or whatever—is now cancelled. At least, it is for the time being.

Senator Olson: The Montreal commitment, whatever the degree of commitment, as far as I understand, is in the same category as all the others I have mentioned.

ENERGY

TAXATION AND EXPENDITURE TO ACHIEVE SELF-SUFFICIENCY

Hon. Cyril B. Sherwood: Honourable senators, I have a question for the Minister of State for Economic Development. Mr. Marshall Crowe, the former chairman of the National Energy Board, said earlier this week that $200 billion in

energy investment would be necessary for Canada to achieve energy self-sufficiency, and that this money would, of necessity, come from the cashflows of the energy companies.

In light of Mr. Crowe's estimate—which seems to be a common one—would the minister tell us if, in considering possible taxes on energy companies, the government is aware that the achievement of energy self-sufficiency could be seriously delayed?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am sure the honourable senator wanted to say $200 billion instead of $200 million. I really do not think it would be proper or wise to comment on an assessment that has been made by people outside of the government, however well-informed and eminent they may be. Therefore, I cannot answer a question relating to where the government will find the amount of money that is calculated by others.

Senator Sherwood: Honourable senators, could the minister inform us as to whether or not the government is considering new taxes, or a tax increase, designed to fall directly on the energy companies?

• (1430)

Senator Olson: I shall take that question as notice and refer it to the Minister of Finance. As my honourable friend is aware, it is the Minister of Finance who considers these types of things and makes recommendations to cabinet thereon. I rather doubt, however, that he is going to advise my honourable friend as to the kind of fiscal changes, including tax matters, before they are announced by way of a budget speech, and no date has yet been set for the bringing down of a budget.

Senator Asselin: When will that be?

Senator Olson: Honourable senators, I would be pleased to ask the Minister of Finance whether he is prepared to tell Senator Asselin when the budget is going to be brought down. That question has been asked in the other place several times.

NATIONAL REVENUE

BUDGETS—INCREASES IN TAXATION

Hon. Allister Grosart (Acting Leader of the Opposition): Honourable senators, I wonder if the minister would care to assure the Senate that, in the event that additional taxes are imposed in the near future, they will be announced in a budget in the normal way.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, we could get into a lengthy debate as to what is normal and what is not normal. It is a perfectly normal thing for Ways and Means Motions to follow budgets by several weeks and, in some cases, several months. It would require a fairly lengthy debate before we could come to any agreement on that one.

Senator Grosart: A supplementary, honourable senators. Would it not be possible for the minister to answer the question? It is very simple, and I shall repeat it. If additional taxes are to be imposed, will they be imposed in the normal way in a budget? All he has to say is "yes" or "no."

Senator Olson: I expect that that will be the case, yes.

Senator Asselin: He doesn't know.

Senator Lamontagne: What about Conservative precedents?

INTERNATIONAL TRADE

JAPAN—FOREIGN INVESTMENT CONTROLS

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development. My question arises out of the recent visit of the Prime Minister of Japan to Canada, and specifically some comments he made at a press conference.

The Prime Minister of Japan indicated that, in his opinion, if Canada wants to increase its exports, it should both improve the western transportation system and relax its foreign investment controls. It is the second part of that particular hypothesis that interests me. It appears to be in direct conflict or contradiction with the expressed opinion of the Minister of Industry, Trade and Commerce, who has advocated a strengthening of FIRA and a consequent discouragement of foreign investment.

I wonder, in the interests of investment in Canada generally, whether the minister responsible for the economic development of the country could let us know which of these two courses he thinks is the better one for Canada to follow.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not see any great conflict involved in that. I understand my honourable friend was either quoting or paraphrasing a statement made by the Prime Minister of Japan. Any such statement, of course, represents only Mr. Ohira's opinion, and while that is something we take into consideration, obviously we in Canada make our own laws.

As to the comments attributed to the Minister of Industry, Trade and Commerce, I would not like to say whether they were accurately reported. We have stated that we do intend to increase Canadian ownership of our energy resources rather significantly in the coming decade. As to the other details that were involved, I do not see any great conflict. It may be merely that two people have a difference of opinion.

Senator Doody: I am not quite sure I understand the answer. In any event, I shall read it later in *Hansard*. Perhaps a supplementary question might resolve the matter.

Is it the intention of the Government of Canada to try to raise the $200 billion necessary to make Canada self-sufficient in energy internally, or is it the intention to encourage foreign investment in this field?

Senator Olson: I expect, honourable senators, it will be a combination of both.

Senator Doody: Honourable senators, I am overwhelmed by the deluge of information that comes from the minister. Would

he care to give me some idea of the proportion of each, since it is going to be some of both?

Senator Olson: No, I am not prepared to comment on that today.

Senator Doody: Once again the honourable minister is batting one thousand—no information.

Hon. Allister Grosart (Acting Leader of the Opposition): Did I understand the minister to say that part of the package would be to encourage foreign investment?

Senator Olson: No, I did not say that at all. The honourable senator was talking about—well, I guess maybe I did. However, any such foreign investment would have to be compatible with the very firm policy of this government to get Canadian equity in our energy resources up to 50 per cent by 1990.

Senator Grosart: I am sure the minister would agree that he did say that it would be part of the policy to encourage foreign investment in our energy resources.

● (1435)

Senator Olson: I said it would be a combination of both. I did not put more emphasis on one aspect than the other. But if you want my private opinion, quite apart from the government statement, I think the encouragement would be on more Canadian participation in that investment package.

Senator Grosart: That is not what the minister said.

[*Translation*]

SALE OF CANDU REACTOR TO JAPAN

Hon. Martial Asselin: Could the minister say whether, during the visit of the Prime Minister of Japan, the Government of Canada succeeded in convincing him to buy our nuclear reactor?

[*English*]

Hon. H. A. Olson (Minister of State for Economic Development): I shall have to take that question as notice. I expect that if discussions had reached a point where an announcement could have been made, then such an announcement would have been made by now. But I shall ask the Prime Minister the specific question put to me by the senator.

[*Translation*]

Senator Asselin: Could the minister also find out whether it is true, as was reported in the press, that Japan refused to buy a Canadian nuclear reactor on the pretence that the Japanese will soon be coming out with their own nuclear reactor?

[*English*]

Senator Olson: I shall have to take that as notice too.

HOUSING

CANADA MORTGAGE AND HOUSING CORPORATION—LOW-RENTAL ACCOMMODATION

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer to a question which Senator Charbonneau asked on May 1 dealing with CMHC. He asked why does CMHC intend to stimulate the housing industry when rental units are empty, and then he asked two supplementary questions. With your permission I would like to have the answers taken as read.

(*The answers follow:*)

"Why does CMHC intend to stimulate the housing industry when rental units are empty?"

CMHC has no plan in mind for the indiscriminate stimulation of the housing industry. The Corporation does, however, maintain an awareness of the situation in specific rental markets across the country. While on a national basis, the vacancy rate suggests that a sufficient level of vacancies exists, this situation does not exist in all rental markets. For example, the latest vacancy rate information shows that the vacancy rate in Vancouver and Victoria is close to zero. While in Toronto and certain other markets the rate is less than 2 per cent. A three per cent rate is viewed as normal for a well functioning rental market.

How many rental units are vacant on a national basis?

CMHC conducts a semi-annual survey of vacancy rates of rental units in the twenty-three largest centres in Canada. This survey, which covers almost all rental buildings having six units or more, was most recently done in April 1980. It shows that for the 1,242,000 units surveyed, 35,000 were vacant. This is a vacancy rate of 2.8 per cent.

Is government considering an increase in funding for RRAP—rural and urban?

Yes. CMHC is seeking approval for an increase in funding for RRAP—rural and urban.

ENERGY

OIL IMPORTED FROM MEXICO—COST OF CONVERSION

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wish to reply to a question asked by Senator Charbonneau during Question Period on May 1 last, concerning negotiations with Mexico for oil imports, and the cost of converting that oil for use in Canadian refineries.

Negotiations are still under way with Mexican officials, and, as I have stated in the Senate before, until an agreement is signed I obviously cannot speculate on the actual price or other details under negotiation. However, I have ensured, as requested by the honourable senator, that the Canadian negotiators are fully aware of his concern that some Mexican heavy crude may not be capable of being processed in eastern Canadian refineries without conversion. I am sure that the honourable senator will be pleased to know that indeed our negotiators are fully aware of these facts, and that they are being taken into account in the negotiations.

AGRICULTURE

ASSISTANCE FOR FARMERS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wish to reply to a question asked by Senator Phillips during Question Period on May 1 concerning assistance to Canadian farmers towards the purchase of seed, fertilizer, pesticides, et cetera.

The Minister of Agriculture has stated that consideration will be given to a program that might include assistance with respect to interest rates, long-term credit sources from the private sector, and possible changes in the Farm Credit Act. As I have said, such measures are under consideration and I will be pleased to keep honourable senators informed of any future announcements in this respect.

● (1440)

INDUSTRY

ASSISTANCE TO SYDNEY STEEL CORPORATION

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wish to reply to a question asked by Senator Muir during Question Period on Tuesday, April 29, concerning possible financial assistance to the Sydney Steel Corporation.

I wish to assure the honourable senator that the government recognizes the importance of employment at Sysco to the economy of Sydney and Cape Breton in particular, and to Nova Scotia and the Atlantic region.

Since 1977 the Government of Canada, through the Department of Regional Economic Expansion, and the Government of Nova Scotia have provided joint funding in an amount of $27 million for projects relating to capital work and equipment at Sysco as well as for business planning studies. These business studies were aimed at seeking means of developing a self-sufficient steel industry for Cape Breton.

This government reaffirms its willingness to discuss viable future options for the Sydney Steel Corporation with the Government of Nova Scotia and with the management of the company. We are awaiting further information from the Government of Nova Scotia and the management of Sysco. Meanwhile, officials of both governments are continuing discussions.

BUSINESS OF THE SENATE

QUESTION PERIOD—DELAYED ANSWERS

Hon. Allister Grosart (Acting Leader of the Opposition): Honourable senators, I should like to ask the Minister of State for Economic Development a question for purposes of clarification. It has to do with delayed answers, particularly with respect to the delayed answer to the first question which he asked to be taken as read.

Hon. H. A. Olson (Minister of State for Economic Development): Yes, I did ask that.

[Senator Olson.]

Senator Grosart: I wonder if he would explain just what he meant by that, because it is a new practice in this place.

Senator Olson: It is probably a practice that has not been used much, but it has been used a number of times. Rather than having an answer which is taken as read printed as an appendix to *Hansard*, the practice is to place it in *Hansard*, at the point where it is mentioned. In other words, it is taken as read, so far as my interpretation goes. It is considered by *Hansard* to have been read by me.

Senator Grosart: I would suggest, honourable senators, that that is a dangerous practice and one that should not be accepted by the Senate. I say that because once an answer is taken as read—or we might say "taken as *said*," which would be more accurate—it means that it has been put on the record as if it had been said in this house without any response or comment being made. It is then taken as an accepted and acceptable answer. I suggest that that is a bad practice, unless the answer is long and detailed, in which case the minister responding should indicate the substance of it and seek the approval of the Senate to have it taken as read for the reasons that I have just indicated.

I have no idea what was in the particular answer today, what its purport was, or whether it proposed something which the Senate might act or decide upon.

Senator Olson: Honourable senators, I do not think we need have a great debate about this, but I disagree that that answer should not be taken as read. I will give Senator Grosart an undertaking that, if there is any proposal or suggestion in a reply, I will screen it out. I will also give him an undertaking that every time I have delayed answers which are long and which seem to be of interest to a fairly narrow group—I mean "narrow" in the sense of "regional"—I will ask permission to have the answer taken as read.

If members of the opposition would rather have me stand here and read the answer out in full, I will do so. There is no question about that. In the alternative, I could ask that it be printed as an appendix to *Hansard,* but the honourable senator understands the difficulty there is that the answer will appear at the back of the daily issue of *Hansard*. That may be an objectionable practice. I have no problem with it, but that is the way *Hansard* will deal with it, and that is the way it will reach hundreds, and perhaps thousands, of readers. It just seems to me a little bit better to try to make these delayed answers easily read.

Senator Grosart: Honourable senators, I agree with much of what the minister has said, but I would commend to him a practice which is commonly used in some legislatures in such cases, and that is to extend to the questioner the courtesy of advance notice of the written answer so that he or she can then decide whether the answer is one which should be taken as read, or actually read to the Senate so that it can be discussed. That is a simple process, because I am quite sure that in most such cases—perhaps in all such cases—the minister will have the reply on paper. I suggest, therefore, that the ministers adopt that practice.

Senator Olson: Honourable senators, that is a great idea, and I would suggest to the Acting Leader of the Opposition that a lot more information would be forthcoming a lot sooner if those on his side would give us notice of the questions they are going to ask.

Senator Grosart: That was not the practice of the honourable senator when he was on this side in the seat on my left.

FOREIGN AFFAIRS

RENEWAL OF NORAD AGREEMENT—REFERENCE TO PARLIAMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have some answers to questions that were asked previously.

On April 22, 1980, as reported at page 71 of *Hansard*, Senator Macquarrie asked a question concerning the renewal of the NORAD agreement, with a reference to Parliament.

I do not propose to read the question because it is already in *Hansard*, but the answer is as follows:

> The question of a possible parliamentary review of the NORAD agreement has been studied by the government. Without presuming on any decisions which may be taken after discussion with relevant committees, it is hoped that procedures will soon be initiated enabling a parliamentary contribution to be made on the matter.

I have an answer to a further question asked by Senator Macquarrie at the same time on the same subject. That question is also on the record and I shall not repeat it. The answer, which is related particularly to the fact that the agreement is due to expire on May 12, is as follows:

> The question of extension of the current NORAD agreement which expires on May 12 is currently under discussion with the United States government. Additional comment on this matter would be inappropriate while these discussions are under way.

FISHERIES—CANADA-UNITED STATES NEGOTIATIONS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have the answer to a question asked by Senator Marshall on April 24, 1980, as reported at page 114 of *Hansard*. The subject of his question was "Fisheries—Canada-U.S. Negotiations." It had to do with the loggerhead situation between Canada and the United States in respect of seabed mining and the law of the sea. The answer is as follows:

> Canada and the United States have been co-operating on a number of important law of the sea issues throughout the LOS Conference but there are some fundamental differences in the two countries' positions, particularly with regard to the question of seabed nickel production. The United States' position at the Conference on seabed mining, which would guarantee seabed miners a minimum percentage of production independent of world nickel market conditions, has caused Canada concern and we are hoping they will adopt a more flexible attitude. I am pleased to advise that as a result of the meeting between the SSEA and the then U.S. Secretary of State in Ottawa on April 23, Canadian and U.S. officials are to meet in the near future to try to resolve these difficulties.

Senator Marshall asked a further question on the same subject on the same date, and in that question he referred to the motion that was discussed in the other place on unanimous consent. The answer is as follows:

> The motion in question which was presented by Mr. McGrath and adopted by the House of Commons on April 23 urges the Senate of the United States to take early and favourable action to "ratify" the separate but linked Gulf of Maine boundary adjudication treaty and the East Coast Fishery Resources Agreement.
>
> These two treaties were signed by both Canada and the United States on March 29, 1979, subject to ratification by both governments to bring them into legal effect. Since then, the Canadian Government has consistently and repeatedly urged the U.S. administration and influential U.S. Senators to ensure that these treaties were given early Senate approval. The Senate of the United States must give its consent to these treaties before they can be ratified by the United States.

• (1450)

> Most recently, the Secretary of State for External Affairs conveyed to his U.S. counterpart, Mr. Vance, Canada's disappointment that in over a year since the signature of these treaties, Senate consent has not yet been obtained. Mr. MacGuigan pointed out to Mr. Vance the dangers of conflict in the boundary region in the absence of a sound fisheries management regime, and also that the government was under pressure from Canadian east coast fishermen to take steps to ensure that fishermen were not prejudiced by the long delay in U.S. ratification of the treaties.
>
> The government has every reason to believe that the new U.S. Secretary of State, Mr. Muskie will maintain the commitment of Mr. Vance to the treaties as signed. Whether the administration can obtain the necessary consent by the Senate, of course, is another matter. The government is keeping this matter under careful surveillance and is examining available options in the event that these treaties are not given Senate consent in very short order.

ENERGY

EXPORT TAX ON ELECTRICITY

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have an answer to a question that was asked by Senator Asselin on May 7.

[*Translation*]

If I remember aright, honourable senators, the question was asked in French, but I deeply regret that the answer is in

English. I can translate it or read it in French. In any case, I am trying to obtain answers in French to the questions asked in that language.

Senator Asselin: I can understand and I can even translate English.

Senator Frith: Fine, but I think this is a matter of courtesy. [*English*]

The question was as to whether the government was going to compensate for the oil price increase by levying an export tax on electricity.

The answer is that, so far as the tax on electricity is concerned, there has been no discussion with respect to a tax, as the honourable senator suggests, and certainly no decision has been taken along those lines. Mr. Lalonde has no such tax or levy under consideration.

FOREIGN AFFAIRS

IRAN—DIPLOMATIC RELATIONS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have an answer to a question asked by Senator Nurgitz concerning diplomatic relations with Iran. His question appears on page 96 of *Debates of the Senate* for April 23.

The pith of the question was whether Canada had given any further thought to severing diplomatic ties with Iran. The answer is as follows:

> On April 23 the Secretary of State for External Affairs announced a number of limited measures against Iran and warned that if diplomatic approaches to be made by Canada and other countries to Iran did not yield satisfactory results by May 17, consideration would be given to implementing further measures. Canada has thus joined with the EEC member countries, Japan and Australia, in supporting the sanctions which the U.S.A. unilaterally announced on April 7.
>
> There are presently no Canadian diplomatic staff in Tehran and the Iranian Embassy in Ottawa is, as a result of the policy announced on April 23, limited to one Iran-based diplomatic officer with his supporting staff. For Canada alone to break relations with Iran would therefore have little impact on the situation. At this stage no other country is contemplating such a move, so far as we are aware. However, in the absence of a solution to the situation, the eventual possibility of concerted action of this kind cannot be ruled out.

JUSTICE

HONOURABLE LÉO LANDREVILLE—FEDERAL COURT RULING

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have an answer to a question asked by the Leader of the Opposition yesterday. The question was in French, but I am sorry that I am unable to provide a reply in French as the answer which has been supplied is in English.

The Leader of the Opposition's question related to the ruling of the Federal Court in the case of the Honourable Léo Landreville, former judge of the Supreme Court of Ontario. The question was whether at the time of his resignation in June, 1967, Mr. Landreville was entitled to a pension under the Judges Act by reason of permanent infirmity. The court had held that Mr. Justice Landreville was entitled to have the matter decided by the Governor in Council.

The answer to the question is as follows: The decision is presently being reviewed and a decision will be taken within the next few weeks as to whether to appeal.

Senator Asselin: The matter will be submitted to the appeal court?

Senator Frith: The Governor in Council is studying the question and will decide within the next few weeks whether to appeal the judgment of the Federal Court. I believe it is a decision of the Trial Division of the Federal Court. If so, the appeal would be to the Federal Court of Appeal.

ENERGY

GOVERNMENT NUCLEAR POLICY

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have an answer to a question asked by Senator Balfour on May 5 concerning a domestic and international nuclear policy inquiry. The answer is as follows:

> The government does not intend, at this time, to initiate an inquiry into domestic and international nuclear policy in Canada. Rather, a thorough appraisal of nuclear industry policy is being carried out on an interdepartmental basis. When this government appraisal is completed, likely by mid-summer this year, a decision will be taken in the context of a new energy strategy as to further investigations and inquiries that may be required. This internal study will assist the government with some near-term decisions with respect to international trade and it will also provide a solid basis for future planning.
>
> The Prime Minister has assured the members of all parties that there is no intention of preventing the Canadian public, concurrently or subsequently, from participating in various ways of expressing their views relative to nuclear policy. The many avenues of advice to the government which are open to the public will be relied upon during this present period of government study, as has always been the case in the past.

FOREIGN AFFAIRS

NORAD HEADQUARTERS—VISIT OF CANADIAN PARLIAMENTARIANS

Hon. Allister Grosart (Acting Leader of the Opposition): Honourable senators, it is fair to compliment the Deputy

Leader of the Government on presenting so many answers at this time. We on this side of the house have complained about the long delay in receiving such answers. Senator Frith has given us an excellent demonstration of the fact that we can get answers promptly. I compliment him and hope that he will carry on that practice, which is most helpful to us on this side.

Hon. Senators: Hear, hear.

Senator Grosart: I should like to ask a question after hearing the answer concerning NORAD. Was there a recent official visit of Canadian parliamentarians to the NORAD headquarters? If so, what was the composition of the group, what was the purpose, and what was the result? I do not expect an answer immediately, but perhaps the deputy leader will be good enough to provide us with an answer in due course.

Senator Frith: Yes, honourable senators, I shall.

DEPARTMENT OF LABOUR ACT

BILL TO AMEND—THIRD READING

Hon. L. Norbert Thériault moved the third reading of Bill S-4, to amend the Department of Labour Act.

Motion agreed to and bill read third time and passed.

• (1500)

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Rousseau, seconded by the Honourable Senator Hays, P.C., for an Address to His Excellency the Governor General in reply to his Speech at the opening of the session.—(*Honourable Senator Frith*).

Senator Frith: I yield to my colleague, Senator Wood.

Hon. Dalia Wood: Honourable senators, it seems like yesterday that I was waiting at the door of the Senate in awe and apprehension for my name to be called. I heard it well. My flash impression at that moment was of walking into history and the past, but with a mandate and a desire to work in the present for the benefit of future generations of Canadian people.

The meaning of the institution of the Senate of Canada was further implanted in me by my escorts as we walked along the hallowed aisle. May I, at this time, express my fond appreciation to the Honourable Senator Pietro Rizzuto and the Honourable Senator Ray Perrault, whose meticulous attention to their roles as sponsors would not allow me to stray one inch along the way.

The next hurdle was to remain intact while contemplating my presentation to the sombre concept of the Speaker. Within moments, I felt part of this organization and ready to work. The Honourable Senator Grosart was admirable in his cordial expressions of welcome and his genuine smile of brotherhood. I subsequently observed him conduct the deliberations of that first session in the Thirty-first Parliament. It was my first session also, one in which to start learning, and I am grateful for the knowledge and inspiration which I received from Senator Grosart.

I have warm words of congratulation for the Honourable Jean Marchand, Speaker of the Senate. My knowledge of his performance goes back in time, now referred to as history. May the vigour with which he loved and defended his cause be imparted to us, and may it serve as our raison d'être during this impending crunch. His years of battle for a more human social order in Quebec, followed by his efforts for a stronger Canada as a lasting way of developing a better Quebec, are perhaps now culminating with the Speech given in this chamber on April 14 dedicating the Government of Canada to the forces for a "no" vote.

May fortitude continue to reign in his heart and mind so that his present non-partisan role as Speaker may be invoked in this chamber in such a way as to persuade all honourable senators to become involved in this epic debate without having to compromise their political affiliations. I am certain that all Canadians would ask this of him, just as all Canadians will be expecting unyielding efforts from the Senate in using every means of communication at their disposal, even at this late hour. We will all keep our own time sheet, because Canadians will be asking for an accounting of their Senate, now as well as in future times.

I would also like to congratulate the Honourable Senator Rousseau for her eloquence and courageous delivery in opening the debate on the Speech from the Throne. In addition to this, honourable senators, we must commend Senator Rousseau for her enthusiastic and untiring efforts as a fully fledged "Yvette" in the referendum crisis.

I offer my congratulations also to the seconder of the motion, the Honourable Senator Hays, and to the Honourable Senator Ray Perrault, recently opposition leader and now Leader of the Government in the Senate, in which role I wish him success. To both him and the Honourable Senator Royce Frith, I pledge complete devotion and co-operation.

To the Honourable Senator Petten, the government whip, I offer my thanks for his patient co-operation in the past. I trust I can look forward to more of the same in the future.

There is one more example of a memorable senatorial inspiration that I want to put on the record. This occurred some twenty years ago, during my involvement with a national industrial convention which was being held in Quebec City. I was there simply because my husband was chairing the meeting, and it was customary for the spouse to busy herself with women's activities, such as sightseeing, or any pursuits that would serve to keep us away from business sessions. The featured speaker at the women's luncheon, was the Honourable Senator Quart of Quebec City. Let me simply say that our group was motivated and inspired in such a way that I, for

one, decided never again to be a satellite in the social, business or political spheres. The late Senator Quart, when greeting me at my investiture, simply whispered a reminder that she was there when it all started for me. I will always remember Senator Quart's elegant serenity. I will also miss her deeply.

If, honourable senators, during this my initial speech, I give glimpses of myself, a born and bred Montrealer, subsequently classified in the 1960s as an anglophone Quebecer, it will be simply to relate viewpoints on human anguish created by unstable, insidiously inspired political barriers—in other words, as always, man's inhumanity to man.

The sixties brought us the quiet revolution, the positive effects of which are evidenced everywhere, and not least in the Parliament and bureaucracy of Canada. It gave to Quebec, for example, for the first time, a ministry of education, and this and other major breakthroughs were instituted without ever having to refer to the British North America Act. It rid us of many shackles imposed by previous Quebec governments, the scars of which will remain in our social history. The Honourable Senator Marchand will remember the deportation of Archbishop Charbonneau for having fought the tyrannies of false prophets.

I personally dread and abhor the thought that the positive results of the quiet revolution of the sixties will succumb to a movement that will virtually cripple Canada and destroy the will and economy of Quebecers as they are goaded into becoming a foreign country in the eighties. Have we, as the Senate of Canada, exerted all our efforts in working for a better and more involved Canada?

Constitutionally, we are a country well conceived, but we will not be born until we are able to repatriate our Constitution. In the meantime we exist in various states of prosperity, apprehension and happiness, always in the wake of disturbances which create acts of Parliament as compromise solutions. We have had, prior to the statutes of Westminster, the Quebec Act of 1774, the Constitutional Act of 1791, the Act of Union of 1840, and the British North America Act of 1867, while still awaiting our own birth. All of these documents were intended to give something to someone and take away nothing from anyone; in other words, to treat us "d'égal à égal". I refer, of course, to the traditional French-English impasse and this is still what the situation boils down to.

The British North America Act never confronted this issue of languages as it would have created that impasse at that time. Our Fathers of Confederation set us on this collision course, by segregating us by religions as a culture base. I am referring, of course, to section 92. They could not, at that time, envisage the dilemma, in Quebec education, of the advent of French-speaking Protestants and English-speaking Catholics. It is, nevertheless, incredible that even under the aegis of religious and confessional schools, these traditional hatreds, emanating from European battles, were in fact perpetuated. Still more incredible is the will of the people to conquer prejudice and the disruptive forces of narrow nationalism, and, in some instances, chauvinism in the short run.

[Senator Wood.]

Like many other citizens, I usually, often for social or other reasons, volunteered for work during federal and provincial election campaigns. In addition, we found it necessary to involve ourselves in school board elections as our children were continually under threat of expulsion due to facilities being required by one majority group or another. It was often necessary for mothers to carry placards in Montreal in order to obtain entry to schools for their children. Yes, honourable senators, there are times when our school boards are laws unto themselves.

The various separatist movements were beginning their threats and harassments. Nationalism was showing its disruptive force, and bulwarks against it were needed. In 1965 I, as a member of the Liberal Party for the federal constituency of Mount Royal, worked for the nomination of Pierre Trudeau. There were four contestants, but this man had a meeting with destiny. His concepts respecting the role of French-speaking Canadians, coupled with his dedication to the idea of a strong central government as essential to nationhood, instilled a pride in Mount Royalers that continues to flourish, as has been evidenced at each election campaign ever since.

Many of you will recall the scenes, pursuant to the leadership convention of April, and election of June 1968, when our Prime Minister was virtually mobbed by separatist demonstrators. Our committee room, in those days, was under armed guard. Our Prime Minister carried on in many-faceted roles, building against time, against province builders, against decentralizers, against provincially-oriented electoral machines, against alienators, against racists. Certainly he might have been allowed to weaken, as some suggest he has, but instead he has again risen to the challenge. Honourable senators, let us, above all other groups, not let him down. I ask this especially in the name of Canadians residing in Quebec. We have not even begun to lose this dream of Canadian nationhood.

• (1510)

There is hardly a province which has not equalled, or in some cases surpassed, Quebec in demands and efforts to undermine the role and authority of our national government. The unnerving aspect of the Parti Québécois government is its strategy of non-negotiation and non-meeting until it achieves its much-desired mandate to separate, and this in the form of a "oui" or "yes" vote. Such a mandate would, of course, render official negotiations futile, but would, in the meantime, virtually eliminate the credibility of the Canadian government.

As each province secured its world markets and alliances, mini-associations could be envisaged. There is every possibility that we would never put it together again. Our immediate national emergency may perhaps be found in the nebulous nature of the question. A seemingly harmless motherhood proposal covering up a subversive insidious ploy so clever that it could work. This, in itself, is justification for our government's emphasis on the "no" vote, which is in a sense a "no" to separation, whereas a "yes" could unfold a series of yet unknown chain reactions.

Honourable senators will recall the efforts of René Lévesque to convert the provincial Liberal Party into a movement of

sovereignty association. His failure to accomplish this move from within the party obliged him to form his own organization in 1968, which was named "Movement Sovereignty-Association". It could not survive, and the handful who had joined its ranks were no loss to the Liberal Party. Furthermore, René Lévesque could not compete on centre stage with the separatists whose strategies were media headline exposure by committing acts of civil disobedience, terrorism, bombings and kidnapping, all culminating in the October 1970 revolution which was not quite so quiet any longer.

This was when the Quebec government asked the Canadian government for help, and once again Prime Minister Trudeau, recently referred to in this chamber as the "philosophical muser", acted with the resources at his disposal. Law-abiding Canadians in Quebec will always appreciate this rescue mission, and they have ever since shown it. We hope it will never again be necessary, but it is a comfort to know that Canada will not let us down.

However, when the Sovereignty-Association Movement of René Lévesque merged with the separatist movement to create the Parti Québécois, you will note that in their promotional literature in the April 1970 election the word "association" was dropped, no doubt a condition of the merger. This political tract quotes—with accompanying photos of René Lévesque, a former Liberal; Gilles Grégoire, a former Créditiste; and Jacques Parizeau, a former federal financial consultant—"One solution only, Souveraineté".

Also seen at the front and centre of this 1970 publication, is the psychological impact and the beginning of the "oui" syndrome. Furthermore, the inside back page carries a photo of Camille Laurin urging Quebecers to vote "oui" on April 29, 1970. He has since surfaced as the psychiatrist of the Péquistes. You will note that throughout this booklet you have the "oui" concept. The question on page 24, for example, asks Quebecers if they want to escape from this "house of fools", which is the federal régime. This, honourable senators, includes us.

This has been perpetuated constantly and consistently. Most people under 25 in Quebec have never known another philosophy, because the movement is inextricably intertwined with union bosses, school teachers and bureaucracy members, all very well-paid activists whose every action is for the cause.

Let us make no mistake: While the Canadians of Quebec are the affected, they are not part of the cause. In fact, 23 per cent of the voters in the provincial election of April 1970 voted to separate, and 30 per cent in 1973. The option became vague again, vague enough to give them 40 per cent of the vote in November 1976. In recent months we may have let down our guard when we tallied the results of seven consecutive by-elections which demolished the credibility of the Péquiste government along with its options.

Canadians in Quebec do not want another hyphenation added, such as "Associate-Canadian", especially since we have been the real thing from the very outset some 350 years ago, nor do we want to be interim citizens during the years of deliberation when Quebec would be bargaining, not with the resources of Rupert's Land and its rich mineral and hydropower base, but rather with its growing astronomical per capita debt which would be made larger by having to re-purchase electricity and petroleum at world prices.

Honourable senators, in less than two weeks I will be afforded the chance to decide whether I want to remain a Canadian. Up till now I have been a Canadian without having to make a choice. Today the opportunity is given to me to express my thanks to Canada for having granted citizenship to my parents and grandparents. I now find myself in a position similar to the one they were in; that is, to make a choice as to which country I want to live in for the rest of my days. My choice must be Canada. I must, therefore, vote "no" in the referendum.

I am always a Quebecer and, indeed, over the years have participated in political and other activities of Quebec and Canada. How else can we remain Quebecers and Canadians unless we vote "no" to sovereignty association? Those who vote in favour of sovereignty association are in fact voting against the fundamental precept and privilege of being Canadian. What I want is to remain both a Canadian and a Quebecer, and I must therefore vote "no" in the referendum.

The time and energies I have committed during the seventies to political organizations in Quebec in my role as President and Executive Director of the Liberal Party of Canada in Quebec gave me that precious opportunity to work with my people in every federal constituency of Quebec. I cannot believe that these same people, excluding the exceptions mentioned, could ever compromise their love, loyalty and dedication to themselves and to their country, as there was one rallying theme: "Canada, Trudeau et le fédéralisme."

However, to be Prime Minister of this country, as leader of the National Liberal Party of Canada, with an opposition composed of provincial legislatures, most of which have IOUs with national electoral machines, is similar to being a United States Republican President trying to govern with a Democratic Congress and/or Senate. Surely the moment of responsibility is now, even if this responsibility means delaying commitments to partisan provincial governments for the sake of a whole nation which must be stronger than its parts.

The advantages of a "yes" vote are already being echoed in the national media—the advantages for everyone except, of course, Canada, Quebec and Petro-Canada. Honourable senators, we all agree that a nation does not exist or thrive on energy alone.

Quebec's quest for political sovereignty with economic association with several what are now called "producing provinces," and its plans for maintaining a political federation but with economic sovereignty, is as close to catastrophe as we can perceive it.

The Senate does not bow when the House of Commons nods. The Senate continues to impress me with each sitting. What a pity we cannot find some way of communicating, as a body, with our people. The fact that we do not submit to the

electorate is, in effect, our challenge at a time when no greater and more final challenge can befall us.

Could we not consider a coalition in our chambers? Certainly French and English senators work very well together in our committees and deliberations. Could not Conservative and Liberals, as well as others, consider a coalition in a situation where our country is imperiled from within? There is no enemy as such, just confused citizens who cannot reach us; nor can we seem to reach them. The void is, therefore, consumed by the media and those who manipulate it. In this regard, we revert to our precious whipping person, the CBC.

Certainly we do not want smokescreens and whitewash, but the national news could emanate from the same source with the only difference being language, similar to their excellent coverage of sporting events. It is not unheard of for English-speaking broadcasters to enter politics, and the same holds true for French-speaking broadcasters. Obviously the CRTC are oblivious to this phenomenon and cannot detect bias. This bias we can live with if it is for one or the other of the old-line parties, but when the media defects to the Péquistes it is contrary to the people's mandate. However, since this affected only French-speaking Quebec, it received very little sympathy from English-speaking Canada.

The accusations vis-à-vis the media commonly made during national election campaigns usually fade out shortly afterwards and, regrettably, the Péquistes are left to reap the benefits of this freedom of speech.

One cannot overlook the Péquiste determination to remove Pierre Trudeau from Ottawa, because he creates that bulwark, which is national government, whereby all citizens are represented in Ottawa as equals under our federal system. Minorities have been created in and by the provinces. This may seem like trivia to those who have never lived in a minority status, but let us not be too complacent when seeking the comforts and solace of our stature. Economic security may be included as a comfort—that is, as long as we have an economy.

Honourable senators, we from Quebec have no possible way to liaison with our provincial government. We are, in effect, classified as sellouts to Canada. This has given senators from Quebec the opportunity to dialogue directly with the people they so proudly represent. Pride and dignity compel us to vote "no".

Since 1976, there has not been a proposal from the Quebec government for the improvement and strengthening of our federation. But how many have there been from the other provinces? We know of some, but I suggest to honourable senators that we from Quebec who are on the "no" committees of our ridings would feel great comfort if we knew that some of you were with similar forces in your provinces. I say yes to a meaningful intervention by all the communication methods known to us, whereby the Senate of Canada adds to its raison d'être by being that bridge from regional to central government. There are as many imaginative as exciting approaches to this challenge of today. We have precious little to lose as senators, because there is rarely a task force, study group or organization that does not contemplate our demise.

• (1520)

Honourable senators from all across this land, open your hearts and minds so that every idea and sentiment be conveyed to Canadians as a whole, that they never find themselves in a position of being peddled by any legislature to any country offering the best deal. This is in effect what associate status would produce. Canada and its people in whole, or in part, are not for sale.

Hon. Ann Elizabeth Bell: Honourable senators, I would like to seize a few minutes this afternoon to take part in this debate on the motion for an Address in reply to the Speech from the Throne.

I enjoyed tremendously Senator Wood's very clear summing-up of her feelings as a Quebecer and a Canadian this afternoon. I would like to tell her that in British Columbia something is being done that will perhaps make a little difference. Upon payment of $2 a telegram is sent from one's family to another family in Quebec. The families in Quebec are chosen by a committee from the telephone directories of that province, so that it is a person-to-person contact. It would be Mr. and Mrs. Jones of Salmon Arm, British Columbia, saying "Please vote 'No' in the referendum. We love you." That would be sent to Monsieur et Madame Leblanc in Trois-Rivières. I hope that will convey the genuine feelings of the people of British Columbia.

Honourable senators, I take this opportunity to thank Senator Grosart for the great job he did as Speaker. His was a very short term indeed, but, on the other hand, we can welcome the return of his vigorous contributions to the debates in the chamber, and that will make up for it.

It is a pleasure to see Senator Marchand in the Speaker's Chair. I know he will perform his duties with great flair and keep us well in hand.

I found Senator Rousseau's speech in moving the Address in reply to the Speech from the Throne very affecting and touching. Her summing-up of Canada as not being jurisdictions or mere legislation, but a country of warmth, the motherland of all Canadians, was beautifully expressed.

Senator Hays, with his good common sense, showed us that we do not have to act as though we are neurotics and psychotics. We are a rich, grand country and we have so much to be thankful for. Let's get on with it! Good for Senator Hays. I do echo those sentiments.

I would like to make a quick run-through, if I may, of some of the points in the Speech from the Throne. It was a real basket of goodies. One of the things that we have all been discussing and looking forward to in this chamber is the legislation that will produce these beneficial results for all of Canada. One phrase that caught the attention of many of us is:

> Work must begin immediately to design . . . flexible, portable, and secure pensions . . .

The report of the Retirement Age Policies Committee, presented recently by Senator Croll, shows that flexible, port-

able pensions are the key to a happy retirement for Canadians. I do hope the federal government will get on with this as quickly as possible.

The Speech also says that "additional attention will be paid to the employment problems of the handicapped." I was delighted to see that in the Speech from the Throne. We do pretty well in that direction, and the building code standards are improving all the time. I am delighted to see that more emphasis will to be put on that by Canada.

The serious problem of violence against women will also be addressed. There have been some excellent studies done on this subject by the Advisory Council on the Status of Women and the federated groups that make up the National Council of Women. The background is there, so I am sure we can get on with solving that problem too.

The "freedom of information legislation", which all political parties endorse, I can hardly wait to see. It is not just the general public that needs free access to information; we in this chamber need freedom of information too. We cannot do our job properly unless we have the information we need.

● (1530)

Production, transportation, handling of prairie grain and port facilities will receive national priority. I should like to spend a few moments on port facilities, because in my part of the country this is of extreme importance. One misconception we seem to have, which I do hope we can remove, is that the oceans are barriers to our country. We have the Arctic Ocean, the Pacific Ocean and the Atlantic Ocean. We must try to get it through our heads that the oceans are our highways to commerce.

There are fifteen ports operated by the National Harbours Board in Canada. Seven of them are commission ports, under the 1964 act. This was rather a pilot project, to see if these ports could operate with local authority in their home communities. Representatives of the local area were on the boards; they made the decisions locally; they either sank or swam by their ability as good business heads running the ports, and they have been remarkably successful. The federal government has had Bill C-50 in the wings for several years now, and a great deal of effort has gone into that. It is designed to make some of our larger ports into a similar type of commission port operation.

Bill C-50 was introduced a year or two ago and it sort of went to sleep in the other place. I don't believe it got past first reading. At the time, I asked the Leader of the Government in the Senate if we could not have it transferred here. He thought this was an excellent idea and tried, but was not successful. I was beginning to feel a little desperate about this and the thought went through my mind to pick up the bill holus-bolus, change a few words and introduce it into this chamber as a private member's bill, so that it could go to the Standing Senate Committee on Transport and Communications, for them to find any wrinkles or bugs there may be in it that had to be eradicated, modified or amended, call witnesses, do the serious detailed work and then send it to the other place. Then, of course, the government decided to call an election, so that idea had to be dropped.

In the very short tenure of office of the Conservative government, a member of Parliament from Vancouver introduced a private member's bill to the same effect, but only for the Port of Vancouver. However, I feel strongly that it is a national harbours policy that we need, and I think we should have this bill.

Let me tell you, honourable senators, a little about the Port of Vancouver. It is the largest port on the Pacific coast of both North and South America. Last year it handled 40 million tons of cargo. It is just ridiculous that the decisions, some of them day-to-day decisions, have to be made in Ottawa, although perhaps it would be painting too black a picture to say that if they need a new light bulb the decision has to be made here. The Port of Vancouver is losing a great deal of business to Seattle. There are some real horror stories in that respect. We must get on with this and give them the means and organization so that they can run their own business and make a profit for the country. We're a trading nation, we export, and this port must have the ability to make its own decisions.

Consider, for instance, something I heard the other day. If you are barging a load of chips, say, down the coast from Powell River or Ocean Falls, and you bring it into the Port of Vancouver and tie up alongside a deep-sea vessel, you don't come under any barging regulations; you come under the same regulations as an ocean-going vessel, and there might be 139 charges laid against you. Of course, people barging chips, pulp and so on simply won't put up with that. They would rather take the extra day and the cost, and go down to Seattle where they make their own rates and arrangements.

I assume all these regulations for deep-sea vessels that this poor barge outfit would have to put up with are made in Ottawa and simply superimposed uniformally on all the harbours of the National Harbours Board across Canada. Well, it's just not suitable. Policies made in Ottawa simply do not suit everybody, so let's have this bill and get on with it.

Roberts Bank is losing an opportunity. I should explain that it is administered by the Port of Vancouver. Let me say, for those who are not familiar with the area, that it is a long causeway south of Vancouver; it is a deep-water coal dock, and it has to be expanded. The National Harbours Board asked for the space to be quintupled a few years ago. Then the environment assessment people came along to make sure the environment would not be damaged by greatly enlarging the Port of Roberts Bank. Finally, Roberts Bank was given permission to triple its area.

The only thing now holding this up is a legal matter, because the Court of Appeal of British Columbia in, I think, a 1975 decision gave the Province of British Columbia jurisdiction over the Georgia Strait, where the coal dock at Roberts Bank sticks out from this long causeway. The federal government then decided to give notice of appeal to the Supreme Court of Canada with respect to jurisdiction over Georgia

Strait, which is considered to be an inland water for the purposes of the British Columbia Court of Appeal decision. That is where the matter rests now. No action has been taken, although the federal government's notice has gone to the Supreme Court.

However, whatever the Supreme Court decides, if the federal government proceeds with this case, it will have to be a political decision anyway, regardless of what the Supreme Court decides, so let's get on with that too and get Roberts Bank expanded.

Certainly this is a way of spending money, but to my mind it is an investment with a tremendous return. All the coal from southeast British Columbia goes out that way, but they dare not produce more, although they have markets for more. Crows Nest Resources, which is also in southeast British Columbia, is not in production yet because it has not the facilities to ship, even though there is a demand for its product. This, of course, could be earning us all kinds of foreign exchange, providing employment and so on. In this way we spend some money, but we get a great return from it. We must get on with that.

I was encouraged to hear Senator Olson tell us of the progress at Ridley Island, Prince Rupert, because that will mean not only northeast coal coming through but also the grain shipments. I think they are forgoing something like $3 million a day in grain shipments because there are not the necessary facilities in Prince Rupert. An immediate start has to be made there, because it will take until 1984 before the port facilities are ready; these things cannot be done overnight.

I should like to reassure honourable senators that we in the west have not been disenfranchised. I hope you will be glad to hear that. There are two aspects to this rumour that we have been disenfranchised. One is that all the decisions are made by the executive—the cabinet—and so there is a usurpation of the role of Parliament. If we are realistic, I think we do see that the executive power is very strong in our country. Not only our country, but other western democracies have the same difficulty.

However, there is an unsatisfactory balance in the cabinet. Three-quarters of the members of our executive now come from two provinces, Ontario and Quebec. This is not a healthy balance for the distribution of attention and deciding whose problems are going to be tackled. I know the government has difficulty in solving this problem, because it wishes and wants to put elected members of its party into the cabinet, although it does not have to. There is no mention of that in the British North America Act. In fact, there is no mention of the cabinet at all.

● (1540)

The cabinet has been changed so much now that three-quarters of the ministers are from two provinces. If we had absolutely superb cabinet ministers, they could all come from Newfoundland for that matter. It would make no difference; they would still know what was going on across the country.

Senator Marshall: They should be from Newfoundland.

[Senator Bell.]

Senator Bell: Well, that is a suggestion.

Another reason we have an unsatisfactory balance is because Parliament has become so subservient to the cabinet. We cannot do too much about what goes on in the other place, but we can do something about what goes on here. So, I think a real, radical solution to the problem would be to try—and in using the word "radical" I use it to mean from the roots—responsible government. It is kind of like Christianity—how do we know it will not work if it has never been tried? I should like to see us try responsible government.

We must hold the executive accountable far more than we do now. We can do that in this chamber. We have done that in this chamber, and we do it now in this chamber. But we should do it more often. We will not defeat the government by doing so, and we will not be inhibited by the Election Expenses Act. We can put our recommendations into legislative form, present them in this chamber if they are not going to cost the taxpayers money, and if we pass them they can be dealt with in the other place.

Our committees can develop independent policies, and this would be of interest and helpful to the government. If the Senate had a standing committee on natural resources, the energy pricing problem, which is so difficult for the government now, could be studied by it with all the expertise that that committee would have built up over the years. That subject has definite provincial aspects, and is something the Senate should look into *vis-à-vis* the federal government and the provinces.

I singled out the pricing of oil, but we can concern ourselves with other areas of energy, such as the coal industry, which is of interest to those of us living in various parts of this country. As well, we could concern ourselves with the petrochemical industry. You cannot just pull out one block without disturbing other aspects of the whole resources question.

We have the Standing Senate Committee on Transport and Communications, and government policy respecting ports is something it feels keenly about. There is some provincial tie-in there too, as with the British Columbia Court of Appeal and the Strait of Georgia. Also of interest to that committee is the fact that some provinces want more control over broadcasting and communications. I am sure that if Senator Hammy McDonald were with us today, he would want a Standing Senate Committee on National Defence which could study the report of the Task Force on Review of Unification of the Canadian Forces. The Senate could do all of these things in an independent way.

Honourable senators, I should like to deal further with the Constitution, but I do not wish to take up more of your time. However, I would like to adopt Senator Lang's speech as my own. I concur in every word he said, and would add:

> Il y a une chose certaine. Il faut absolument que nous ayons un gouvernement fédéral suffisamment fort, mais pas trop fort.

Senator Leblanc, in his marvelous assessment, analyzed each of the exotic solutions that have been suggested to the

constitutional problem. I urge all who were not present and able to listen to Senator Leblanc to read his speech. This reminds me of a quote from Petronium Arbiter of 2,000 years ago, which is as follows:

> —we tend to meet any new situation by reorganizing, and a wonderful method it can be for creating the illusion of progress while producing confusion.

In putting forward all these exotic solutions, nobody says who will do the Senate's work. None of these exotic solutions tells us that, as far as I can tell.

Senator Lang told us that there is suspicion among provincial premiers regarding the method of appointment to the Senate. This is one of the few things that are in the British North America Act. The Governor General summons senators, not the Governor in Council, and there is no "on the advice of." It is simply that the Governor General shall summon the senators.

An interesting way around this problem would be for the Governor General to have his own committee, made up of privy councillors and other distinguished persons, to help him choose senators. The Prime Minister could recommend persons, as could the provincial premiers, and these could be appointed to the Senate by the Governor General. That might get over some of the suspicion of the provincial premiers that we are too party-bound.

As to the referendum, I believe Senator Wood said it all, but I should like to add, from my vantage point of 3,000 miles away and across the mountains, that in every generation, and probably in most countries, demagogues seem to arise and prey on the prejudices and fears of the citizens for nefarious purposes. Senator Lamontagne, in his book *Double Deal*, certainly proved that the present Premier of Quebec has lied to the people of Quebec. Canadians are misinformed by the press—and I include the electronic media—and are so uninformed by their school systems that it is appalling.

Senator Murray spoke about this, and I would like to tell him that in British Columbia, where only .0004 per cent of the population is French-speaking, we have established French language schools. These schools are tremendously popular, not in the largely French-speaking areas like Maillardville but in the English-speaking areas. There is a tremendous demand for enrolment in the French language schools. This is an indication of how we in British Columbia feel about all of Canada.

I should also like to say that I am grateful for having had good teachers of Canadian history when I was at school. They knew the importance of our Constitution, the monarchy, and veneration of our national heroes and heroines—Marguerite de Bourgeois, Madame d'Youville, the Frontenac and Lemoyne families, and others. Bishop Remi de Roo of Victoria, a native Manitoban, told me the story of Madame d'Youville and the Grey Nuns who, it seems to me, might be called the first "non" ladies of Quebec.

When Madame d'Youville and her companions devoted themselves to the care of abandoned children and indigent people they were jeered and called "les sœurs grises". However, as they went about their charitable work they adopted that term of derision and it became one of respect, and their grey habit became a symbol of aid and comfort. In the same way, the "non" ladies of today have turned the epithet "Yvette" to their advantage, and made it a battle-cry in their campaign to have the referendum question answered by an emphatic "Non".

• (1550)

Canada is our country. It is the best country in the world, and the province of Quebec is a very important part of it. The monarchy and Quebec are two components that distinguish Canada from the rest of this hemisphere. We should remember this. We have so much going for us: let's not blow it.

On motion of Senator Petten, for Senator Lamontagne, debate ajourned.

The Senate adjourned until Tuesday, May 13, at 8 p.m.

APPENDIX

(*See p. 234*)

REPORT OF STANDING SENATE COMMITTEE ON NATIONAL FINANCE
ON SUPPLEMENTARY ESTIMATES (A)

May 8, 1980

The Standing Senate Committee on National Finance to which the Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1981, were referred, has in obedience to the order of reference of Tuesday, April 29, 1980, examined the said Supplementary Estimates (A) and reports as follows:

(1) The committee was authorized by the Senate as recorded in the *Minutes of the Proceedings of the Senate* of April 29, 1980 to examine and report upon the expenditures proposed by the Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1981.

(2) In obedience to the foregoing, your committee examined the Supplementary Estimates (A) and heard evidence from the following officials of the Treasury Board: Mr. J. L. Manion, Secretary; Mr. L. J. O'Toole, Assistant Secretary, Program Branch; Mr. E. A. Radburn, Director, Estimates Division, Program Branch.

(3) These Supplementary Estimates (A) total $230 million. The budgetary expenditures total $209 million and the non-budgetary expenses, that is to say, loans, investments and advances amount to $21 million all of which represent funds for which Parliament is being asked to provide new authority. These Supplementaries are largely to deal with problems resulting from the disruption of the normal supply process and the legislative process by the two general elections during the past year.

(4) The three major items in these Supplementary Estimates (A) are:

(a) Energy, Mines and Resources—$192.5 million of which $180 million increases the limit in the petroleum compensation revolving fund and $12.5 million is a contribution to the Tidal Power Corporation for a demonstration project for low-head hydroelectric installation.

(b) Transport—$23 million of which $15.6 million is for advances for operating and capital purposes at Canadian airports and $7.4 million for construction of infrastructure for grain handling facilities.

(c) Canadian International Development Agency—$8 million for the purchase of shares of the InterAmerican Development Bank.

(5) Treasury Board supplied the committee with a list giving additional explanations for the $1 Votes included in Supplementary Estimates (A) which is attached as an appendix to this report.

(6) Several facets of the estimates came to the committee's attention. In particular, the committee considered the increase from $350 million dollars to $1 billion for insurance authority to promote the establishment, efficiency, or international competitiveness of Canadian industry. The $350 million limit was established in the 1979-80 estimates. The witnesses will provide the committee the reasons for this near tripling of the limit in such a short time period. The reasons for the removal of the $240 million ceiling on the authority limit for contracts with VIA Rail will also be provided by the witnesses. Additional information regarding the $100 million increase in the borrowing limit of Eldorado Nuclear will also be forthcoming from the witnesses.

(7) When questioned regarding the $7.4 million expenditure for grain handling facilities at the Port of Prince Rupert, British Columbia, the witnesses informed the committee that the expenditure was for preliminary work on the project. The complete project costs are as yet unknown, and subject to further negotiations.

(8) After questioning by the committee on the $4.3 million advances toward the payment of transportation accounts and other assistance for immigrants, the witnesses indicated that this expenditure was related to the recent immigration of Indo-Chinese refugees who were advanced transportation assistance by the government. Such assistance has apparently been available to immigrants from all over the world for some time. The committee will be provided by the witnesses with details of the operations of the program in general over a period of sufficient length to provide an understanding of its costs and operation.

(9) The committee noted its past concerns with the use of $1 Votes for legislative purposes, and its approval of the reduced use of this practice as evidenced by these estimates. However, the committee emphasized the potential for abuse of this mechanism and urges restraint in its use.

(10) The increases in provision of loan guarantees was also a subject of the committee's attention. The witnesses indicated that in general the default rate on government guaranteed loans was very low. The committee was assured in the matter of the provision of $4 million guarantees to Southern Ontario tobacco producers, that incentives did exist to ensure that those eligible for this program would be encouraged to seek alternative financial assistance before turning to the government guaranteed loans. The full terms and conditions applying

to the loans are specified in the wording of this vote. Additional information regarding the administration of this program will be provided to the committee.

Respectfully submitted,

D. D. Everett,
Chairman.

(*Appendix "A" to Report*)

Additional Explanation for the One Dollar Votes included in Supplementary Estimates (A), 1980-81

Page	Department or Agency	Vote	Categories		
			A	B	C
6	Agriculture	25a		X	
14	Energy, Mines and Resources—Eldorado Nuclear Limited	L107a	X		
20	Indian Affairs and Northern Development	5a		X	
22	Industry, Trade and Commerce	1a	X		
22		6a		X	
28	Transport	90a	X		
30	Veterans Affairs	1a			X

Category A—Votes which amend provisions of previous Appropriation Acts
B—Votes which authorize the guaranteeing of loans
C—Other

CATEGORY A

Amendment of Provisions of Previous Appropriation Acts

ENERGY, MINES AND RESOURCES—ELDORADO NUCLEAR LIMITED

Vote L107a—To authorize an increase of $100 million in the borrowing limit of the Corporation and to extend the purposes for which the borrowings may be used.

Explanation—Eldorado Nuclear Limited was authorized through Supplementary Estimates (B), 1977-78 to borrow up to $30 million from the private market by the issue and sale of shares for the purpose of building a refinery at Port Hope. This project was delayed and eventually cancelled.

The borrowing limit of $130 million (including the previous authority of $30 million that was not utilized) is required to cover new capital expenditures, including a refinery, miscellaneous other capital projects, debt repayment and for working capital purposes.

INDUSTRY, TRADE AND COMMERCE

Vote 1a—To increase the insurance authority limit from $350 million to $1 billion.

Explanation—The purpose of the insurance authority is to promote the establishment, efficiency or international competitiveness of Canadian industry. This increase in the authority limit to $1 billion, originally proposed in the 1979-80 Main Estimates will ensure the availability of term debt to small and medium sized firms. The current limit of $350 million was authorized in the 1978-79 Main Estimates.

TRANSPORT

Vote 90a—To delete the authority limit of $240 million for contracts with VIA.

Explanation—Supplementary Estimates (D), 1976-77 established a ceiling of $240 million on contracts with VIA Rail Inc. for the provision of a rail passenger and other related services.

Because inflationary pressures and other circumstances have made the contractual ceiling unrealistic, it is proposed to delete the ceiling. The Main Estimates for 1980-81 include payments of $424.3 million to VIA Rail to meet the 1980-81 contracts.

This item was originally included in Supplementary Estimates (B), 1979-80.

CATEGORY B

Guaranteeing of Loans

AGRICULTURE

Vote 25a—To guarantee loans made by the private sector to certain Tobacco Producers.

Explanation—During the 1979 outbreak of Blue Mold disease some tobacco producers in southern Ontario sustained financial losses due to crop damage associated with this disease. As a result many of these producers will be required to borrow to finance their 1980 crop year. It is proposed to assist those producers, who could not otherwise secure financial assistance, by guaranteeing loans made by lenders to them.

This item was originally included in Supplementary Estimates (B), 1979-80.

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

Vote 5a—To increase the guarantee limit for loans from $25 million to $60 million.

Explanation—The Minister presently has authority to guarantee up to $25 million of loans made to Indians by Canada Mortgage and Housing Corporation, Farm Credit Corporation and other approved lenders. The limit of $25 million was reached in December 1979 and the program is presently suspended.

The National Housing Act was amended to permit Indian Bands to be considered as non-profit corporations for the purposes of the Act. This enables a number of Indian bands to receive loans for the first time.

As a result of this amendment and the desire of the Government to proceed with this program as quickly as possible, it is proposed to increase the limit by a further $35 million. This is the first increase since the original

authority was obtained through the 1972-73 Main Estimates.

INDUSTRY, TRADE AND COMMERCE

Vote 6a—To guarantee loans of up to $150 million made by private institutions to Canadair Limited.

Explanation—Authority is requested to permit the Minister to guarantee bank loans of up to $150 million made to Canadair Limited to finance the development and production of Challenger aircraft and for other general obligations. This authority is required as soon as possible since any further delay in securing loans by the Corporation will result in delays in their production schedule.

This item was originally included in Supplementary Estimates (B), 1979-80.

A similar guarantee of $50 million to finance the production of the Lear Star was authorized in Supplementary Estimates (B), 1976-77.

CATEGORY C

Other

VETERANS AFFAIRS

Vote 1a—To deem Gervais Bellefontaine to have been honourably discharged from the Canadian Forces.

Explanation—It is proposed to deem Gervais Bellefontaine to have enlisted and to have served continuously in the Canadian Army between 10 January, 1944, and 28 December 1945, both dates inclusive, on which latter date he is deemed to have been honourably released from the Canadian Army.

The circumstances under which Mr. Bellefontaine was deemed "never to have been enlisted... or have served" have since been assessed by the Department as unfair. It is therefore, desirable that this matter be dealt with quickly since the case has been under consideration for several years. This item would restore his good name and would also qualify him for any benefits he would not otherwise be entitled to.

A similar case was dealt with under Supplementary Estimates (A), 1963-64.

THE SENATE

Tuesday, May 13, 1980

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

CANADA-UNITED STATES RELATIONS

JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF TENNESSEE

The Hon. the Speaker: Honourable senators, I have the honour to inform you that I have received a Joint Resolution of the Senate and the House of Representatives of the State of Tennessee expressing appreciation to the Government and the people of Canada for their efforts in enabling six Americans to escape from Iran.

Hon. Senators: Hear, hear.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report on Vocational Rehabilitation for the fiscal year ended March 31, 1979, pursuant to section 8 of the *Vocational Rehabilitation of Disabled Persons Act*, Chapter V-7, R.S.C., 1970.

Capital Budget of the Farm Credit Corporation for the fiscal year ending March 31, 1981, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1980-479, dated February 8, 1980, approving same.

Capital Budget of the National Capital Commission for the fiscal year ending March 31, 1980, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1979-3560, dated December 20, 1979, approving same.

Document entitled "Canadian Position with Respect to Conventions and Recommendations adopted at the 61st, 62nd (Maritime) 63rd and 64th Sessions of the International Labour Conference, Geneva, June 1976, October 1976, June 1977, June 1978", issued by the Minister of Labour.

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America relating to the renewal of the Agreement on the North American Air Defence Command (NORAD). Done at Washington, May 12, 1980. Entered into force May 12, 1980.

Copies of Minutes of Meetings of Honourable Senators, authorized by resolution of the Senate of Canada on the 29th day of March, 1972, to act for and on behalf of the Senate during any period between sessions of Parliament or between Parliaments in all matters relating to the internal economy of the Senate, held on December 18, 1979 and February 20, 1980.

Report of the Postmaster General respecting Olympic coins for the period ending March 31, 1980, pursuant to sections 17(2) and 17(3) of the *Olympic (1976) Act*, as amended by Chapter 68, Statutes of Canada, 1974-75-76.

ENERGY

ALASKA HIGHWAY GAS PIPELINE—STATEMENT BY MINISTER OF STATE FOR ECONOMIC DEVELOPMENT

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wonder if I might have the indulgence of the house to give a report on the results of a meeting I had yesterday in Washington with officials of the United States. It would also give me an opportunity to respond more fully to the request made of me a few days ago by Senator Manning.

I suggest to the Leader of the Opposition that it will take me about five minutes to make the report. I shall be glad to do it, but it is up to the house to permit me.

Senator Flynn: If it takes only five minutes it will say nothing.

Senator Olson: Honourable senators, I would like to take this opportunity to respond more fully to the request made a few days ago by Senator Manning for a report on the status of the Alaska Highway Gas Pipeline Project.

It is, I believe, very timely to do so now in the light of recent important developments in Canada and the round of talks I had on this question only yesterday in Washington. During my visit, I had discussions with Energy Secretary Duncan and his deputy, Mr. Sawhill, Senator Jackson and Senator Stevens, and with senior members of the Energy Committee staff of Congressman Dingell, who unfortunately was himself tied up all day with meetings of a Congressional conference committee.

The situation today, honourable senators, is that virtually every step that can be taken within our domain in Canada to enable the project to move forward—commencing with the scheduled start of prebuilding of the southern segments this year—has now been completed. Virtually everything that remains to be done depends on the satisfactory resolution of issues still outstanding in the United States.

You will recall that on April 30, the National Energy Board recommended that the government approve the export by Pan-Alberta of an additional 500 billion cubic feet through the eastern and western legs of the prebuild sections as a necessary means of establishing their economic and financial viability. To further reinforce the viability of this undertaking, the Board has also indicated that it is prepared to authorize the transmission through the eastern leg of an additional 450 billion cubic feet by ProGas and Consolidated.

As honourable senators are well aware, however, the prebuilding of the southern sections of the pipeline, initially for the export of additional volumes of Canadian gas, can only form the first stage of the system that is planned basically to transport Alaskan gas from Prudhoe Bay to the lower 48 states and to provide access to Canadian gas in the Mackenzie Delta.

Late last Friday, the Board issued a statement on the outcome of hearings which it held at my request to consider the financeability of the project in Canada in respect of the requirements it proposed to establish through modification of the present Condition 12 of Schedule III of the Northern Pipeline Act. The amended condition, which is still subject to approval by the Governor in Council, would oblige Foothills to demonstrate that financing has been obtained for the prebuild system and that it can be obtained for the remainder of the pipeline in Canada.

In its statement, the National Energy Board concluded that the evidence placed before it made it clear that certain important pre-conditions that must be satisfied to ensure the financeability of both the prebuild and the northern segments of the line in Canada still remained to be fulfilled. In almost every case, the satisfaction of those conditions depends on the favourable resolution of issues within the United States.

Let me take a few moments to outline those issues. In a companion decision, also issued on Friday, the National Energy Board agreed to meet the critical concern of Foothills that it be in a position to provide a full return to equity investors as soon as the mainline system has been completed in Canada and is ready to go into operation, regardless of whether the remainder of the pipeline in the United States is also operational. As one means of meeting that requirement, the Board agreed to permit Foothills to levy a full cost-of-service tariff as soon as it had been granted leave to open the pipeline in Canada. But it still remains for U.S. regulatory authorities to consider whether they will permit such a tariff to be tracked through to U.S. shippers and ultimately to their consumers.

A second problem relates to the "cap" which the U.S. Federal Energy Regulatory Commission recently decided should be imposed on the obligations of U.S. shippers to take or pay for Canadian gas. The commission proposed to establish a minimum return to Canadian producers of $856 million through a formula under which the amount of gas that shippers were required to take declined from the 85 per cent level to the extent to which the actual price of Canadian gas exceeded $3.45 per million BTUs. This decision appears to be based on the mistaken assumption that Canadian producers would not have to make extensive investments in order to bring the additional gas on stream. In fact, they have to make investments running into the hundreds of millions of dollars. In the event the U.S. decision is not modified, there is a risk that sufficient volumes of gas will not be available to meet requirements.

[Senator Olson.]

As I indicated earlier, the throughput of some 450 billion cubic feet of gas by ProGas and Consolidated is considered to be essential to the financing of the eastern leg of the prebuild in Saskatchewan and up to the border with the United States. To date, however, the import of that gas through the prebuild system has not been approved by U.S. authorities, nor have U.S. distributors yet agreed to the shipment of a part of the gas they have contracted for from ProGas through the eastern leg.

All of the issues I have outlined so far relate to the financeability of the mainline and the prebuild in Canada, but we in this country must also be assured, in keeping with the bilateral agreement and our own legislation, that the entire system from Prudhoe Bay to the lower 48 states can be financed and will be constructed expeditiously. Under clause 4(a) of the agreement, we will be looking to the United States government for the required assurances with respect to the timely completion of the system within its territory.

All of us recognize that the most critical element relates to the financing and construction of the pipeline and the gas conditioning plant in Alaska. Over the past several months, there have been intensive discussions involving the Department of Energy, the pipeline sponsors, the gas producers and the State of Alaska on this question. During my discussions in Washington, I was advised that the sponsors and the producers are ready to enter into an agreement covering the sharing of further design costs on the pipeline and the conditioning plant, all of this to cost some $500 million.

Such an undertaking would provide significant evidence of the commitment of both sides to the completion of the project and, as such, would be very welcome. But, as I emphasized in all of my talks with U.S. authorities yesterday, this undertaking by itself would not provide a reasonable basis for assurance that the project will move ahead to completion at the earliest possible date. In my view, such assurance can only be provided through a framework of agreements establishing, at least in general terms, the respective roles to be played by the sponsors, the producers—and possibly the State of Alaska—in the management and financing of actual construction of the pipeline and conditioning plant in Alaska.

I should tell honourable senators that I was encouraged by my discussions with members of the Administration and Congress yesterday. I found on all sides an intense commitment to the project and a sense of urgency about proceeding with it as rapidly as humanly possible. I think that as a result of our talks, there is a better appreciation in Washington of the formidable obstacles that we see remaining in the way of the undertaking from our perspective in Canada and a determination on their part to make every effort to overcome them.

Hon. Ernest C. Manning: Honourable senators, I thank the minister for the report he has given us. I am sure it is of great interest to us all. However, I wonder if I might ask a supplementary question.

The United States position, as I understand it up until at least the present time, has been to prohibit the companies engaged in the actual production of gas to be involved as partners in the financing and construction of the line. Is there any indication of a change in position on that point?

● (2010)

Senator Olson: The condition you have given in United States law is correct. There are a number of ways in which the United States can give us the additional assurances that we need, one of which may involve that, although for me to say this evening, categorically, that that is the most likely method would be perhaps misleading. I would not want to leave that impression.

What we think is more important—and we are talking about equity in this case—would be a financial commitment on the part of the producers to see that the line was finished. That is something which would encourage us greatly. As I said in my statement, they have made a commitment on the balance of the design, both for the line and the preconditioning plant. Unfortunately, beyond that there is no commitment. So that would be one route.

To answer your question very briefly, I am not holding up the change in the equity position of the line as being one. There are a couple of other ways that the U.S. government is examining in order to give us the commitments we need.

Senator Manning: Is the position of the U.S. government on government guarantees a firm position? I know they said they would not provide guarantees, but is there any indication of any softening in that position?

Senator Olson: At the moment, honourable senators, the fact is that they have not been asked. Whether there has been a softening or not—and I want to be very careful here, because I do not want to frustrate the negotiations that are going on—it seems to me that that is one of the options the United States government has—not necessarily to finance the present sponsors, but if we got a commitment from the United States government that the pipeline is going to be built one way or another, then I am not so sure that it would be necessary for us to look very far behind their having reached that conclusion.

Hon. Sidney L. Buckwold: If the minister would take a supplementary question on his discussions with our American friends, may I ask whether there was any discussion on the question of the pricing of Canadian gas exports to the United States and are the Americans prepared to accept the Canadian pricing policy—which, in the minds of some, is tending to make Canadian gas non-competitive with some other energy sources in the United States and which could very seriously affect the market and, as a consequence, the financial viability of the proposed pipeline?

Senator Olson: Honourable senators, the agreement we announced some three or four weeks ago to move the price up based on our imported oil BTU equivalent—and, of course, we agreed that if it were not going to move more than 15 cents we would not increase our export price and, as well, that we would provide 90 days' notice—is something on which we have U.S. agreement. They have not asked that that agreement be modified or rescinded.

We recognize that there is a somewhat softer market for Canadian gas in the United States right now, and it is in the interests of the Canadian government and Canadian producers to take that into account when contemplating a change in the border price.

Honourable senators will recall that we refrained from moving it from $4.47 an mcf to $4.74, an increase of 27 cents an mcf, and the reason, of course, was that we took into account the softer market for gas in the U.S. Given that softening of the market, even at $4.47 we will not be selling the maximum volumes allowable under the export permits.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, continuing the discussion on pricing, it seems to me there are two sets of prices involved, the first of which is the price that may be paid for Canadian gas exported through the prebuild section—and I think that is the price to which Senator Buckwold was referring in particular.

I would like to know whether any understanding has been reached with the Government of the United States respecting the price that will be paid for gas exported through the prebuild. As I understand the Canadian position, we have to make sure that the price times the number of years times the volume of gas is sufficient to pay for that. Has that been nailed down in any way?

Senator Olson: That is one of the matters I mentioned in my opening statement, that there is some misunderstanding as to the "take-or-pay" provisions and the total volumes involved.

The briefest way I can reply to your question is to say that market conditions will have to be taken into account in this matter. We do not have an agreement, nor do we expect one, that they are going to buy the total volumes capable of being exported under the export permits at the maximum price. However, we do expect that the sponsors of the pipeline, as well as the producers, who have to invest a good deal of money to get that gas into delivery position, will have to take those things into account. We certainly do not want to be excluded if that availability is there for some other gas market in the United States. We have to make sure that that is happening. But to assume that we are going to sell the absolute top volume at the highest price all the time is an assumption we should not make.

● (2015)

Senator Roblin: Well, I quite appreciate that, honourable senators, and I certainly agree with my friend in that respect. But I merely observe that unless the price is sufficient to finance the construction and delivery of the gas, it probably will not be done. So it is necessary to have an assurance, as I am sure you will agree, that whatever price is arrived at is sufficient to make the financing of the project a viable thing.

Then I should like to refer to the second aspect of pricing which is the price that the American producers in Alaska will get for the gas when they deliver it through the entire system to the United States. Has the Government of the United States yet come to some policy conclusions as to the factors they will allow to be considered in the calculation of that price? Was that part of your discussion?

Senator Olson: We did not discuss what they do with the gas after they get it through the Canadian section of the pipeline, or how they deal with the price there on either a blended or other basis. What we do know, of course, is that there has been an announced price for the gas at Prudoe Bay and that has escalated somewhat. I am not sure where it is now, but I suppose it is somewhere about $1.80-plus. It started out at $1.45, I think. One of the major differences, I suppose, at the moment, is the cost of conditioning that gas—how much of the announced price the producers pay out and how much will be added on the consumer side when it gets down to the lower 48 states. That is one of the outstanding issues. I do not think there is too much outstanding with respect to the cost of that preconditioning, although that is not fully accepted by all the parties involved, but they have not made the decision as to the allocation of those costs. I did not discuss that specific matter with them.

Senator Roblin: I raise the point because, as I understand the policy of the government, they would like to know whether the entire pipeline is going to be built before they proceed with the prebuild section. While I appreciate that the point Senator Manning raised is extremely important—namely, what the various segments are going to do, what their contribution is, what they are going to get paid and their relationship to one another—the bottom line is what you are going to get for the gas when it comes out at the other end, because that is what makes the whole thing possible. Now it seems to me that we will not be able to make a decision on the prebuild ourselves until that vital question of the financeability of the mainline, because that is what it is, is answered.

Did the minister get any impression when he was down there as to the time element? We have now expressed our view to the United States and we have some further information, but what time factors are we looking at with respect to decision-making in this process? When will we know?

Senator Olson: That was one of the great problems of the United States, not only for the Department of Energy but for the entire government, because it remains a very high priority with the United States in their energy policy to connect this gas to their consumer requirements. It involves something between 11 and 12 per cent of the total reserves available to the United States. So that remains very, very high as far as priority is concerned. Talking about the timing, they would like us to keep up the momentum, including the prebuild and including what falls in behind that.

● (2020)

In my discussions with them there was no softening of their resolution to get this job done. It is putting the pieces together so that it can be done that is the problem.

[Senator Roblin.]

I suppose more specifically your question is: Did they give us any indication of when they could have all of these things done in the United States, have everything cleared up, all of the financeability. I think I have to tell you that we did not get a time schedule of those things.

Senator Roblin: Did the minister consider the possibility of using the question of Canadian supply and its proximate availability as an argument to urge our American friends to hurry up? Because it is all very well to proceed with these discussions, but unless there is a critical path drawn, if I may use that expression, as to the things that have to be done before you get to the final answer, you do not get any time factor worked into these things. I think it must be exceedingly difficult for the Canadian industry to work, if they have no idea of when decisions will ultimately be reached in this matter. I offer that suggestion to the minister as one method of helping the Americans come to a quick decision.

Senator Olson: I appreciate that. Perhaps the honourable senator has seen some of the headlines in the papers. "Canada Gives the U.S. Thirty Days," and so on.

I did not say it like that, but what I did draw to their attention, clearly, was that before we could issue a permit to begin construction of the prebuild we would need those things I described in my opening statement. If we are to make use of the 1980 construction year, that has to be coming within the next 30 to 45 days or so.

Senator Roblin: Or kiss it goodbye.

Senator Olson: No, I do not think we need to be that pessimistic about it. I am more optimistic than that. Where the really high risks come is in the fact that Foothills have told the United States government, Secretary Duncan and me, that, if they are unable to get a place where they can do that this year and therefore generate some cash flow in 1981 from what would go through at least in the western leg of the prebuild, they will start to wind it down. In other words, they will put it in a hold position at substantially lower cost. By the way, it is costing them over $4 million a month now to remain in a state of readiness.

I pointed out to them that there are some severe risks in winding down the momentum that has been generated up to this point, where we have done everything possible in Canada to expedite it. And it is not only to expedite it but it is to keep it on time.

Hon. George van Roggen: I have a further question to the minister on the same subject. The minister's last answer touched on some of the questions I had, but while it is well to say that the United States government has no softening in its determination to see this project through, it seems that the United States Federal Energy Regulatory Commission is not operating on the same wave length as the United States executive.

My reading of the decision of FERC only a week ago, which you touched on in your written statement a few minutes ago, Mr. Minister, on the limit by dollar value of the gas they would take through the prebuild was that it was tantamount to

saying there would be no prebuild. That is what Foothills has said. If that is the case, did you detect in Washington a willingness on the part of the executive to overrule, if that is legally possible, the rulings of the regulatory agency? As an alternative, what is the minimum period of appeal that is possible to that ruling, and will that fit within the suggested 45-day time limit that we may be facing to get any decision in time to commence construction this year? If not, we shall be into 1981 and Foothills has said that it would then have to reconsider the entire project.

● (2025)

It would appear that the regulatory body in the United States is at odds with the United States administration, and I am wondering whether the minister can let us know what the appeal procedure is and whether it is legally possible to overrule that decision in time.

Senator Olson: Honourable senators, I do not wish to comment on what is the legal procedure or how much time is involved if there are appeals from whatever decision the regulatory body in the United States may make. I shall merely comment on the preamble to the question which indicated that what was contained in my opening statement was tantamount to saying there would be no prebuild. I wish to say categorically that I believe there is time for the minimum essential conditions that we require to be given in time for the 1980 construction year.

Hon. Jack Austin: Honourable senators, is the minister satisfied that in the event that the United States does not comply with the schedule that will allow us to proceed in 1980, the steel pipe manufacturing and acquisition agreement which he announced at the beginning of May can be cancelled without any severe cost to Foothills or to the Canadian government?

Senator Olson: I suppose there could be an interpretation of what is "severe"; but there was, of course, a condition within the announcement that I made about the placing of the tenders or orders for the massive amount of steel. I believe that something like 1.4 million tons was conditional on their getting the necessary permits to proceed.

Senator Austin: Honourable senators, I have an additional question: Did the United States officials, with whom the minister met, ask him whether an agreement with the Province of British Columbia would be obtained in the required time frame? If so, what reply did the minister give?

Senator Olson: No, the question was not asked and I did not volunteer any information on that subject during my visit.

Senator Austin: Is the minister satisfied that such an agreement would be forthcoming within the required time frame?

Senator Olson: The honourable senator is radically changing the subject. However, the minister is hopeful that the matter can be negotiated to a satisfactory point where it meets the conditions of the Canada-U.S. agreement.

THE HONOURABLE DAVID A. CROLL

FELICITATIONS ON HONORARY DEGREE

Hon. Charles McElman: Honourable senators, perhaps at this point I might be permitted to draw your attention to a delightful event that occurred yesterday in the city of Fredericton, the capital of that beautiful and historic province of New Brunswick.

Some Hon. Senators: Hear, hear.

Senator McElman: St. Thomas University, which is a small but excellent centre of liberal arts education, bestowed upon our colleague, the Honourable David A. Croll, the degree of Doctor of Laws, *honoris causa*. In so doing they paid tribute not only to the role our colleague has played in developing within this country a social conscience that is unique in the Western World, but also to the role of the Senate of Canada in the public affairs of this nation.

● (2030)

I might simply add that it was a privilege and an honour for Senator Dan Riley, and our former and esteemed Speaker, Muriel Fergusson, and I to be present and to bask in the reflected honour that was paid to Senator Croll.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Salter A. Hayden, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit at three o'clock in the afternoon tomorrow, Wednesday, May 14, 1980, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

QUESTION PERIOD

[*English*]

BRITISH COLUMBIA

FEDERAL-PROVINCIAL MEETING RE NATURAL RESOURCES, RAILWAYS AND PORT FACILITIES

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to ask a question of the Honourable the Leader of the Government in the Senate with regard to his mission of peace and conciliation to British Columbia over the weekend in respect of coal exports. I should like to ask him if the quotation attributed to him, namely, "There are some loose ends to tie up, but that hardly suggests negotiations are coming apart at the seams," is a correct statement of his views.

Hon. Raymond J. Perrault (Leader of the Government): Well, honourable senators, that is a "loose" account of what I actually said.

Senator Roblin: As a supplementary, would the Leader of the Government care to give us a progress report on how those loose ends are coming along?

Senator Perrault: First of all, honourable senators, may I say how gratified and heartened I am to know that my absence was noted last week. Obviously the opposition believes that I may have a role to fill here, since I am told that they inquired about me during the Question Period last week, but the deputy leader, I understand, did superbly well.

Senator Macdonald: A much better job.

Senator Perrault: Obviously, then, I must not be away too often or stray too far afield.

As far as the "mission" to the west is concerned, it was a very successful week from the standpoint of all of Canada. May I inform honourable senators that among important announcements made on the coast was one stating that the grain handling facilities at Prince Rupert will go ahead. This is an announcement of great importance to all four western provinces and to all of Canada. May I say that the announcement was possible because of the outstanding efforts of Senator Argue and Senator Olson. The agreement to proceed would not have been achieved had it not been for their superb efforts. Together with the Minister of Transport and others, they deserve the commendation of all of us.

● (2035)

Honourable senators, just a few weeks ago the opposition predicted that the grain terminal would not be built at Prince Rupert. Our countless assurances to the contrary were dismissed. The fact of the matter is that this very important Canadian project is going to go ahead.

Other announcements were made on the west coast with respect to efforts to increase Canadian trade in the Pacific. Facilities are to be established to help to sell export products from all across the country through the important port of Vancouver.

As far as the coal project is concerned, again western ministers are playing a key role in efforts to achieve a working arrangement with British Columbia to bring into production northeast coal from that province—a development which could be of substantial importance to all Canadians. Negotiations are proceeding with the Government of British Columbia to make certain that if the project goes ahead, it will represent a productive investment of taxpayers' funds. The participation of the Government of Canada will make economic sense and it will be productive for the nation if the project does move ahead. The project has to be a good deal for Canada and a good deal for all Canadians before federal funds are invested in it.

There are, in northeastern British Columbia, some of the most important resources of metallurgical coal to be found in the entire world, and if Japan and other countries wish to purchase quantities of this coal at a fair price, then it may be possible to negotiate the "good deal" I referred to earlier.

Senator Roblin: Honourable senators, I notice that among other statements attributable to him, is one in which the Leader of the Government wonders whether the price would be high enough to justify the investment. What is the policy of the government with respect to the matter? Does it expect the investment to be fully amortized by charges to the users of the line, or is there an element of subsidy contemplated in respect to the matter?

Senator Perrault: There may be some subsidy involved in establishing the infrastructure. Over the term of the proposed initial coal contract of 10 years, if prices and quantities are right, federal-provincial co-operative development could represent a very good investment for the entire nation, not only in terms of job creation but in improving our balance of payments situation and in terms of the money to accrue to Canada from large coal sales abroad.

As the honourable senator is aware because of his extensive background in business, a fair price for that coal must be negotiated. At a certain price level, it is anticipated that it could be an extremely good coal deal for Canada. It is not possible, and would not be good policy, to cite specific prices at this time.

Senator Roblin: Could my honourable friend give us any information as to the nature of the problem in respect of the agreement with the Province of British Columbia in these negotiations?

Senator Perrault: The honourable senator has been involved in many federal-provincial negotiations in the past. Negotiations are under way with respect to that portion of the project which may be properly allocated to federal resources—either loans or grants, whatever the route—and that portion of the project which should be the beneficiary of provincial financing. In the ordinary course of events, federal governments are responsible for maintaining and upgrading, under certain conditions, mainline railways through the crown-owned Canadian National Railways. It is reasonable to assume that the federal government would have certain responsibilities with respect to port development at Prince Rupert. There are other aspects of the infrastructure that may well justify the investment of federal funds.

Senator Roblin: I will try and restrict myself to one final supplementary. The Leader of the Government raised the involvement of the Canadian National Railways. We have been informed in previous discussions in this chamber and in Senate committees that it is not the policy of the government to expect Canadian National Railways to make good on any subsidies that might be required for matters of this kind. I want my honourable friend's assurance that that policy still remains and, if there is a subsidy element, Canadian National Railways will not be expected to provide it.

Senator Perrault: I appreciate that the honourable senator has posed that question once again in a different form. Subsidy is not involved. Tariffs would be established to recover the

investment in upgrading the rail system in order to ship the coal and other products, including wheat, but there would be an initial amount required in terms of a capital investment by the CN to provide the proper track, ballast and associated facilities.

Senator Roblin: On a remunerative basis?

● (2040)

Senator Perrault: On a remunerative basis. That is part of the process of figuring what the cost of that coal is going to be when delivered to Japan. We are not in the business of subsidizing the Japanese steel industry. It has to be a good deal for Canada and a good deal, of course, from the standpoint of potential customers like Japan. We have been in a very productive negotiation. Despite reports which appeared in the press, there has not been a breakdown in negotiations with the Province of British Columbia. These negotiations are continuing. There were discussions again today on the subject with British Columbia cabinet ministers, and it is hopeful that this good Canadian project can be brought to development, but only if the price is right.

AGRICULTURE

DROUGHT IN PRAIRIE PROVINCES

Hon. Harry Hays: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board.

As all honourable senators know, we have had a terrible drought in western Canada which extends all the way from the Rocky Mountains straight through to Winnipeg. We have a water shortage for livestock and pastures are drying up, and I am wondering if the government has any plans to assist the farmers or the ranchers in this emergency?

Hon. Hazen Argue (Minister of State for Canadian Wheat Board): I thank Senator Hays for giving me notice of the question. My reply is as follows:

The Government of Canada is well aware of the worry that exists among many prairie people about the possibility of drought conditions this spring and summer in western Canada, and wants to be fully prepared to take whatever action may be feasible and necessary to help deal with the situation.

I have been in touch in recent days with a good many grain and livestock producers in the west, and their concern about a lack of moisture is very real.

They say it is a bit too early yet to push the panic button, but they want to know that Ottawa is aware of the potential problem they are facing, and is prepared to deal with it—as much as that is humanly possible.

Similar worries plagued westerners in the very dry spring of 1977, and the federal government responded at that time by establishing a Drought Task Force, with headquarters in Regina, to monitor the situation very closely and to draw up contingency plans for federal action to alleviate drought impact. That task force still exists—it is a Government of Canada task force—under the chairmanship of a senior official in the federal Department of Agriculture. It has been meeting already to analyze the problem and to prepare for possible federal action.

In 1977 many prairie communities were faced with severe water shortages. Through DREE and PFRA, the Government of Canada moved quickly with a deep-well drilling program and on-farm well and dugout programs. The federal government also assisted in transporting livestock feed to feed short areas. There was also federal assistance to help transport water overland for both farm and community purposes.

We will be looking to the Drought Task Force to monitor the situation across the prairies on a day-by-day basis, and to assist in preparing the necessary plans for federal action.

The government—the Ministers of Agriculture, DREE and I, and our colleagues on the Treasury Board—will want to be ready to cope as much as possible with the problem if further days go by without appreciable rainfall to alleviate the situation.

I am sure all members of Parliament in both houses, and provincial governments in western Canada, will want to help deal effectively with what could be a very serious problem.

I should also mention that if general weather conditions result in a short crop across the prairies, the federal government's western grain stabilization plan and crop insurance will provide hundreds of millions of dollars of very necessary income.

I have great confidence in the good judgment and farming skill of prairie producers who have fought successfully against all manner of tough farming in the past, but if the rains fail and dry weather persists, the Government of Canada will have to stand ready to take whatever special action may be feasible and necessary to compensate for nature's failure.

INDUSTRY

ASSISTANCE TO CHRYSLER CORPORATION

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development. Could the minister give us some information on the arrangement with Chrysler that was announced over the weekend? Some of the details are not all that well known—at least not to me as yet. I have the impression that the guarantees to be provided by the Government of Canada will not become operative until 1982, so that there will be a two-year hiatus before the Canadian government guarantees come into effect. Is this correct, Mr. Minister?

Hon. H. A. Olson (Minister of State for Economic Development): Yes, essentially, that is correct. The commitments have been made, but the draw-down on those commitments will not

begin until 1982. I should also advise the honourable senator that the draw-down on some of the other financing, especially in the United States for the international corporation, will begin earlier.

Senator Doody: I am not quite clear on that. It is obviously my fault. Is the Canadian Chrysler Corporation to be financed then from 1980 to 1982 by a draw-down, and is there to be American financing to look after the Canadian company's cash demands from 1980 to 1982, or is there no great demand for cash in the Canadian operation?

Senator Olson: Well, honourable senators, I think that Canadian Chrysler is integrated with the international corporation. I am prepared to give more specific details about that and about what we have received in exchange in terms of the timing. Indeed, it was agreed to by Chrysler as to when the draw-down on our loan guarantees will become operative. If the honourable senator would like me to give more detail, I will be happy to do so.

Senator Doody: Yes, honourable senators, I would be very pleased indeed. I do not pretend to have any great knowledge of this agreement since I have not seen it, but it does seem strange that we would—in light of the announced policy of government to discourage foreign investment—announce publicly at this point in time that we are going to ask the Americans to finance the Canadian operation during that two-year period—that hiatus. In the event that the Canadian guarantee is necessary, it would fall in place in 1982. There must be more to it than that. I must be oversimplifying it. Surely that cannot be correct.

Senator Olson: I think you are oversimplifying it when you suggest, at least by implication, that somebody else is going to bear the burden for Chrysler Canada. That was not part of the agreement. Indeed, as I understood it, from a number of people in the United States, one of the key factors in the whole package's coming together was the Canadian commitment to share proportionately—that is, the Canadian government's meeting proportionately what the Government of the United States is doing. I can advise the honourable senator that in addition Chrysler Canada has agreed that they must invest approximately $1 billion in Canada in the period from 1980 to 1985. Of this, $400 million and a specific project towards which the loan guarantee must be applied will be for the conversion and expansion of Chrysler's existing van plant to produce a new small fuel-efficient van wagon to be built exclusively in Canada. Chrysler will also spend more than $250 million to improve existing production facilities, and to build one of the new lines of front-wheel drive small cars to be introduced in 1983. More than $300 million will go towards improving several existing assembly and manufacturing operations.

● (2050)

The breakdown of the expenditure by year is as follows: in the current year, $62 million; 1981, $69 million; 1982, $236 million, which is when the drawdown on our guarantees begins; 1983, $469 million; 1984, $55 million; 1985, $91 million.

Senator Doody: I think the figures you gave were $62 million in 1980 and $69 million in 1981. How much of this capital will be made available from United States sources for investment with Chrysler Canada? Has this been reviewed by FIRA, and has it been accepted as foreign investment acceptable to Canada?

Senator Olson: I don't think there is any change anticipated in the equity position of Chrysler, and therefore FIRA is not involved in it. In reply to the other part of the question, the fact is that the figures I have just given on the staging of the investment in Canada, and also the anticipated dates of drawing down on the Canadian loan guarantees, have been agreed to by Chrysler. How they work it out for the viability of the entire company is a matter for them, and I really don't believe the comments made are justified from that point of view.

Senator Doody: I really wasn't making comments. I was simply asking a question. Whether or not Chrysler is happy is a matter of some indifference to me. I am more concerned with the investment picture and the amount of Canadian ownership of a rather vital part of Canadian industry. It appears to me that what we are looking at now is the result of the American ownership of a huge sector of the Canadian economy.

Be that as it may, I understand that Chrysler Corporation has undertaken to see that the Canadian labour content is to be at least nine per cent of Chrysler's North American work force, and it is to rise, I think, to 11 per cent over a period of a few years. In light of the fact that the auto industry appears to be looking at the concept of a world car, with components being made in various parts of the world, looking at labour costs, transportation costs and so on in different parts of the world, what are we looking at? The percentage figure does not mean all that much. Nine per cent of nothing is obviously very little. What exactly do we look at in return for the guarantees given in actual terms of concrete commitments for concrete jobs up to 1985, which the minister mentioned a few minutes ago?

Senator Olson: It is pretty clear that what we are looking at is, first of all, a commitment by the Canadian government respecting the proportionality of the amount of production, and indeed the market in Canada, vis-à-vis Canada and the United States put together. That is the commitment. In exchange for that Chrysler has given, as the honourable senator has pointed out, something in the nature of a proportionality of the benefits in terms of jobs that flow from that activity in Canada and the United States.

Senator Doody: Could the minister tell us what the penalties will be for Chrysler if they do not produce along the lines he has discussed? A little while ago we witnessed the Government of Canada, together with the Government of Ontario, rushing to outbid the State of Ohio, I think it was, to pump $60 million into Ford. That Ford plant has gone; the $60 million has gone, and we have nothing to show for it. However, Ford are still

operating, and to my knowledge they have paid no penalty, nor are they called upon to pay any penalty, for what seems to me to be a default. If there was no penalty clause, there obviously was not a default. Is there some clause built into this agreement with Chrysler whereby they will be responsible to the people of Canada for some of this $200 million, or what have you?

Senator Olson: I think honourable senators have to recognize that this is an attempt to make viable again, or to restore, whatever you want to call it, a fairly large, in fact a very large, company and its activities in Canada. The government has recognized the difficulty of projecting with absolute precision the number of jobs and so on over the next six years, jobs that are largely dependent on economic and market conditions, particularly in the automotive industry, which, as everyone knows, is not as healthy as it has been at some times in the past.

I can go through this and spell out the exact number of jobs and so on in each one of those years. Of course there is some risk involved, but the risks in relation to the potential benefits are, we think, satisfactory. I should also say that by the time the drawdown on the loan guarantees that we have undertaken is indeed made, we will have an equal or greater amount of additional investment in Canada.

Senator Doody: The investment in Canada will be guaranteed by the Canadian government's $200 million note?

Senator Olson: No. The new investment in Canada will be, as I pointed out, $62 million in 1980, $69 million in 1981 and $236 million in 1982. If you add all that up you get way beyond $300 million, and the total offer of loan guarantees is $200 million. By the time we get to the end of that the new investment in Canada will be in the order of $1 billion, or about five times as much.

Senator Doody: It gets stranger and stranger. What, then, is the significance of the $200 million? Why is that so necessary if the company is willing to put in $62 million, $69 million and $236 million, or $350 million of its own money anyway? My impression, and that of a lot of people in Canada, was that if somebody did not give them some money tomorrow they were going to go bankrupt, that there would be an incredible number of people out of work if somebody didn't rush in tomorrow and pick up the payroll. I now understand that they don't really need this $200 million. That's in 1982 perhaps, but it's a sort of little comfort letter for the bank down the road. It sounds like Newfoundland's economic development program of thirty years ago, with great respect to the minister.

I'm used to going into the bank and signing a little note, getting my $50 loan and making a payment on something, but they expect me to put something up in return for that. Has Chrysler Corporation put up anything? The minister now tells us they are going to put $350 million in during the next three years. If so, what do they need our $200 million for? Or do they need it at all?

Senator Olson: Honourable senators, it would take a little longer than I have tonight to review the entire—

Senator Asselin: You don't know the answer.

Senator Olson: If the honourable senator wants to get the whole load he can get it in about the next hour. If you have not followed the negotiations that went into determining what Canada's contribution is for, I am sorry. Obviously, you have not been reading the financial papers of the past few days.

• (2100)

Honourable senators, it is clear, at least to me, that several weeks ago the United States government gave a commitment to provide $1.4 billion in loans to the Chrysler Corporation, provided it could raise that much money outside of the United States government. The Canadian portion of $200 million is a vital part of that whole deal. In addition to that, a great deal of additional financing is going into the retooling, rebuilding and redesigning of the corporation in an attempt to make the Chrysler Corporation a viable economic entity again.

I did not think honourable senators wanted me to go through all of this tonight, but if they do, it is all here. It seems perfectly clear to me that the Canadian commitment of $200 million is proportional to the commitment of the United States. When we look at the proportionality of the production and market in Canada vis-à-vis the United States, it meets that proportionality.

If the requirement to find $1.4 billion in financing outside of the United States government had not been met, then, of course, some of the outstanding indebtedness would have been called by the bankers, financiers, or whoever they are. I do not see it is any great mystery.

Because of Canada's willingness to participate, along with all the other financing which they have found, the United States has agreed, now that their condition has been met, to commit the $1.4 billion. This makes available to the Chrysler Corporation something approaching, but not quite, $3 billion in financing that they did not have until the whole package was put together. It may be that you wish to belittle the $200 million, but from what I read in the papers during the past two or three days, it was a critical factor in the whole thing.

Senator Doody: Thank you, senator. Please do not misunderstand me. I was not belittling the $200 million. I am still aghast at the size of the sum. What I was trying to find out—and I am still not clear on it—is Canada's commitment or involvement on the refinancing package. Is this a real liability, a contingent liability, or is it a liability two years down the road? If the Chrysler Corporation disappears off the map before 1982 or 1983, do we still owe $200 million? Who is financing them in the meantime? Are the Canadian people behind this at all, or is it all being financed by the United States of America?

Perhaps the honourable senator could table the agreement so that we can have a look at it and then ask questions. I am sincerely asking these questions out of ignorance. It is a curious and strange arrangement.

Senator Olson: To repeat myself, there would be no drawdown on the Canadian undertaking until 1982. Presumably, if the other terms and conditions of the agreement that has been

made with Chrysler have not been met, such as the investment that I went into, and so forth, then we would not be liable, but I will check that for you. I am sure that if the company went bankrupt between now and 1982 it would not be called on.

The honourable senator asks whether it is real. Certainly it is real, but there are always two sides to a deal. If one side of the deal is not kept, then I do not suppose there is an obligation for the other side of the deal to be kept.

Senator Doody: The honourable senator is getting to the point now. There are, obviously, two sides to a deal, and I do not know what the other side is. That is why I started the questioning with: What is the responsibility of the company in this regard? Is there a commitment on behalf of the company in this regard? I did not mention a draw-down first or last. I did not even dream there was cash available for the company to draw down. I was under the impression that it was a $200 million guarantee two years down the road, but if there is a draw-down, that is even more interesting. Is that a guarantee, then?

Perhaps the minister could table that agreement so that we can have a look at it and ask questions on it.

Senator Olson: Honourable senators, I have a reply here in anticipation of the question: Can the minister tell us specifically what commitments Chrysler has made with respect to jobs in Canada? I would be very happy to ask that it be appended or that it be taken as read so that the honourable senator can understand exactly what Chrysler's commitments are on their side of the agreement.

Senator Doody: I appreciate that very much.

I should like to add my voice of welcome to the government leader. I am glad to have him back in the house. His deputy gave just as much information as his colleague, but it took him only half as long.

Senator Olson: I think that is a very unfair comment. I say that because it is not my fault that the honourable senator is unable to understand plain English.

Hon. Orville H. Phillips: I have a supplementary question to that asked by Senator Doody, and it is based on the fact that many consultants questioned the reliability and accuracy of the information supplied by Chrysler Corporation. The kindest thing that can be said about the profit projections and sales forecasts of the corporation in the last few years is that they were about as accurate as the Liberal budget, and that can hardly be taken as a compliment.

Hon. Raymond J. Perrault (Leader of the Government): Don't get political.

Senator Phillips: Did the government engage any management consultants or marketing consultants to review the information supplied by the Chrysler Corporation?

Senator Olson: I think it would be fair to reply, honourable senators, that the Department of Industry, Trade and Commerce, led by the very capable minister of that department, certainly must have carried out a great deal of consultation, at least within their department, in examining all of these

[Senator Olson.]

requirements. I think I could give an undertaking to obtain some information on the examination that they did of these questions which he has raised.

Senator Phillips: A further supplementary question: Must the $200 million guaranteed by the Canadian government be raised or borrowed from Canadian financial institutions, and is there any limitation placed on the amount of interest that could be paid by the Chrysler Corporation?

Senator Olson: I cannot answer those questions specifically, but the undertaking begins in 1982. I suppose the interest rate level at that time is the one that will be employed. As far as the money is concerned, it will be advanced, I presume, out of the Consolidated Revenue Fund. It is an undertaking to honour a commitment given on a loan during the years which I previously mentioned.

Senator Phillips: The announcement says it will be borrowed from private financial institutions. Did I understand you correctly?

Senator Olson: I am sorry, that is correct. I will take that back. It is a loan guarantee, not a direct loan. You are right.

THE ECONOMY

INCREASE IN UNEMPLOYMENT

Hon. Jack Marshall: I have a question for the Minister of State for Economic Development. In view of the fact that unemployment figures are increasing, and in view of the fact that there is a threat of their increasing much more—which was even admitted by the Minister of Finance—I wonder if the Minister of State for Economic Development could advise the house if the government has any contingency plans or any plans to introduce make-work programs over the next few months to help alleviate the threat of higher unemployment.

• (2110)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I cannot at this point go into the specifics of any such plans, particularly those which have not as yet been announced. As I have said several times previously, I am not going to make announcements for and on behalf of other ministers.

I shall make inquiries as to whether or not there are some announcements to be made soon.

INDUSTRY

ASSISTANCE TO SYDNEY STEEL CORPORATION

Hon. Robert Muir: Honourable senators, I should like to pose a question to the Minister of State for Economic Development. In refusing once again to provide funding at this time to the Sydney Steel Corporation, the Minister of Finance, yesterday, said that inadequate material has thus far been supplied by the Government of Nova Scotia and by Sysco to support any application for funding.

Would the minister now inform the Senate as to the basis on which his party made a firm commitment during the recent election campaign—a commitment repeated on numerous occasions—that, on their election, $50 million would be forthcoming to Sysco?

Hon. H. A. Olson (Minister of State for Economic Development): I shall make inquiries in that regard of the Minister of Finance, who I am sure is very familiar with all of the matters my honourable friend has raised. I shall draw to the attention of the Minister of Finance the matter which my honourable friend raises.

Senator Muir: May I humbly suggest that neither the honourable minister nor the government can have it both ways. When they committed themselves to support Sysco in the amount of $50 million, they must have had a plan. Now they say they cannot provide the $50 million because there is no plan.

I must assume, in the light of what the minister has said, and subject to any answer that might be forthcoming, that the Liberals did not promise support to the amount of $50 million on the basis of unassembled or even unconceived material.

Would the government now be willing to supply Sysco with a copy of the information which, in making that campaign promise, they obviously felt to be sufficiently adequate, so that Sysco can in turn re-submit it to the government by way of a new application?

That is a rather ridiculous suggestion to make, but every day we have the media reporting that one federal minister says one thing and the provincial government something else, with the result that total confusion prevails at the moment. Anything the minister can do to clarify the situation would be appreciated.

Senator Olson: I have already given my undertaking that I will make inquiries of the Minister of Finance, who is familiar with this situation. I don't think I can add anything more to the commitment I made in that regard a few minutes ago.

FOREIGN AFFAIRS

RENEWAL OF NORAD AGREEMENT—REFERENCE TO PARLIAMENT

Hon. Heath Macquarrie: Honourable senators, I have a question of the government leader concerning the document he tabled earlier in the proceedings in relation to the one-year extension to NORAD coming as a result of the government's decision to refer the matter to a committee of the House of Commons. I might say, I am surprised that the powers that be have not thought of seeking the views of the Foreign Affairs Committee of this chamber which, under the distinguished chairmanship of Senator van Roggen, has been conducting very serious and exhaustive studies on a wide range of Canada-U.S. matters.

I note particularly in the letter from the United States government the expressed desire of that government that the agreement "may be re-negotiated in a full-fledged way within the 12-month period requested by the Canadian government."

Considering the popularity in this country of the NORAD Agreement, and considering the embattled position which the United States has before the world, can I ask whether the Government of Canada is giving sympathetic consideration to the proposition of the United States that this matter, rather than be subjected to a year's "ad hocery," may soon be put on the basis of a great deal more stability—a proposition which strikes me as being very reasonable.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I appreciate the honourable senator's comments. I shall take the question as notice and obtain further information from the Secretary of State for External Affairs.

ENERGY

TAXATION AND EXPENDITURE TO ACHIEVE SELF-SUFFICIENCY

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wish to reply to a question asked by Senator Sherwood during Question Period on May 8 concerning whether the government is considering imposing a tax on energy companies.

As I indicated in my first response to his question, and as was also stated by the Minister of Finance last week, any such tax would be announced as part of a government budget statement. However, the Minister of Finance also went on to say that he has no such tax or revenue under consideration at this time.

INTERNATIONAL TRADE

SALE OF CANDU REACTOR TO JAPAN

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I now have a reply to a question asked by Senator Asselin during Question Period on May 8 regarding the possible sale of a Candu nuclear reactor to Japan.

No final commitment has been made by the Japanese concerning purchase arrangements. Representatives of our government are meeting with Japanese officials this week for detailed discussions, and a further stage of the evaluation program is being fully investigated. This program will examine the appropriateness of the Candu technology to Japanese needs and the question of the effect of seismic activity on nuclear plants. When a decision is reached on this matter, I shall be most pleased to inform honourable senators.

HOUSING

ASSISTED HOME OWNERSHIP PROGRAM

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have with me this evening the reply to a question asked by Senator Sherwood on May 5

regarding the Assisted Home Ownership Program. As it is fairly lengthy, I would ask that it be placed on the record at this point.

Hon. Senators: Agreed.

(*The answer follows:*)

It appears there may be some misunderstanding about the manner in which housing units—AHOP or otherwise—are acquired by the Mortgage Insurance Fund. I mention this because it is not clear exactly what the honourable senator means by "quits" under the program. In any event, there are essentially three ways in which units are acquired: foreclosure, power of sale or voluntary transfers. Voluntary transfers are commonly known as Quit Claims.

In order to put the matter into its proper perspective, I should like to provide honourable senators with information on claims paid on all AHOP units acquired by the MIF, whether Quit Claimed or not.

From 1975 through 1979, the MIF acquired 6,395 AHOP units. Of these, 5,155 were acquired in 1979. During the first quarter of 1980—January through March—the MIF acquired 1,195 AHOP units. This produces a total of 8,130 claims paid from 1975 to the end of March 1980. Honourable senators can see from this figure that the number of claims paid in the first quarter of this year totals only about 14.7 per cent of claims since 1975, rather than the 25 per cent suggested by Senator Sherwood.

With declining interest rates and the recent extension of AHOP benefits, we can expect to see a decline in the rate of people who experience genuine hardship in meeting increased monthly payments when their mortgages roll over.

FINANCE

SOURCES OF PROJECTED FINANCIAL REQUIREMENTS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I now have a reply to a question posed by Senator Doody on May 1 last regarding the financing of the government's cash requirements for fiscal 1980-81. Again, it is rather lengthy, and I would ask that it be placed on the record at this point.

Hon. Senators: Agreed.

(*The answer follows:*)

The $11.7 billion figure refers to the government's domestic cash requirements for fiscal 1980-81. The government finances its domestic cash requirements through the issue of marketable bonds, Treasury bills and Canada Savings Bonds in Canada. The government does not borrow abroad to finance these cash requirements. The only time the government borrows abroad is to replenish official foreign exchange reserves which have been run down by foreign exchange transactions. Consequently, the government does not plan to raise any of this amount in foreign markets. Foreign exchange transactions do have an impact on the government's cash requirements and, consequently, can affect the debt program. However, foreign exchange transactions are not planned or anticipated.

In financing the cash requirement, the amount of cash raised through the issue of various types of securities in Canada varies from year to year and depends on prevailing economic and financial conditions. The actual debt programs for the past two fiscal years illustrate how the cash requirements have been met in the past.

Cash Requirements and Sources of Financing

($ millions)

	Fiscal 1978/79	Fiscal 1979/80
Cash Requirement		
—Requirement excl. Foreign Exchange Transactions	10,939	10,403
—Foreign Exchange Transactions	(4,087)	221
Total	6,852	10,629

Sources of Funds		%		%
Treasury Bills	2,240	26	2,795	35
Marketable Bonds	5,302	60	6,403	81
CSBs	1,236	14	(1,255)	-16
Total	8,778	100	7,943	100
Increase in Cash Balances	1,926		(2,686)	

In 1978-79, foreign exchange transactions substantially reduced the cash requirements and the $8.8 billion debt program resulted in a $1.9 billion addition to cash balances. In fiscal year 1979-80, foreign exchange transactions had almost no impact on cash requirements and these were financed by a run down in cash balances, which had been built up the previous year, and a $7.9 billion debt program. In 1979-80, a greater use was made of Treasury bills and marketable bonds than in 1978-79 as there were net redemptions of CSBs over the fiscal year.

In fiscal 1980-81 we do not plan to make much use of cash balances. Consequently, we plan to raise around $11.0 billion in the capital markets. Since the government has for some time been playing down the role of Canada Savings Bonds, we do not expect to raise much new money from this source. We have also been making more use of the Treasury bill market this year. Consequently, we expect that the proportion of the debt program met

through the issue of Treasury bills will be larger than in the past two fiscal years and the proportion met through issue of marketable bonds will be closer to that in fiscal 1978-79.

The amount of government debt taken up by the Bank of Canada is determined by monetary policy considerations and is not affected by the government's cash requirements. The Bank of Canada currently has announced target ranges for the growth in the banking system which determines the increase in the Bank of Canada's assets and, hence the amount of Government of Canada debt which the Bank will absorb.

Senator Olson: There was then a supplementary question as to whether the officials of the Department of Finance had consulted with their counterparts in the provinces to try to co-ordinate the borrowing programs, and I would ask that the reply to that be treated in the same manner.

Hon. Senators: Agreed.

(*The answer follows:*)

At federal-provincial meetings officials of the Government of Canada and the provinces exchange an outline of their cash requirements for the coming years as well as a rough outline of how these requirements might be met. However, some of the provinces borrow both in Canada and abroad. Since market conditions vary considerably through time and there is a wide choice of sources, the provinces have some difficulty in providing specific plans. Furthermore, the provinces are quite independent in the implementation of their debt programs as the federal government has no jurisdiction in this area. Consequently, while there is an exchange of general information, there is no coordination of detailed borrowing plans. To a large extent the underwriters for the provinces and the federal government are the same, and these underwriters do provide some coordination in the timing and location of borrowing.

FOREIGN AFFAIRS

BOYCOTT OF 1980 OLYMPIC GAMES IN MOSCOW—REQUEST FOR TABLING OF LETTER FROM PRIME MINISTER TO PRESIDENT OF THE UNITED STATES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, over the past week I have been very busy and much of my labour has been an assiduous attempt to catch up on the questions raised by honourable senators over these recent days. I am this evening in a position to provide replies to eight of those questions, which I think constitutes a new Canadian record.

On April 16 last Senator Asselin asked if the recent letter from the Prime Minister to the President of the United States regarding the Canadian government's policy on matters related to measures taken against the Soviet Union after its invasion of Afghanistan, as well as measures taken against Iran, could be tabled in the house.

As the honourable senator is probably aware, a similar request was made in the House of Commons. The Speaker of that place ruled that since the Prime Minister only referred to the letter and did not actually quote from it, there was no obligation on him to table it.

IRAN—POSSIBLE NAVAL BLOCKADE BY UNITED STATES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by Senator Haidasz on April 16 on the subject of possible naval blockade of Iran by the United States. The question was:

> The government leader will know that in January, 104 countries represented at the United Nations voted to support sanctions against Iran. I should like to ask him whether the federal government has recently been asked to support the talked-about U.S. naval blockade of Iran?

Then there was this supplementary question:

> Can the Leader of the Government comment on the news that the U.S.S.R. has been amassing military forces on Iran's borders and conducting military manoeuvres there?

Honourable senators, while the Canadian government was asked to support economic and diplomatic sanctions against Iran, there has been no request for co-operation in non-peaceful measures such as a naval blockade. The Prime Minister has already indicated that Canada does not favour military action in present circumstances.

There has been some speculation that the Soviet Union is deploying increased forces in its territory north of Iran, but the government has seen no evidence which would clearly establish that this is the case.

● (2120)

VISIT TO CANADA OF U.S. SECRETARY OF STATE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a rather lengthy reply of two-and-a-half pages to a question asked by Senator Macquarrie regarding the visit to Canada of the United States Secretary of State Vance. The question is as follows:

> Could the Leader of the Government indicate what points will be put forward by the Canadian government in discussions with Secretary Vance?

This is rather a full reply, honourable senators, and perhaps it could be incorporated in the printed record.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

The Secretary of State for External Affairs met with the U.S.A. Secretary of State April 23 to review a broad range of bilateral and multilateral matters. They had extensive discussions on east coast fisheries and the Secretary of State for External Affairs, the Honourable Mark MacGuigan, stressed to Mr. Vance the importance

Canada attaches to ratification of the East Coast Fisheries Treaty. The U.S.A. Secretary pledged that the Administration would continue to support the treaty fully and press for its approval by the Senate. The two men discussed transboundary environmental problems, particularly that of the transborder movement of air-borne pollutants (acid rain), and reviewed aspects of the economic and trading relationship between Canada and the U.S.A., including the financing of the Alaska gas pipeline.

On the multilateral side, Mr. Vance and Mr. MacGuigan discussed events in Iran and Afghanistan; the American secretary paid credit to Canada for its action in aiding American diplomats in Tehran, and expressed gratification for Canada's support on sanctions and boycotting the Olympics. The two leaders also discussed the Middle East situation, including the Palestinian autonomy negotiations, and they reviewed events in Southern Africa. With the Prime Minister, Mr. Vance also discussed these matters as well as the Economic Summit to be held in Venice in June.

The two foreign ministers discussed the Law of the Sea negotiations and acknowledged that they were not able to agree on the difficult question of mineral exploitation of the sea bed. The Secretary of State for External Affairs noted that our national interests appear to be in collision over nickel mining from the seabed.

Mr. Vance and Mr. MacGuigan also signed a protocol amending the Canada-U.S.A. Nuclear Co-operation Agreement.

It was a very good meeting with the representative of our great neighbour and ally. It was with regret that we learned of the resignation of Secretary Vance but we are confident that his successor, Mr. Muskie, will continue to pursue the harmonization of relations between our two countries.

JOINT REVIEW COMMITTEE ON FOREIGN AFFAIRS

Hon. Raymond J. Perrault (Leader of the Government): There was a question asked by Senator Asselin on April 29 concerning the Joint Review Committee on Foreign Affairs. I regret he is not in the chamber at the present time, but these questions must be dealt with because of the time. Senator Asselin asked:

> During the last session the government proposed the establishment of a joint Senate-Commons committee to review Canada's foreign policy as well as its foreign aid policy. Does the government or the Secretary of State for External Affairs intend to present those proposals during this session?

The answer is no.

Question: Does that mean that the government will not conduct a foreign policy review?

Answer: As stated on April 16 by the Prime Minister in another place, the government sees no need for an extensive and fundamental review of foreign (or defence) policy. However, specific aspects of Canadian foreign policy are always open to review. For example, as the honourable senator will be aware, on April 17 the Prime Minister announced that a Parliamentary Task Force will be struck to examine north-south relations.

Question: Does the government consider that the documents (Discussion Papers), especially that on foreign aid policy, prepared for use in the foreign policy review initiated by the previous government, would make a useful contribution to the work of the Parliamentary Task Force on North-South Relations?

Answer: That is for the Task Force to decide when the papers are made public.

Question: Will they be made public?

Answer: Yes.

OFFICIAL LANGUAGES

REPORT OF COMMISSIONER—AGREEMENT BETWEEN GOVERNMENT OF CANADA AND FÉDÉRATION DES FRANCOPHONES HORS QUÉBEC

Hon. Raymond J. Perrault (Leader of the Government): On May 1 Senator Murray asked a question as to what the government's position is with respect to the agreement ratified by the previous government to set up a joint commission with the Fédération des francophones hors Québec.

The answer is that the government is committed to the development of francophone communities outside of Quebec, and intends to set up appropriate consultative mechanisms between the Government of Canada and the Fédération des francophones hors Québec. This matter was discussed at a recent meeting with the Fédération. Suitable consultation procedures are being examined and an announcement will be made shortly.

INTERNATIONAL TRADE

SALE OF CANDU REACTOR TO ARGENTINA

Hon. Raymond J. Perrault (Leader of the Government): A question was asked by Senator Macquarrie on May 5 regarding the sale of the Candu reactors to Argentina.

Canada's nuclear co-operation with Argentina is currently limited to the supply of one Candu 600 reactor (Embalse) under a contract originally concluded in December, 1973, between AECL and Argentina's National Atomic Energy Commission (CNEA). The Embalse reactor is being provided under the Canada-Argentina nuclear co-operation agreement of January, 1976, and the associated Argentina-IAEA safeguards agreement which fully meet the requirements of Canada's December, 1974, safeguards policy. Recent references in the press to contract negotiations between AECL and CNEA deal with the renegotiation of the December, 1973, contract, not the negotiation of a new contract for the sale of a second Candu reactor.

Any new contract for nuclear co-operation between Canada and Argentina can only be implemented if Argentina meets the requirements of Canada's December, 1976, safeguards policy, i.e. Argentina will have to make a binding commitment to non-proliferation and accept international safeguards on all of its peaceful nuclear activities. This has been the policy position of the Canadian government since December, 1976, and there has been no lowering of the safeguards requirements under that policy.

PUBLIC SERVICE

AUDITOR GENERAL'S REPORT

Hon. Raymond J. Perrault (Leader of the Government): I have a rather long reply to important questions posed by Senator Muir on May 7 regarding the Auditor General's findings on civil service efficiency. Because of the length of this reply, honourable senators, I propose that it be incorporated in today's proceedings.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The questions and answers follow:*)

In view of the Auditor General's findings on civil service efficiency:

What remedial action, if any, is being taken to ensure that the situation improves?

Does the government propose to establish efficiency norms for the public service that are comparable to those in the private sector and see to it that these are enforced?

What, if anything, is being done to improve personnel management and productivity?

Since it was the Auditor General's opinion that the work being done by 50,000 clerical regulatory federal civil servants could be done by 38,000, does the government anticipate reducing the size of the federal bureaucracy? If so, how and when?

A great deal of rhetoric has surfaced through the media and in discussions around this issue. The flavour of the public discussion is of a fashion different than the facts reported by the Auditor General. The Comptroller General and officials of the Treasury Board Secretariat met with the Auditor General and his senior staff to get a better appreciation of the significance of this issue. We were interested particularly in the validity of the work measurement studies, the extent to which the results could be extrapolated to a larger segment of the public service, and of course to understand if this particular work signalled the need for redirection of the government's strategies for improving management practices in the public service.

The Facts

1. To begin with, the tests were simply the application of the methods-time-motion (MTM) technique to determine the levels of efficiency in 10 individual units of the Clerical and Regulatory (CR) 1-4 category in ten different departments. In total, 160 public servants were surveyed. These techniques are widely accepted. The techniques say nothing about why efficiencies are what they are, nor do they suggest ways for improvement. The tests simply provide an understanding of what level of efficiency is being achieved in these 10 units given the tasks performed.

2. Although the units to be surveyed were selected jointly with departments with a view to identifying groups that were typical of departmental CR activities, there is no statistical basis for implying that the situation is similar for the 28,500 CR 1-4's employed by the ten departments. Furthermore, no statistical inference can be made for the total CR group (50,000) on the basis of the results without assuming as did the Auditor General "if the results are typical of the occupation group".

3. With respect to other occupational groups in government—secretaries, general labour, etc.—no statement can be made based on the facts of the Auditor General's survey.

Therefore, it is not appropriate, based on the Auditor General's survey, to suggest that a reduction from 50,000 to 38,000 be made by the government in the size of the federal Clerical and Regulatory group.

The results of the ten clerical groups surveyed are an indication of symptoms of the problem only. They are not an indication of the causes. His report, I believe, is intended to re-emphasize that the issue needs to be considered in relation to the total aspect of good human resource management. This is exactly what we as a government are doing.

A number of initiatives recently placed under the responsibility of the President of the Treasury Board, have been launched by the government to change the overall environment associated with resource management and to improve management practices and controls generally. These include the establishment of the Office of the Comptroller General which is moving forward at a good pace with the execution of its mandate, as well as consideration of the recommendations contained in the Lambert Commission's report including the restructuring of the expenditure management process for all of government. In addition the recommendations of the D'Avignon Commission on personnel management practices are under very active consideration at this moment. These initiatives are designed to redress the core problems correctly identified by the work of the Auditor General over the past three to five years.

It must be realized that the impact of the initiatives launched by the government will not work their way

through the system instantaneously; nor can all the initiatives be brought to fruition in a short time span. The costs and risks of doing so would be exorbitant. Meanwhile, departments can introduce efficiency improvement and measurement programs where it is cost effective to do so.

An acceptable level of efficiency for the kinds of work under discussion here will be determined when all the improvements identified by the government, by the Office of the Comptroller General in its IMPAC surveys and by the Auditor General, have been made.

NATIONAL DEFENCE

TASK FORCE ON REVIEW OF UNIFICATION OF THE CANADIAN ARMED FORCES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Marshall on May 8 regarding the Task Force on Review of Unification of the Canadian Armed Forces. Senator Marshall asked whether the Minister of National Defence plans to reject the proposal for a distinctive uniform from the Task Force on Review of Unification of the Canadian Forces. If not, Senator Marshall asked if the Minister of National Defence would review the report, report to the Senate on the problems identified in the report, and refer the report to a committee of the Senate.

The answer is that the Minister of National Defence plans to have officials from his department review the report. They will be asked to look at the implications of the Task Force proposals, with a particular reference to the cost factor. The Minister of National Defence does not intend to make specific comments on the Task Force's report until he has received this review, at which time he will be pleased to provide the same material to the Senate as will be provided to the House of Commons and the public.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from Thursday, May 8, consideration of His Excellency the Governor General's Speech at the opening of the First Session of the Thirty-second Parliament, and the motion of Senator Rousseau, seconded by Senator Hays, for an Address in reply thereto.

● (2130)

[*Translation*]

Hon. Maurice Lamontagne: Honourable senators, first of all I would like to thank all honourable senators for their co-operation in allowing me to start my speech before ten o'clock.

I would also like to pay tribute to Senator Grosart for the distinguished way in which he discharged his functions although he did not remain Speaker of the Senate long enough to wear out his patience.

I also want to pay tribute to the Honourable Jean Marchand, our new Speaker, and reaffirm the friendship that has bound us for 40 years during which we often fought together for Quebecers.

[The Hon. the Speaker.]

I congratulate very warmly our colleagues who recently assumed important ministerial responsibilities, as well as Senator Rousseau and Senator Hays for the quality of their speeches in initiating this debate.

For the Quebecer that I am, the most important part of the Speech from the Throne was undoubtedly the one dealing with the referendum. So that is what my speech will be about.

That referendum will be held in a week. Like many others, I deplore that the Parti Québécois did not have the courage of its convictions and did not ask a clear and honest question on independence. Only such a question would have enabled Quebecers to decide in all lucidity their collective future. Unfortunately, the Pequists did not want to trust the judgment of Quebecers whose qualities and virtues they praise. Not only did they not trust the people of Quebec but I think they systematically tried to mislead them.

The white paper, which was largely financed by Quebec taxpayers, is nothing more as a whole than a document of lying propaganda. In the criticism I made of it I noted at least 30 serious mistakes dealing with the past and the present of this country. I will point out only two of them very rapidly to illustrate what I mean.

First, a very important omission—there is no mention anywhere in the white paper of the equalization payments the federal government pays every year and unconditionally to the Government of Quebec. Yet those payments since 1957 total over $12 billion. Thus the PQ government decided to hide from Quebecers that substantial and original benefit of Canadian federalism.

My second illustration is found in the white paper. It says, and I quote:

> Thus in the case of taxation the new arrangements meant only a partial return to the 1930 situation.

What is the truth? Before the war, the Quebec government did not receive anything at all from personal income tax. Today, it gets over 60 per cent of that, mainly as the result of the gradual withdrawal of the federal government from the tax field, and thanks as well to the equalization payments and tax points transferred to Quebec under the opting-out formula. So, zero per cent in 1939, and 60 per cent now. This is what the white paper dares describe as "a partial return to the 1939 situation"! I still wonder why the Quebec government decided to feed these lies to Quebecers when it also asks them, and rightly so, to reflect seriously upon their collective destiny. I also wonder why the media have not systematically culled these untruths.

In view of such omissions and deceits, it is not surprising that some Quebecers are reluctant to renew their ties with federalism. But that is not all. The PQ government has played down and concealed its true objective in the referendum question in such a way that many Quebecers apparently are inclined to vote YES although they are opposed to sovereignty-association and are truly federalists. One could understand

such a confusion on the part of ordinary citizens not having sources of information to help them see through the Quebec government propaganda.

However, this confusion is absolutely incomprehensible on the part of certain political scientists who have closely followed the referendum debate. I will restrict myself to one example.

Professor Léon Dion claims to be a federalist in the book he has just published but says he will vote YES in the referendum, thus giving the Government of Quebec a mandate to negotiate separation. He states:

> When I first started my soul-searching in light of the beige paper, I thought that if it were withdrawn and replaced by a document more in line with the report of the Task Force on Canadian Unity, I could be persuaded to vote NO: in fact, as a federalist I could not see why, in the ordinary course of events, I should endorse a non-federalist sovereignty-association project.

Since the beige paper of the Quebec Liberal Party has not been withdrawn Professor Dion will vote for separation. It is extremely unfortunate in my view that such intellectuals cannot see to what extent the PQ have downgraded what could be a historical meeting.

In the course of my statement, I intend to illustrate how the referendum question itself is basically a distortion of the PQ project which, when submitted to close analysis, as it is in the white paper, is bad for Quebecers, and in many ways, worse than the status quo.

● (2140)

First of all, there is something which is mentioned in the referendum question but which the PQ supporters fail to propose, at least for now, and that is pure and simple sovereignty. The preamble of the question reads, and I quote:

> This agreement would enable Quebec to acquire the exclusive power to make its laws, levy its taxes and establish relations abroad—in other words, sovereignty.

Let us see what would happen to these three elements of pure and simple sovereignty in light of the white paper. First, there is the exclusive power that Quebec would have to make its laws. According to the white paper:

> Sovereignty is inseparable from association.

Therefore, what the Péquistes are really proposing is a sovereignty impaired from the start, for it would be shackled by an association whose range would cover all such strategic sectors as economic policy, including currency, external and internal management of the common market and capital movements. The PQ project also provides for an association which might include other areas such as transport and cyclical policy.

Furthermore, there are propositions in the white paper for a common citizenship, with a common passport and the free movement of people, which covers the full field of demographic policy. This really means that in all these strategic sectors, contrary to the wording of the referendum question, Quebec would not have the exclusive power to make its laws. It could even be said that with the proposed association there is no sovereignty.

Secondly, there is the exclusive power Quebec will have to establish its relations abroad, something which is also mentioned in the referendum question. What does the white paper say about that? It says, and I quote:

> Quebec will continue to be bound by the treaties to which Canada is now a signatory.

There is also a proposal for harmonizing the defence sector. This really means that from the start the PQ project sacrifices its exclusive power to establish relations abroad.

● (2150)

Finally, there is the exclusive power that Quebec would have to collect taxes, which is also mentioned in the referendum question. But what would such fiscal sovereignty mean along with a monetary union? PQ supporters themselves reply to this question in their brochure entitled "How independence will come about":

> If we try too soon to share a common currency, this may hinder dangerously our fiscal and budgetary freedom in Quebec.

Yet, these same people now propose not only a common currency from the very beginning, but they even agree to Quebec being a minority partner within the monetary union. They admit themselves that Quebec would let another country dictate not only its monetary policy, but also its fiscal policy.

However, this is not the only important comment to be made concerning this so-called fiscal sovereignty. Something just as fundamental, in my opinion, must be emphasized. Indeed, such a sovereignty would be considerably lessened. PQ supporters are strangely silent on this point. They even call terrorists those who dare raise it. Yes, Quebecers have a right to know what would be the approximate cost of sovereignty-association, or in other words separation, especially, since René Lévesque suggests that his government will not cut the services and the amounts now provided by the federal government to Quebec, once the taxes paid to Ottawa by Quebecers have been recovered. He even says that these expenditures could be increased.

According to the best calculations that I could make in consultation with experts of Statistics Canada and the Department of Finance on the basis of the most recent figures, I estimate the cost of separation for Quebecers at about $3 billion a year at the present time, or $2,000 per family, and this after Quebec has fully recovered the taxes now paid to Ottawa. This estimation is based on the provincial economic accounts, which the Quebec government accepts as valid, but it also includes some necessary adjustments to allow for the net difference between federal expenditures and taxes in Quebec.

This huge financial gap of $2,000 per family a year, which would undoubtedly keep increasing, would mean much higher oil prices, higher taxes and a larger public debt since the Parti Québécois has undertaken not to cut existing services. Yet, as Marcel Bélanger, one of the ablest fiscal experts of Quebec, has shown, the tax burden of Quebecers is already 26 per cent heavier than that of Ontario residents. Why is the Parti Québécois government hiding these facts from the population? Why are the union leaders not telling these facts to the Quebec

workers who will have to bear a very large share of the heavy burden of this lessened sovereignty?

In other words, the referendum question basically distorts the Parti Québécois plan. It refers to a full and complete sovereignty, but the white paper describes a sovereignty which is weakened, mutilated, lessened and impossible to dissociate from association. Actually, under the Parti Québécois plan, Quebecers would have to bear the substantial cost of separation without enjoying true sovereignty. But this is only the first fraud.

Second, the referendum question also refers to an association between equals, but no such equality is proposed in effect under the PQ plan. The white paper stresses equality but goes on to say:

> This does not mean, however, that in everyday practice everything will be subject to a double veto.

Then, it is one of two things: either the veto rule applies, and a deadlock is always threatening, as can be seen right now, within the Economic Community, or Quebec finds itself in everyday practice in a minority situation that would leave it without effective control.

The white paper adds, and I should like to stress that quote:

> ... in international trade and money matters, the search for parity should be no obstacle to the progress of the union.

Therefore, again under the PQ plan, in the strategic areas of trade and money, the equality principle would be sacrificed to "the progress of the union". The white paper specifies that the representation of the two partners within the monetary authority would be proportional, to quote once more, "to the relative size of each economy". Therefore, it is a control over the money supply, the interest rate structure, the value of the dollar abroad, and in the final analysis, public debt financing and the government deficit policies that would in this way escape Quebec. The same would apply to the external and internal management of the common markets. In that area also the white paper states that, "the search for parity should be no obstacle to the progress of the union".

Moreover, the white paper states generally:

> The fundamental legal equality of the partners does not rule out some flexibility in the manner in which the community will function.

But, my question is this: what use is legal equality if, in the name of "some flexibility", it is replaced in everyday practice by the rule of Canadian preponderance and Quebec's dependence?

Finally, it would be normal that the first chairman of the court of justice be an English-speaking Canadian. He would have a deciding vote within that court which would render final decisions on "the interpretation and implementation of the treaty of association". From the start, therefore, the court could escape Quebec's control.

In sum, the referendum question refers to association between equals, but the PQ plan as put forward in the white paper proposes no such equality in practice. Quite the opposite, the plan includes a union within which the Canadian voice would be preponderant, Quebec's voice being a minority one in the vital sectors of common life. Here again the referendum question fundamentally distorts the PQ plan as put forward in the white paper. This is a second fraud.

Thirdly, the referendum question does not refer to separation but the PQ project hints at it without formally stating it. That is undoubtedly the greatest deception behind the referendum question. In fact, with the sovereignty-association formula, there would be two different countries, with their respective national anthem and flag, the smaller one being Quebec which would remain dependent on the bigger one by the very fact that it would keep an exacting umbilical cord. So with their new project the Péquistes have ceased to be independentists. They no longer are true sovereignists either. They have abandoned in practice the principle of equality. They no longer talk of a one-year budget as in 1973 in order not to scare the electorate with the tremendous cost of separation. Yet, the Péquistes remain what they have always been, separatists, but they are careful enough not to say it to the Quebec people who are firmly opposed to separation as all polls indicate.

What must we infer from that? First that the Government of Quebec is calling on the most noble feelings of the people but also resorting to the least admissible propaganda tactics in order to deceive Quebecers and try to win the referendum. Then there is the fact that the true PQ project, when one studies it closely, is bad for Quebecers; if implemented Quebec would no longer be sovereign nor be an equal partner in this association but it would be a separate state and would therefore pay the price for it. Considered as a whole, and even before other compromises can be worked out during eventual negotiations, this PQ project is worse for Quebecers than the present so-called status quo. It retains most of the disadvantages of federalism while losing its advantages. Besides, how can the Government of Quebec which blames the anglophones for all past and present evils suffered by Quebecers entrust strategic sectors of our collective destiny to these very same anglophones whose preponderence would henceforth be sanctioned in a treaty? As for me, I remain deeply convinced that federalism with the interplay of alliances that can be built within politic parties, and between regions, constitutes a much better guarantee in those sectors of our collective future than the institutionalization of a minority dependence status promised by the association formula proposed by the Péquistes. In fact, it is probably the first time in history that a people is invited to shrink into itself and surrender in the name of national pride.

Nonetheless, a good many Quebecers who are opposed to sovereignty-association and to the separation it implies seem to be determined to vote YES in the referendum to trigger a constitutional reaction which would lead to a renewed federalism. Those federalists are dangerously wrong because by doing so they will give the Government of Quebec a mandate, not to negotiate just anything but to negotiate sovereignty-associa-

tion, the separation of Quebec and the break-up of Canada. In this regard at least, the referendum question is clear even if it is a fraud.

Furthermore, Mr. René Lévesque and his colleagues have solemnly undertaken to make separation a reality and to break the federal link. Consequently, with a YES vote in the referendum, PQ members in accepting to negotiate a renewed federalism would not only fulfil their referendum mandate but they would also, and this is more serious, I think, disregard the ideology they have been preaching for 13 years. How could they accept to disavow themselves to the point that they would contribute to improve the structure they promised to destroy? Under those circumstances, Mr. René Lévesque would be a very poor negotiator for a renewed federalism, as the experience of the last few years has demonstrated, because he would not even believe in what he would agree to negotiate.

Then again, what would be the reaction of the other parts of Canada towards sovereignty-association? The answer is already well known: all premiers as well as the Prime Minister of Canada said very clearly and repeatedly that they would refuse, and it is strictly their right, to negotiate an association which would imply the separation of Quebec, the break-up of Canada and the destruction of the government and of the Parliament of Canada. Only a few days ago, the whole legislature in Ontario said unanimously NO to sovereignty-association.

By saying NO the leaders of the other provinces would not risk losing the advantages which are offered to their respective population under the present economic union. In that regard, René Lévesque locks his own yoke and limits his own negotiating power from the start when he states in the white paper, and I quote again:

Sovereignty is inseparable from association.

Therefore, as I have already said, there is no sovereignty without association. That is why the rest of Canada has nothing to lose by saying NO to the association proposed by the Péquistes, because that would be maintaining federalism.

That is also why, contrary to what some supporters of a renewed federalism think, a YES to the referendum would inevitably lead to a deadlock rather than new hope for the Constitution. René Lévesque could not, would not discuss anything other than sovereignty-association, while the rest of Canada would refuse to negotiate it. And so, Canada, including Quebec, would find itself once more with the constitutional status quo, which the vast majority of Canadians no longer want.

One must therefore conclude that sovereignty-association, as proposed by the Péquistes, is a bad plan for Quebecers, which can neither be negotiated nor achieved under present circumstances and which can only lead Canadians to a dead end. In other words, only a NO can lead to hope and new federalism, only a NO can be positive, because all political parties, federal as well as provincial, with the one exception of the Péquiste in Quebec, have agreed to interpret it as a YES to renewed federalism.

As for me, contrary to René Lévesque, I firmly believe in the future renewal of Canadian federalism. That conviction I base, first, on my personal experience during the 1950s and 1960s, at which time I participated directly in important changes, such as the equalization payments and the opting out formula, from which the provinces have greatly benefited. I also base it on our history since 1867. Canadian federalism has never, in fact, stood petrified in the status quo. On the contrary, it has undergone a continuing evolution, always renewing itself and thus showing a much greater flexibility than any other federal system in the world. This adaptability allowed it to adjust to the aspirations and needs of the Canadian people and of its main components, especially at the turning points in our history. For this reason, I am convinced our federalism will once again renew itself at this other turning point we have now reached.

As for us, honourable senators, we must seize this opportunity to proclaim our faith in a new federalism. However, as Canadian parliamentarians who have gained some experience of the human condition and who as such can place ourselves beyond partisan squabbles, we must do more. We must start as soon as possible to define in concrete terms what we mean by this new federalism. We must attempt to reach this definition not from the standpoint of elitist ideologies, of personal preferences, or of the craving for power demonstrated by governments, both federal and provincial, but rather from the standpoint of the needs and aspirations of the Canadian people in the face of the great challenges of the year 2000.

This undertaking which I propose could be carried out in two stages. The first, which would begin immediately, would be restricted to comparative and critical study of the reports and documents already published and could focus on a few basic points such as the most effective way of enabling the provinces to have a real and preliminary impact on federal policies that directly affect their constitutional jurisdiction. This first stage, of a preliminary nature, should be completed early this fall and could be entrusted with a sub-committee of the Senate Committee on Legal and Constitutional Affairs.

The second stage, which should deal with the overall reform of federalism, should be entrusted with a special committee of the Senate. Pursued with dispatch, it could be completed in the spring of 1981. Such a schedule is realistic because it is unlikely that serious negotiations among governments could be undertaken before then, since there will be a provincial election in Quebec probably in the fall of this year, or in the summer of next year.

Finally, honourable senators, I want to remind all Canadians that in the past we have not had to fight to gain our independence and preserve the integrity of this vast and beautiful country, like so many other nations have. That may have been unfortunate because our national identity and cohesion have no doubt suffered. Today we have the unique opportunity to prove ourselves worthy of our country, to improve it so that it will be an even better haven for our freedom, our equality, our prosperity and the development of our cultures. This opportunity, we must not, we cannot miss it.

On motion of Senator Riel, debate adjourned.

● (2200)

[English]

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A) ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on National Finance, presented on Thursday, May 8, on supplementary estimates (A) laid before Parliament for the fiscal year ending March 31, 1981.

Hon. Irvine A. Barrow, for Honourable Douglas D. Everett, Chairman of the Standing Senate Committee on National Finance, moved that the report be adopted.

Motion agreed to and report adopted.

CONSUMER AND CORPORATE AFFAIRS

BANNING OF GLASS CONTAINERS FOR CARBONATED DRINKS—REQUEST FOR INFORMATION—MOTION STANDS

On the Notice of Motion of Honourable Edgar Fournier:

That there be laid before this House copies of all correspondence, notes, minutes of meetings and other communications between the Minister and officials of the Department of Consumer and Corporate Affairs during the year 1979, relating to the banning of certain glass containers of carbonated drinks

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the documents requested by Senator Fournier are confidential internal papers between the minister and his officials. I would therefore ask the honourable senator to withdraw his motion.

Hon. John M. Macdonald: As Senator Fournier is not present, I suggest that the motion stand.

Motion stands.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, May 14, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE SENATE

STANDING AND SPECIAL COMMITTEES

Hon. Paul C. Lafond: Honourable senators, on April 24 when I accepted the assignment to co-ordinate committees I suggested I would report to the Senate. Because that assignment and the committee that I drew together are entirely unofficial and not covered by the rules, may I have leave to report now?

Hon. Senators: Agreed.

Senator Lafond: On May 6 we held a meeting of committee chairmen, the whips and key staff members. We set no rules but agreed on some guidelines, which I would like to sketch out briefly. We reviewed the inadequacies of space available for Senate committee meetings, a situation also deplored recently in the Hales and the Yalden reports. We offered some suggestions, which may or may not be acted upon, but I do not think I should say what they were at this point because they were unofficial.

We agreed that in the present circumstances no more than two committees should hold public meetings simultaneously, and these would be in rooms 256-S and 356-S. The other rooms we have been using are entirely inadequate for public meetings with interpretation and press coverage. Until such time as there is relief, we do not believe that much more can be done.

We also reviewed the manning of committees from both the membership and the staff aspects, and agreed that at any time, under present circumstances, no more than three committees could sit simultaneously, and not more than one committee could sit while the Senate is sitting.

As to time periods for committee sittings, we agreed on the following:

(1) that every effort would continue to be made to avoid committee sittings on Wednesday mornings, although the period could be used if pressing situations arose;

(2) that the Senate, of course, retains its privilege of withholding or granting leave for one committee to sit while the Senate is sitting. However, when business is pressing, we feel that every effort should be made to adjourn the Senate at or around four o'clock on Wednesday afternoons so as to allow two additional committees to sit at that time or shortly thereafter for a period of two hours or more until 6.30 or 6.45;

(3) we see it as inevitable that committees will have to sit on both Tuesday mornings and Tuesday afternoons. Every effort will be made, however, not to make Tuesday morning the permanent assignment of one or two committees. Rather, we shall try to rotate this period in such a fashion that no one committee would be pressed to use that period more than one week out of every four.

Tuesday afternoon and Thursday morning would allow for two committees to hold public meetings, and for another committee to sit either *in camera* or in private session. This provides for exceptions in the case of the Standing Committee on Internal Economy, Budgets and Administration and the Standing Committee on Standing Rules and Orders, which have less space and staff requirements.

Honourable senators, this is the situation as it is at the moment with the amount of committee work that we have now. It may not be the same thing in July or October, at which time I would hope to gather the group together again to improve or bend the guidelines to suit our requirements.

This, of course, leaves little space or time for special committees. At this time we feel that every effort should be made to do without special committees, and in that respect I shall have a specific motion to make a little bit later on this day in our order of business. If it became absolutely necessary for one or more special committees to be constituted, this should be done in the knowledge that such committees may very well be required to sit on Mondays and Fridays.

The usual priorities will have to be respected, and we shall try rigidly to do so, the first being legislation before the Senate, the next being legislation coming before the Senate, and then inquiries or investigations.

Special provision, of course, will have to be made from time to time when public delegations in Ottawa on other business have to meet a committee of the Senate.

Hon. Salter A. Hayden: Honourable senators, I should like to make a very short comment on the report Senator Lafond has presented. I don't propose to debate the report, but I feel that the proposed guidelines should work satisfactorily, particularly since we are in some kind of a bind at the present time so far as space for committee meetings is concerned. Hopefully, in the not too distant future there may be more space available. Until such time, guidelines, intelligently administered—and I would expect this from my good friend Senator Lafond—will see us through.

• (1410)

As chairman of one of the standing committees of the Senate, I look forward to being able to work within these guidelines, having regard to the work we have before us and that which comes to us from time to time. The speed with which we administer our responsibility more or less determines when the subject matter will be finally disposed of by Parliament. So I think intelligent direction is necessary. I think this unofficial committee has started in the right direction, and I can assure its chairman that he will receive every co-operation from the standing committee of which I am chairman.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Department of Fisheries and the Environment for the fiscal year ended March 31, 1979, pursuant to section 7 of the *Department of Fisheries and Oceans Act*, Part I, and section 7 of the *Department of the Environment Act*, Part III, Chapter 13, Statutes of Canada, 1978-79.

FOREIGN AFFAIRS

CHANGE IN COMMITTEE MEMBERSHIP

Hon. Paul C. Lafond, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the membership of the Standing Senate Committee on Foreign Affairs be increased to twenty-eight members and that rule 67(1)(g) be suspended in relation thereto.

He said: Honourable senators, I should like to give a brief explanation of this motion. For the past couple of years, the late Senator Hammy McDonald and I have been proposing that the Senate, with its knowledge and expertise of national defence, should look into questions on this subject. From conversations I have had with many senators, I feel that there is now sufficient interest in the Senate to study the matter. In keeping with the recommendation I made earlier regarding the Senate's trying to avoid appointing special committees, it has been suggested that this should be studied by the Standing Senate Committee on Foreign Affairs, to which are normally assigned questions on national defence. The Standing Senate Committee on Foreign Affairs would then appoint a subcommittee to take up the subject.

• (1415)

As things stand now, there are a number of senators who have the expertise, knowledge and interest and who, additionally, have served in senior ranks in our armed services and who are not members of the Foreign Affairs Committee. By way of experiment, my motion is that for the balance of the present session the membership of the committee on Foreign Affairs be increased so as to provide an opportunity to those senators with the necessary expertise and interest to participate fully in the exploration of this question. The committee membership would be increased on an absolutely non-partisan basis. We have expertise in this area on both sides of the house.

[Senator Hayden.]

Senator Choquette: Might I ask what the proposed increase is to be?

Senator Lafond: The motion requests that it be increased to 28 members, but that is an arbitrary figure. I assume that the whips, in consultation, will decide, depending on the interest that is manifested, on the actual number by which the membership will be increased.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I rise on a point of order to clear up any ambiguity that may exist. Unfortunately, I did not get an opportunity to discuss this with Senator Lafond.

The motion, as I heard it, requests that rule 67(1)(g) be suspended "in relation thereto," not making it clear what the antecedent of "thereto" is. It could easily be the committee itself. I assume it is only with respect to the number of members on the committee and that in fact it is the number of members that is the antecedent of "thereto."

Senator Lafond: You are quite correct.

Motion agreed to.

NATIONAL DEFENCE

FOREIGN AFFAIRS COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. George van Roggen, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Foreign Affairs be authorized to hear evidence on and to consider matters relating to national defence.

Motion agreed to.

QUESTION PERIOD

[*English*]

ENERGY

PRICE OF DOMESTIC OIL—FEDERAL-PROVINCIAL NEGOTIATIONS

Hon. Martial Asselin: Honourable senators, I have a question for the Minister of State for Economic Development. In view of the fact that Canadians are anxious to know what the new energy pricing agreement will be, would the minister care to report to this house on the talks held yesterday between the Honourable Marc Lalonde and the Minister of Energy for the Province of Alberta?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have not had a direct report from the Minister of Energy, Mines and Resources on those talks. I am sure, however, that all honourable senators are

encouraged by the tone of the comments made to the press at the conclusion of the meeting. If there is anything within the context of those talks that can be reported, I shall be very glad to do so. But I should caution my friend opposite as to the position his party took while the negotiations were going on during their term in office, that being a series of expressions of hope and all the rest of it, and that is all.

Senator Flynn: Hope springs eternal.

Senator Olson: Even when I was on the other side of the house I understood why the answers came in that tone, if I may put it that way. So I would not expect that we would come in with a lot of hard information as to what was put on the table until the end of the talks, at which time I am sure all honourable senators will get full and complete information.

Senator Perrault: Progress is being made.

Senator Asselin: The minister will no doubt recall that when he was on this side he was pressing the government as to what the energy pricing agreement would be, and I think we have a duty to do likewise.

• (1420)

I would like to know how close Mr. Lalonde came during yesterday's talks to getting Alberta to accept the lower price that your government promised to Canadians during the last campaign.

Senator Olson: All I can report at this time, honourable senators, is that it was my impression that progress was made.

Senator Asselin: I have a supplementary question. The current energy pricing agreement lapses on July 1. Is it your expectation, Mr. Minister, to have another agreement in place before the existing one expires?

Senator Olson: That is the hope and objective of the talks going on, but I believe that if the honourable senator has listened carefully to the media reports he will understand that there are some indications that both sides think it may take a little longer. But certainly the hope is that we may have a new satisfactory agreement, that is satisfactory to Alberta and to Canada, in place before the deadline.

[*Translation*]

Senator Asselin: Since this is an extremely important question and the minister, of course, is always answering as skillfully as he has since the beginning of the session, without saying anything, he implied that progress would be made but I believe it is in the interest of Canadians to know where the discussions stand at this time. Could the minister assure the house that, at the very beginning of next week, he will have made a ministerial statement to inform us of all the discussions and the hopes his government has at this time of concluding that oil pricing agreement.

[*English*]

Senator Olson: I will give the honourable senator an undertaking that I shall report to this house as much as is appropriate to report from time to time during the course of the conversations.

[*Translation*]

Senator Asselin: In view of the fact that Mr. Lalonde stated to the newspapers that there would not be any other meetings with the Alberta Minister of Energy before the beginning of June and considering also that the present agreement expires at the end of June, can the minister assure us that before June 1 he will be making a ministerial statement to indicate the position of the Government of Canada with respect to the negotiations and the steps the government intends to take if it cannot reach an agreement with the Government of Alberta? I am talking about the agreement that was discussed or foreseen during the last election campaign when they were saying to Canadians they would certainly have a much lower price for oil than the one the Conservative government had promised.

[*English*]

Senator Olson: Well, honourable senators, all I can do is reaffirm what I said based on the undertaking I gave in answer to the last question. If there are some important substantive matters that can be reported, matters related to the discussions going on, I shall try to bring them in by June 1.

Insofar as the latter part of the question is concerned, I might as well say now that I am not going to get caught in a position where we start trying to answer hypothetical questions. What my friend is asking is "What if this doesn't happen?" or, "What if that doesn't happen?". My experienced competent friend, the Leader of the Opposition, knows that cabinet really ought not to try to answer hypothetical questions.

• (1425)

[*Translation*]

Senator Flynn: You knew what you wanted during the last election campaign.

[*English*]

You knew what you were talking about, I hope.

Senator Olson: Yes, and I also remember that my honourable friends opposite, when they were on this side, made every effort to make sure that they did not say things they did not want to say.

Senator Flynn: We were coming to an agreement because we knew where we were going, but you don't.

Senator Perrault: You are living in the past.

Senator Olson: Honourable senators, that may be right, but there were words like "imminent," "soon," and so on, where, if you were to try to follow those discussions, you would really have to change the definition of those words.

Senator Flynn: We never needed that with you, because they never meant anything.

[*Translation*]

Senator Asselin: I have a supplementary. I am sorry, but this is important. Could the minister give us his assurance that Canadians will not be disappointed to have voted for the Liberal Party and that the price set by this government will be

lower than the one the Conservative government had obtained?

[*English*]

Senator Olson: I know of no time in Canadian history where Canadians were disappointed for very long that they had voted Liberal.

Senator Asselin: Touché!

Senator Flynn: Shame on you!

VISITORS IN THE GALLERY

SENIOR CHORUS OF LISTOWEL DISTRICT SECONDARY SCHOOL

Hon. Joan Neiman: Honourable senators, I hope you will forgive me for interrupting the Question Period for a moment, but I should like to bring to your attention the presence in the south gallery of the Senior Chorus of Listowel District Secondary School with their conductor Mr. Laurie Rowbotham.

We were treated to an absolutely magnificent concert at noon in the rotunda of the Centre Block of the Parliament Buildings. For you who were unfortunate enough to miss it, I do hope this group will come back to see us again.

Hon. Senators: Hear, hear.

ENERGY

QUEBEC AND MARITIMES PIPELINE

Hon. Orville H. Phillips: Honourable senators, I have a question for the Minister of State for Economic Development. Last night he gave us a lengthy, if rather uninformative, report on his discussions with the American government on the development of the Alaska Gas Pipeline. Would the minister make the same kind of statement, being a bit more informative, with regard to the reversible pipeline promised for the Atlantic provinces?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I could give a brief report on that matter now, but if Senator Phillips wants more detail with respect to the present status of that promised pipeline, that would require my making some inquiries of the National Energy Board and others. I would be happy to come back as soon as possible, perhaps even at the next sitting of the house, with a more detailed and, therefore, perhaps more accurate report.

Senator Phillips: I notice the minister mentioned he would have to go to the National Energy Board. I know that he is responsible for the Alaska Gas Pipeline, but which minister is responsible for the development of the pipeline for the Atlantic provinces?

Senator Olson: My responsibility as minister for the northern gas pipeline is confined to that line. The Minister of Energy, Mines and Resources is responsible within the cabinet for all of the other activities of the National Energy Board and I shall direct my inquiry to him.

[Senator Asselin.]

As the honourable senator knows, there is an application pending there and I am not quite sure just off the top of my head what stage that is at at the moment.

PRICE OF DOMESTIC OIL—FEDERAL-PROVINCIAL NEGOTIATIONS

Hon. Lowell Murray: I have a question for the Minister of State for Economic Development which is supplementary to those already put to him by Senator Asselin. In view of the fact that the agreement expires at the end of June, can the minister explain why the negotiations between the federal government and Alberta will not resume until some unspecified date in June? It seems to indicate a rather relaxed and casual attitude to the deadline that is facing us.

● (1430)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would not agree that it is a relaxed attitude. I would not wish to speculate about this, but it is just possible that one side or the other, or both sides, put some significant proposals on the table, if we want to call it that, and I expect that it might take some time for their officials to make an assessment of what they mean in the totality of what benefits, and so on, are involved. I would not regard taking a few days to make an assessment of the proposals from one side or the other to be a relaxed attitude. As I said, I am only speculating. I have already said to Senator Asselin that hopefully before the first of June, I shall report to this house everything that can appropriately be said without frustrating or jeopardizing the negotiations in any way. I would not come to the conclusion reached by Senator Murray that it is relaxed.

Senator Murray: I take it, then, that the minister is sufficiently confident with the progress of the negotiations that the government excludes any possibility of recourse to the Petroleum Administration Act?

Senator Olson: I don't think that the honourable senator can justifiably put that interpretation on it. So far as I am concerned, negotiations come first; and when we negotiate, we do so in good faith, on the assumption that the negotiations are going to proceed and succeed.

Senator Asselin: We shall see.

Hon. David Walker: Does the minister expect that the lion will lie down with the lamb or that the lamb will lie down with the lion?

Senator Olson: I am not sure that one can categorize the situation as being parallel with the lamb and lion analogy, so I shall not comment on that.

Senator Frith: If the lamb lies down with the lion, the lamb would not get much sleep.

FOREIGN AFFAIRS

STATEMENT TO PRESS BY CANADIAN AMBASSADOR TO UNITED NATIONS

Hon. Heath Macquarrie: Honourable senators, when the veterinarians are through, I have a highly sensitive question for the Leader of the Government. Everyone will agree that we are the two to deal with such sensitivities.

My question is one that I raise with some reluctance and after a good deal of careful consideration, entertaining as I do a long-standing appreciation for the quality and competence of our foreign service officers. My question is based on a Canadian Press report from the United Nations, dated May 7, referring to a press conference held by Ambassador Michel Dupuy, our new ambassador to the United Nations. In particular my reference is to one paragraph, and I quote:

> Questions about what happened to the foreign policy review heralded by the former Progressive Conservative government were put to rest when Dupuy said the "experiment had expired." The Liberals were back to the Liberal policies which Dupuy said were sound.

From the point of view of ratiocination and logic, that would imply that coming back would be from something that was unsound.

Believing that intrusion in domestic partisan politics is antithetical to the proper discharge of a diplomat's duty, I should like to ask if the government has been made aware of these comments by Ambassador Dupuy; if the government regards such utterances as inappropriate to his office; and if inquiries may be instigated as to the actual comments of His Excellency and the ramifications therefrom, at this highly sensitive era in international affairs when Canadian unity before the world is perhaps more valuable than ever before.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I know that Senator Macquarrie would be the last one to make a rash judgment on the basis of a fragmentary news report. I have not had the opportunity of studying the text of the statement attributed to the Ambassador to the United Nations. The question will be taken as notice and a reply will be forthcoming shortly.

VETERANS AFFAIRS

WAR PENSIONS, COMPENSATION AND ALLOWANCES

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government concerning Bill C-28, which was introduced during the last session when the previous government was in power. That bill would, by effect, have allowed a greater number of widows of disabled veterans to qualify for the widow's pension. Had that bill passed on April 1, approximately 1,300 widows and orphans would have been in receipt of that pension which ordinarily would not have been received.

I was astounded to learn that the bill has not been reintroduced by the present government, and perhaps the leader could explain why that is so. Such a bill would allow pensions to be paid to many widows of World War I veterans who ordinarily would not be able to receive it.

● (1435)

Senator Perrault: While I am not in possession of the precise details in respect of this matter, I would assure the honourable senator of the abiding concern of this government for widows and orphans in this country.

Senator Marshall: Many of these women are widows of First World War veterans. According to the disability list some 1,000 of these veterans are dying each year. That bill was not introduced last April, and between April and the present time many of those veterans have died with the result that their widows will be left in a bad situation. Rather than take the matter lightly, therefore, I would ask the Leader of the Government to get an answer as quickly as possible, and report to the Senate.

Senator Perrault: Honourable senators, the question will be taken as notice and details provided; but certainly it is not the policy of the government to work any hardship on these unfortunate people.

THE CABINET

Hon. John Morrow Godfrey: Honourable senators, I want to direct a question to the Minister of Economic Development, and it concerns freedom of information and open government.

In this house, on April 22, in reply to certain questions by members of the opposition with regard to a request for the names of people on committees, the minister said:

> —the composition of cabinet committees and indeed the assignment of work within them was not considered public information.

The Leader of the Government in the Senate said:

> —I can only say that the information which he has requested is not available and has never been made available by any Government of Canada; nor will it be made available on this occasion.

There is a report in the Toronto *Star* of last week that I would like to quote from. It said:

> —the cabinet committee on economic development was in Victoria yesterday to build up some advance interest in Trudeau's visit and grab some useful publicity for the government.
>
> Trudeau even had his own press secretary, Patrick Gossage, accompany the eight-person travelling Liberal commercial show to make sure the ministers got enough publicity to be noted—

My question is: Is the minister prepared to share with this house the information which he was obviously prepared to share with the Government of British Columbia and the press of British Columbia, and tell us the names of the members of that committee and the name of the chairman?

Senator Asselin: Touché.

Hon. H. A. Olson (Minister of State for Economic Development): Yes, honourable senators. I can give the names of the eight federal cabinet ministers who were in Victoria. There were, I believe, 14 cabinet ministers from the British Columbia government as well. We were all in a cabinet room. It was a meeting concerning economic development. That is what we went for, and that is what we achieved.

I think I told you some time ago that I am the Chairman of the Committee on Economic Development. That is no secret. However, just to make sure that we understand this, the eight ministers that went are not all members of the Cabinet Committee on Economic Development. If a change of policy comes along I will be very happy to bring in any other names, but I think that Senator Godfrey and the authors of the questions that were asked the other day should realize that the full cabinet takes responsibility for all the decisions taken by the committee. There are some problems associated with it.

● (1440)

Senator Flynn: What else is new?

Senator Olson: There are some problems associated with it. The membership changes from time to time. We could have a debate over a number of other factors that are involved. It just seems to me that they ought be satisfied that the government—that is, each one of the ministers here and in the other place—will take full responsibility for whatever any committee does.

Senator Flynn: There is nothing new.

Senator Olson: There is nothing new.

Senator Roblin: I should like to express my sincere thanks to Senator Godfrey for re-introducing a matter which concerned me on a previous occasion. I dare say that we will eventually winkle out of the minister the names of the people he now declines to reveal. I would be interested in hearing from him his rationale for his coyness.

Had we but world enough, and time.

This coyness, lady, were no crime.

I should like him to justify to this house the attitude he took on a previous occasion because, to my mind, it seems absurd that, by bits and pieces, he will dribble out the information through the press and other media without taking this body into his confidence.

Senator Olson: Senator Roblin knows very well that there is one very hard, traditional and basic reason for all of this, and it has never been different for federal or provincial cabinets, and that basic reason is that the full cabinet takes responsibility for everything. That is cabinet solidarity. I have heard members of the party opposite make 20-minute speeches when they discover one little chink in that solidarity, or what appears to be a division in respect of a cabinet decision.

To give effect to that, it is obvious that you must have complete confidence that what is said and done in cabinet is done *in camera* so that when decisions are made the cabinet speaks with one voice in support of those decisions. Therefore, the position is that you do not discuss the membership of the committees and who may have been on opposing sides in a discussion. You do not even discuss the content of the agenda.

[Senator Asselin.]

Senator Perrault: That is right.

Senator Olson: My honourable friend knows that very well. What he is trying to do—and he may succeed—is to have further freedom of information. However, there is one area in which I think we must remain firm, and that is that the government speaks with one voice—cabinet solidarity. I should like the members opposite to consider the significance of trying to chip away at that. Perhaps we can learn to live with a different structure, but no government in the past has.

Senator Roblin: Honourable senators, there are two different questions at issue here. One is the issue concerning the names of the members of the committee, and the other concerns cabinet solidarity which is another matter altogether. I, for one, was making no suggestion that we should know what takes place within the cabinet circle, or that cabinet solidarity should be breached in any way. My request was for quite a different style of information. I remain completely unconvinced as to the reasons why that should not, rationally, be made available.

If I recall correctly, the honourable gentleman who sat in my friend's chair before gave us the names of the personnel on his economic committee, and I did not see cabinet solidarity come crashing to the ground. It seems to me that the information could well be made available. If it is possible to make part of it available in Vancouver, why is it not possible to make it available here?

Senator Olson: My honourable friend makes a lot of noise in his fury, but we are not so naive that we do not know what the next question is going to be. He has asked for the names of the members of the committees. The next question will be: How does that accommodate regional distribution? What my friend is doing is trying to get a foot in the door or the camel's nose in the tent. I understand that, but I would not like him to assume we are so naive that we are going to go down that road.

Senator Roblin: The minister's position is indeed unusual because he finds it quite possible to give the information openly in Vancouver where apparently it suits his purpose, but quite impossible to give the information here when it does not suit his purpose.

Senator Olson: That is an unfair comment.

Senator Roblin: It has the merit of being true.

Senator Olson: Honourable senators, the fact is that the members of the federal cabinet who went to British Columbia went there to discuss economic matters. However, the honourable senator does not know, unless he comes by his information in some clandestine way, the total membership of the Cabinet Committee on Economic Development. That information has not been given in Vancouver or anywhere else.

Senator Roblin: Part of it has, so why do we not have the whole?

Hon. Richard A. Donahoe: I should like to direct a question, for purposes of clarification, to the Minister of State for Economic Development. In his opening answer he stated that the eight ministers who attended the meeting in British Columbia were not all members of the committee. That is a very vague and indefinite statement, and I should like some clarification of it. Does he mean that not all of those eight ministers were members of the committee; or does he mean that all eight were members of the committee but that there are others who were not present?

Senator Perrault: Yes.

Senator Donahoe: Since the minister was prepared to give us some information about the positions held by these persons, perhaps he would clarify it and tell us which interpretation we should place on his remarks.

Senator Olson: I think what the honourable senator is doing now is exactly what gives weight to the argument I just made. Now he wants to clear up one matter so he can go down this road until he finds out the names of the members of the committee. As soon as we get through with the Economic Development Committee, we will start on some other committees.

Senator Flynn: Why not?

Senator Olson: Because there are some problems related to what can or might be done by a clever opposition such as we have here.

Senator Flynn: Sure.

Senator Olson: We are not prepared to do that. The cabinet takes full responsibility for what all the cabinet committees do, and that is as far as I go.

Senator Asselin: Are you so afraid of us?

Senator Flynn: Would the minister say whether Senator Perrault is a member of that committee, or was he an adopted member when he was in Vancouver?

Senator Olson: He is a very valuable member of cabinet.

Senator Donahoe: My question was directed in the interests of having accuracy in the responses being made by the minister.

Senator Perrault: He is doing very well.

THE CONSTITUTION

AMENDMENT IN CANADA

Hon. Jack Austin: Honourable senators, my question is for the Leader of the Government. In the other place on May 9, Mr. Bill Yurko, the member for Edmonton East, rose under the provisions of Standing Order 43 and proposed a motion which received unanimous acceptance. That motion was to the following effect:

> That the Parliament of Canada submit an address to Her Majesty the Queen, that Her Majesty may graciously be pleased to cause a bill to be laid before the Parliament of the United Kingdom to provide for the amendment in Canada of the Constitution of Canada.

I would ask the Leader of the Government whether the Leader of the Opposition has raised with him the possibility that the opposition party in this chamber will be presenting the same resolution here for discussion.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, as yet, there appears to be no initiative in that direction.

Hon. Jacques Flynn (Leader of the Opposition): I would have preferred to hear the Leader of the Government reply in some other way to that kind of question, because it supposes that every time I discuss something with him, any member on his side may question him about our private conversations. That is exactly what this question amounts to. I think it is totally unacceptable to have that kind of question put to the Leader of the Government, and I think he should give the honourable senator a reply which is appropriate under the circumstances.

Senator Perrault: May I clarify that by saying that there have been no initiatives from any member of the opposition in that direction. I should add that I do not reveal the contents of any conversations I have with the distinguished Leader of the Opposition.

• (1450)

Senator Austin: I should like to add that I have had no discussion with Senator Perrault at any time about any business discussed between the Leader of the Opposition and Senator Perrault as Leader of the Government.

Senator Flynn: You should have before putting the question today.

Senator Austin: But you have just said, Senator Flynn, that that would be in derogation of the sense of confidence in which you two speak. How else can I get such information except to address the question to the Leader of the Government, as you are not in a position in this chamber to answer such questions?

Senator Perrault: It should be noted, however, that both leaders of the principal political parties in Canada have stated that there should be widespread consultation with the provinces before that initiative is carried beyond its present point. I would think that there is general agreement on that approach.

Hon. Orville H. Phillips: I have a supplementary question to that asked by Senator Austin. Could the Leader of the Government tell this chamber why Senator Austin feels that initiative must come from this side? Does Senator Austin feel that the government members are incapable of producing their own initiative?

Senator Perrault: There is no implication of that kind. We have the utmost respect for the traditions of this chamber, and we look forward to the honourable senator's continuing initiatives in his usual vigorous fashion.

GRAIN

TWO-PRICE WHEAT

Hon. Sidney L. Buckwold: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board. We have had the chaff; now we will get some of the wheat.

Senator Asselin: It's about time.

Senator Buckwold: Members of the Senate are aware of the two-price system for grain, by which there is a different price for domestic wheat as against export wheat. A matter of some concern is the burden that is being borne by Canadian wheat producers now because of a change in circumstances from when this plan was originally introduced, when it was very helpful to western farmers. I have in front of me a document from the Saskatchewan Wheat Pool dated May 9, in which they say that the Canadian farmer has recently been subsidizing the Canadian consumer to the tune of almost $1 a bushel for domestic wheat under the two-price system. My question to the minister is this: Are steps being taken to alleviate this situation, and would he have some comment on the subject as a whole?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): As Senator Buckwold has said, when the two-price system was first brought in many years ago the idea of the system at that time basically was to give western wheat producers a reasonable and fair price for wheat sold for domestic consumption in Canada, because at that time international prices for wheat were particularly low. Since that time events have changed. The price for domestic wheat has been fixed for some time at a ceiling of $5 a bushel; export prices have for a number of months been very considerably above $5 a bushel.

It is true that in many months during recent times the subsidy was, in fact, being borne by the western producers. It has been calculated that in many weeks in the past year western producers were contributing about $1 million per week to the consumers of this country by carrying this subsidy themselves. I think everybody will agree that this situation should not be allowed to continue, that the western producers should not be singled out as the people who bear any particular subsidy to the consumer.

Senator Flynn: With oil prices is it the same?

Senator Argue: In recent days the export price has been going down, so that, while at one time the producer may have borne a subsidy in excess of $1 a bushel, yesterday's export price of some $202.86 per ton means a subsidy by the producers, as of that day, of some 52 cents a bushel.

The intention of the government, I believe, is to remove this burden from western producers, so that soon they will no longer be required to bear that burden. The present two-price system, if we pass Bill S-6 in all its technicalities, will end on June 30. Exactly what will be put in its place is under discussion, and as soon as I am able to make an announcement as to the policy that will take its place I shall be glad to do so. In the meantime, I can assure Senator Buckwold and members of the Senate that a very definite move will be made to remove this subsidy burden from western producers.

[Senator Perrault.]

Hon. Duff Roblin (Deputy Leader of the Opposition): I have a supplementary question, honourable senators. I take it that the remedial legislation the minister is talking about is Bill S-6 in the Senate. Is that the one we are talking about that abolishes this two-price system for wheat?

Senator Argue: Not really. Bill S-6, as I understand it, is a very technical bill. I believe that back in December 1978 the government of the day discontinued the payment of the subsidy from the federal treasury for the two-price wheat system. However, while they removed the subsidy, the law still required that the subsidy be paid. As I understand it, the passage of Bill S-6 will simply remove the legal obligation of the government to make that subsidy payment. In the meantime, for many months the former Liberal administration and the former Conservative administration were not paying the subsidy. My information is, as I am sure the record will show, that this bill is in precisely the same terms as a bill that was introduced by the Conservative administration. After this bill is passed it will be necessary to put in place a new policy which is not provided for by Bill S-6; it will have to be provided in some other way.

Senator Roblin: I have been wondering why Bill S-6 was not being proceeded with. I agree with the minister's statement as to its origin, but I am wondering why it is not being proceeded with, and why it is necessary to wait for the new policy before this bill is dealt with.

Senator Argue: It is not necessary to wait for the new policy. I was hoping that I would be able to accomplish a new policy at a time necessary to move second reading of Bill S-6. I am not certain that I have been that successful in terms of time. My intention is to move second reading of Bill S-6 tomorrow.

Senator Roblin: Tomorrow?

Senator Argue: Tomorrow.

AIRLINES

APPLICATION OF EASTERN PROVINCIAL AIRWAYS TO EXTEND SERVICES

Hon. Jack Marshall: I have a question for the Leader of the Government in the Senate. In view of the fact that reports indicate that CP Air will be inaugurating flights between Halifax and Toronto in July, leaving the impression that the appeal by EPA has been denied or turned down, could the Leader of the Government tell us what action his government is taking? I know he cannot give me the information now, but perhaps he could try to provide the information tomorrow, because of the imminence of this matter and its importance to the economy of the region.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that question will be taken as notice.

Whether or not an official appeal has yet been received will be determined.

ECONOMIC DEVELOPMENT

FEDERAL AID FOR CONSTRUCTION OF TRADE AND CONVENTION CENTRES

Hon. Duff Roblin (Deputy Leader of the Opposition): I have a question I should like to address to the Leader of the Government having to do with federal funding for trade centres and convention centres. I notice that the government has decided to make a grant of $17 million for a trade centre in Vancouver. What policy does the government intend to follow with respect to requests for federal assistance for convention centres in several other parts of the country? I think that Ottawa, Toronto, Montreal, Victoria, Edmonton and Halifax are among the applicants.

• (1500)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, of course there is widespread interest in the possibility of establishing trade and convention facilities in a number of cities across the country. I would remind honourable senators that the Vancouver Trade and Convention Centre was officially announced—indeed, there was a signing ceremony—in May of 1979. That ceremony was presided over by the Honourable Jack Horner, well known to parliamentarians on both sides of the chamber.

Senator Flynn: That brings back memories.

Senator Perrault: Mr. Horner gave that commitment in the name of the Government of Canada. In that sense, the Vancouver Trade and Convention Centre pre-dated many other applications from across the country. Indeed, I think it predated all of them. That is one of the reasons the commitment was kept.

The matter is now under active study by the government, but no announcement is yet available for presentation to the chamber.

Senator Roblin: I thank my honourable friend for stating that the matter is still under consideration. In that case, I should like to remind him that the application from the City of Ottawa was also made on a previous occasion to the present administration in another guise, and at that time it was assured by the government that some assistance would be forthcoming. I would appreciate it if my honourable friend would investigate that statement and, if it is correct, to let us know what the intention now is with respect to the City of Ottawa.

While I am on my feet, may I suggest that, if a policy with respect to convention centres is being considered by which federal funds will be made available to various cities across the country, the City of Winnipeg not be overlooked. It is perfectly true that that city built and paid for its centre with provincial and municipal funds, but in terms of any consideration of equity I think the City of Winnipeg should be included on the list being considered in this respect, and I would ask my honourable friend that that be done.

Senator Perrault: The honourable senator is, of course, aware that the federal government extended aid to establishing the Calgary Convention Centre. So, there has been federal money invested in certain centres across the country from time to time.

The Vancouver Trade and Convention Centre, in line with the government's policy to attempt to trigger productive private investment, will result in over $250 million in private investment. The trade centre itself will be the heart of a new complex, designed ultimately to increase Canadian trade with Pacific rim countries. Private sector benefits and the number of jobs created make the project a very attractive one. That is not to say that there are not other areas in Canada equally deserving, or where a similar centre might trigger the same kind of private sector activity.

As far as the City of Ottawa is concerned, I am not totally cognizant of the details of that application, and I think it rather risky for me to comment on that matter.

Senator Roblin: I can assure my honourable friend that almost all of these cities can provide very convincing economic justification for the investment which they have made, or which they propose to make. I am interested to have the precedent in Calgary as well as in Vancouver.

I urge my honourable friend not to hold it against the City of Winnipeg because they elected two Liberal members to the present Government of Canada when he considers this.

Senator Perrault: Honourable senators, I wish to point out that the Liberal Party of Canada, in recognition of the incredible convention centre merits of Winnipeg, is scheduling its national convention in the Winnipeg Convention Centre. That is the same centre which was financed with the funds which he has just described in such glowing terms. This is the first step in a western resurgence of the party, and it will have its beginnings at the Winnipeg Convention Centre.

Senator Roblin: I just warn my honourable friend not to count on that.

Senator Perrault: The convention centre?

Senator Roblin: The Liberal Party resurgence.

INDUSTRY

ASSISTANCE TO CHRYSLER CORPORATION

Hon. Orville H. Phillips: I have a question for the Minister of State for Economic Development. While reading yesterday's *Hansard*, I noticed that the United States guaranteed $1.4 billion to the Chrysler Corporation, and that Canada guaranteed $200 million. Canada has approximately 10 per cent of the work force, which, on a ratio basis, would require our contribution or guarantee to be $160 million. Can he tell us why we are required to make a higher contribution?

The second part of my question deals with the announcement made this morning by the Chrysler Corporation regard-

ing rebates of $200 to $1,000 per car for American purchasers. These rebates do not apply in Canada. Can he tell us why, after being required to make a higher ratio contribution, Canadians do not get the same benefits as Americans?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the one factor that the honourable senator has brought up is not the only one that went into the consideration or calculation of the proportionality. There are other things, such as the proportionality of production, shares of the market, and so forth, that were calculated by the Minister for Industry, Trade and Commerce. I shall ask him to give us a more precise reply.

With respect to the second part of the question—whether Chrysler Corporation, or indeed any other company, chooses to use various selling mechanisms—of course, rebates are only one of the mechanisms they use from time to time in different parts of the country. I do not really think I should comment on that. I am sure that is not a decision that is made with respect to what has been involved in the loan guarantees. That is a decision that Chrysler made to try to maximize the sales of and returns on its cars.

Senator Phillips: Was the possibility of a rebate discussed during the loan negotiations? Could the honourable minister find that out for me, please.

Hon. H. A. Olson (Minister of State for Economic Development): Yes, I can try to find that out. I would doubt that many of the mechanisms, such as rebates, level of advertising, method of advertising, and so forth, were discussed in great detail. That is all part of the selling structure.

Honourable senators, I should like to reply to a question asked by Senator Phillips yesterday concerning the verification of figures supplied by Chrysler Canada during the discussion of government aid to the corporation.

As I indicated in a preliminary answer to the honourable senator, the Department of Industry, Trade and Commerce conducted a rigorous evaluation of the material within the department, and also engaged the services of consultants to examine various aspects of the Chrysler information. Additionally, a considerable amount of evaluative information was provided by United States Treasury officials, who conducted a thorough evaluation of the United States company's economic position, and who also engaged the services of outside consultants in conducting the evaluation. In brief, I can assure honourable senators that a very careful study was made of the information provided by Chrysler Canada.

ASSISTANCE TO SYDNEY STEEL CORPORATION

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to reply to a question asked by Senator Muir during Question Period on May 13 concerning the basis on which the government decided to offer $50 million of assistance to the Sydney Steel Corporation. First of all, however, I should like to reiterate that the government's position is that we are fully prepared to discuss with the province and the corporation suitable joint arrangements that would place Sysco in a viable economic position, and we are now awaiting proposals of that nature.

Discussions on aid to Sysco have extended over a considerable period of time. Since 1977 the Government of Canada, through the Department of Regional Economic Expansion, and the Government of Nova Scotia, have provided joint funding in the amount of $27 million for projects relating to capital work and equipment at Sysco, as well as for business planning studies. During this phase, federal assistance of $50 million was offered in order that Sydney Steel could complete a 10-year contract for supply of steel billets to Tree Island Steel in British Columbia. Unfortunately, the company did not complete the contract, and it is now necessary to examine other alternatives for the long-term future viability of the company. This is the nature of the information that we are hoping to receive in the near future.

ASSISTANCE TO CHRYSLER CORPORATION

Hon. H. A. Olson (Minister of State for Economic Development): Finally, honourable senators, I should like to reply to a question asked by Senator Doody during the Question Period yesterday regarding our commitment to Chrysler Canada Limited.

• (1510)

A crucial point to keep in mind in this question is that the $200 million in the loan guarantees we are providing cannot be drawn down until fiscal year 1982-83 at the earliest and thus the federal government is not at risk during the early stages of Chrysler's recovery, when in fact the most difficult challenges face the company. One of the crucial stages for recovery of the company will be in the coming year, when market reaction to introduction of the new line of front-wheel drive cars will be evaluated. Once this stage has been passed successfully by the company, the risk to Canada is greatly decreased.

On the other hand, the loan guarantees provided by the United States government, in the amount of up to $1.5 billion, are available to Chrysler immediately, and therefore the risk to our United States counterparts is considerably greater. By contrast, we have tied our assistance to Chrysler Canada to the timing of substantial additional investment in this country. In brief, then, should the company fail during the period leading up to fiscal year 1982-83, we have no financial obligation of any sort.

Those are questions that were asked only yesterday, and I expect the Leader of the Opposition would want to move a round of applause for our coming back so quickly with the answers, and indeed I think it almost completes answering all the outstanding questions that I have taken as notice.

JUSTICE

OIL CORPORATIONS—INVESTIGATION OF ALLEGED PRICE FIXING

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on April 16 the Honourable Senator

Flynn asked for a progress report on the investigation into alleged price fixing by the oil corporations. As the honourable senator knows, the investigation is under way. The Director of Investigation and Research is awaiting the reports of the lawyers assigned to review the evidence. I am sure honourable senators agree that it would be wise to let the director complete his work as it will be his decision that will guide the disposition of the inquiry.

I am sure honourable senators would agree as well that it would be inappropriate to comment in the meantime.

INCOME TAX

UNINCORPORATED BUSINESSES—DEDUCTION OF SALARIES PAID TO SPOUSES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Bielish on April 15. The senator asked if the government intended to permit the deduction of salaries paid to spouses on farms and in other unincorporated businesses as business expenses.

As honourable senators are aware, the Minister of Finance announced the introduction of this measure in his economic statement on April 21 last, which is heartening news for all.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

CHANGE IN COMMITTEE MEMBERSHIP

Leave having been given to revert to Notices of Motions:

Hon. Royce Frith, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the name of the Honourable Senator Marchand be substituted for that of the Honourable Senator Benidickson on the list of senators serving on the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from yesterday, consideration of His Excellency the Governor General's Speech at the opening of the First Session of the Thirty-second Parliament, and the motion of Senator Rousseau, seconded by Senator Hays, for an Address in reply thereto.

Hon. Maurice Riel: Honourable senators, to be true to the tradition of our chamber, and to follow my own personal feelings, I wish first of all to congratulate you, Mr. Speaker, on your appointment as Speaker of the Senate. Considering that you have been a fiery fighter all your life, you will probably need to force upon yourself a more philosophical and moderate disposition of character to assume the role of patient listener of the daily speeches of senators without ever taking any part in their discussions. By remaining above our debates, you will dominate them as you have dominated all situations all your life because of your intellectual stamina which gives those rare few who possess it a sense of proportion.

I also congratulate Senator Yvette Rousseau—and I stress the name "Yvette"—the mover of the Address in reply to the Speech from the Throne, and her seconder, Senator Hays. Both of them dealt eloquently with the most critical aspects of the present Canadian situation; Senator Rousseau, when she dealt with Canadian unity and Quebec, and Senator Hays, when he dealt with energy and the west. I hope that their speeches will be distributed throughout the country because they contain much to reflect upon while giving us hope for the future, for we must not look to the future without hope.

For us Canadians, and especially for those of us from Quebec, the future at this time does not seem very clear. Why? Probably because the future must be built day in and day out and because at some time in the past all of us here and Canadians everywhere have failed to contribute towards building the future of our country. It is indeed frustrating to have come to a point where we must recognize that, in my own province, a large part of the population has decided that there can be no common future for Quebec and the other provinces within a united Canada. After 100 years, we Canadians have not succeeded, in my opinion, in creating a Canadian dream in which all Canadians may share, and we have not developed in our country a national consciousness and a shared sense of a common nationhood.

We French Canadians have grown up in the nostalgia of our Catholic and French mission in North America, and those other Canadians, who were called in my time the "Superior Race," the "Canada Firsters," certainly did not have any time to lose to include us in the "manifest destiny" that they foresaw for our country and for themselves and with which we obviously did not have much to do. Moreover, it must be said that for a long time we wanted no part of it. We have survived without them, and they have developed without us.

This created the "two solitudes," which became the title to a well-known novel. Consciously or not, an economic apartheid was practised against French Canadians. As for us, our education and frame of mind prevented us from entering the field of business which forms the basis of any civilization and any culture. Indeed, it is a historic fact that only the rich nations, at the time of their wealth, have produced the culture which ranked them among the builders in civilization. I can for an illustration think of Renaissance Italy, Spain, the Netherlands, France during its great century, England at the time of Elizabeth or during the 18th century.

In this period of doubts and jolts that plague aging civilizations, new forces begin to ferment and shake social or ethnic groups which had been until then withdrawn within themselves. In Quebec, these factors include, but are not limited to, the following:

(1) the wave of post-war immigrants who chose the English language, thus imperilling the already shaky balance of power between the two nations in Montreal;

(2) the push of the Quiet Revolution for the vertical integration from the bottom to the top of French Canadians within major corporations, and the establishment by the Quebec government of public organizations to develop our natural resources under French Canadian executives and managerial staffs;

(3) the decline in the sixties of the Catholic Church as the prime mover of our day-to-day life and education;

(4) the emergence of labour unions as an organized force and pressure group;

(5) the abrupt decrease of the birth rate among French Canadians;

(6) the development of means, old and new, of communication and the taking over of their effective control by a progressively separatist-minded intelligentsia;

(7) the consequent drift towards leftist political activism of many labour leaders.

Then came the foundation of a separatist party known as the P.Q., or péquiste party, headed by mass communication specialists. This was followed in turn by the formation in November 1976 of a government in Quebec by that party, such government self-described as a social democrat government with the publicly declared goal of obtaining the separation of Quebec from the rest of Canada. This series of events is now reaching its peak with the referendum to be held in Quebec on May 20.

Nothing is completely true and nothing is completely false in life and especially in politics. Nothing is completely good and nothing completely bad. There is even an expression to the effect that today's heresy is tomorrow's truth. Provided, of course, that we do not kill the patient.

Despite the errors, the ostracisms and all the adverse conditions which in the past have overwhelmed the small francophone community in North America, we cannot but acknowledge the fact that we have survived, that our language has survived and that it is our political system which has made this possible, that the autonomy enjoyed by the provinces has been beneficial to Quebec, that our fathers and predecessors, fine Normans that they were, used it sensibly and cleverly to preserve our language, our rights and our traditions. Also, we cannot but acknowledge that it is as a result of our own and sole efforts that we have survived after having been abandoned on the shores of the St. Lawrence in the wake of a war between two European powers.

But, upon reflection, which one of us wants to go to another country? Where have the people who left Quebec gone to in the past ten years or even in the past hundred years? To Cuba, Haiti, Martinique, China, Poland, Russia or even France? All our Quebec emigrants, 100 per cent of them I should think, have invariably gone to the United States and will continue to do so. An emigrant, you see, is looking for a country where he will possibly improve his lot, and nowhere else in the world is the average standard of living as good as in Canada and in Quebec. The only other place in the world where the standard of living is just as good as ours and which is likely to tempt us at times is the United States.

That is why I say to you all, my fellow citizens of Quebec, that the future of Quebec lies nowhere else but in North America and it is a part of Canada's future: Canadian solidarity is to Quebec the guarantee of its economic and political stability. The oil crisis of the past few years gives testimony to this every day!

Quebecers, let us not drift away from those that are close to us, from what has been our best chance of success, from what is known best to us, only to jump into the unknown. There is a proverb that says:

The devil you know is better than the devil you don't.

We were saved by our forefathers' judgment and perception, but also by their prudence. We have a sacred heritage to transmit to our descendants, so let us not forget that we are but a link between two generations. We have a duty to leave our children a larger and better rather than a diminished inheritance. We are the heirs of everything that is best in western civilization. We received from the Roman Catholic Church the religious teachings that still support us, even though we forget it too often, and at the same time the Church gave us the tradition of Greek classicism and the Latin genius. France gave us a lively and gay spirit, a gracious language to which we have kept the accent of the 16th and 17th centuries and the idiom of the old provinces of France, but nonetheless the language of Bossuet and Molière, the civilization of the Grand Siècle and the Code civil. We are also the beneficiaries of the English political and administrative system, imposed upon England by our Norman ancestors after 1066, but of course refined by the English over the centuries, and which finally evolved into our parliamentary system.

Finally, we have grown on the shores of the St. Lawrence, where we conquered the forest, tilled the land, shaped the environment while being shaped by it, and so becoming an integral part of the North-American continent that witnessed the most fabulous industrial revolution and economic success in the world.

That is where we came from. This is what we belong to. These are our traditions. This is our heritage.

On these foundations we have built in the past and must build in the future. These are solid materials that were proven through centuries of both effort and toil, joy and the fulfillment of duty well done. This is all we have, but if we use them fully and wisely, taking full advantage of our brain power, we shall have a full share in the design, the building and the achievement of the great "Canadian Destiny" in North America: we shall build for ourselves in continuity.

This is why we must never abandon any part of our heritage. Let us keep what our forefathers gave us, what we ourselves have acquired on our own, and let us in turn do our bit. Each generation of French Canadians and Canadians must go for-

ward. Our duty is to build, not to destroy. The work of centuries of patience can be wiped out in a single day of folly.

Canada is a country in course of construction. We must not give up and leave the site at a time when we take an active part in the management of the work. To abandon any part of our heritage would be an irreparable loss. Language, tradition, rights are a monument that will resist the worst storms. What has been so solidly established over three centuries is not exchangeable, it is not negotiable, and indeed we are not sellers. We distrust trumpery, by nature we go always for something solid.

I will not relinquish my language. I will not relinquish my North American position. I will not relinquish my administrative system or any of my foundations, because in there lie my country's identity, my environment and my way of life. And what is it that would replace those serious and proven features I know so well and that have served us so well until now?

Are we, Quebecers, going to cut ourselves off from the mainstream of North America, give up its spirit and its way of life, which we have shared up to now? Because separation from Canada is separation from North America. In order to go where, to join what? Only to go adrift in the Atlantic, try to join Cuba, the West Indies and what not? Castro, Mao, Lenin, Karl Marx—our tradition is not there. Our economic, industrial, labour traditions are North American. Social democracy as referred to in Quebec and proposed by Mr. Lévesque and associates? Our tradition is not there. Why look for a foreign model, when the North American one has been good to us? It is our best model, and it is unsurpassed in the world.

Canada not only links the Canadian provinces together, it also links Quebec to North America. Our Canadian solidarity, as embodied in our Confederation with its headquarters in Ottawa, integrates us into the strongest economic system in the world, while leaving us with the widest administrative, cultural and economic autonomy. I find it strange that the leaders of so-called international unions—that is, American unions headquartered in the United States—should endorse Quebec separation from the rest of Canada, and therefore from North America, because on the one hand, by joining the international unions they seek the American trade unionist and economic umbrella and, on the other hand, by supporting the YES they are trying to take us out of the North American mainstream.

Here I am, honourable senators, participating in the Quebec referendum debate, which I pray God not to let degenerate into those fratricidal struggles that Honoré Mercier was already urging Canadians to stop 100 years ago, In Honoré Mercier's sentence, the word "Canadians" meant "Quebecers", because, at that time we in Quebec were just calling ourselves Canadians. We considered ourselves as the only real Canadians and we reserved that name for ourselves. Later, I think it must have been with the teachings of Father Groulx, we called ourselves French Canadians. Now, according to the vocabulary of the day, we call ourselves Québécois. I say this only to shed light on an historical semantic question, and in passing.

Coming back to our fratricidal struggles, about which the old radio and TV serial "Séraphin" talked so much, I hope that all participants in the referendum debate will manage to keep their sense of proportion and that the media will not add to the dispute so that our present non-shooting war of secession—to pastiche an expression of Alain Peyrefitte in the "Mal français"—will not degenerate into worse, deeper and endless conflicts. Conflicts and division do not spell progress or success.

I, for one, want to express my choice and give the reasons for it. I think that I am only doing my duty as a citizen and a parliamentarian by trying to bring an unbiased opinion based on clear and positive considerations in the midst of the present confusion. During a recent trip in the south of France, in a small old village of Provence, I noted a Latin sentence above the window of a tumbledown house: *Post tenebras, lux*—which means "After darkness, light"—with the date 1571. I have been told that those words were written there during the wars of religion, that it is a message of hope. I wish each one of us in Quebec had that attitude, and that after this time of turmoil we would return to a climate of fraternity among "gens du pays". I wish to quote Péguy, a poet dear to our Speaker:

La foi que j'aime le mieux, dit Dieu, c'est l'espérance.

Let us follow Montaigne's philosophy: let us keep our sense of proportion. So let us consider with a cool head the separation mandate sought by the present Quebec government, elected by a minority of 41 per cent of the popular vote, which was as everyone knows, a vote of protest against a government rather than an ideological vote. We must remember those two facts. Am I ready to give a blank cheque to a group whose only admitted goal is to cut Quebec off from the rest of Canada? But who will benefit from this separation, I wonder?

What good would separation do for education in Quebec? What good would separation do for farmers, workers, teachers, firefighters, civil servants and labour leaders in Quebec? What good would separation do for businessmen, industrialists, the unemployed in Quebec? What good would separation do for engineers, doctors and other professionals or trades?

I am not convinced that separation would bring anything more to any one group of Quebecers. Quite the contrary, I think everyone's standard of living would be lowered. When you do not progress, you regress.

If the Parti Québécois really has devised sure ways of improving the lot of Quebecers, to bring them a so far unknown happiness, a standard of living they have not yet reached, and can assure them that by voting YES they will come out ahead, why did they not put that clearly in a charter like the French language charter? Is it not because they cannot do it? Surely that is the reason. They know that with separation, Quebecers will find themselves in a position to exchange at best four quarters for a dollar, not more and more probably less. It is impossible for the Parti Québécois to guarantee Quebecers a higher or even as high a standard of living after it separates than before. So one must conclude that

the referendum is a pointless, divisive and costly exercise, the ultimate manifestation of a dream and a temptation.

Our traditional position has always been that previous governments of Quebec have always steadfastly and constantly maintained its autonomy and reacted most energetically against any proposition or situation they considered an attempt upon our traditions, language and rights.

That autonomist position has been adhered to since 1867 up until the P.Q. took over. The P.Q. government elected the position of total refusal and of the point of no-return. Such a position is not only contrary to our tradition up until and including the Quiet Revolution, as evidenced by the fact that two former premiers of Quebec, Messrs. Lesage and Bourassa, have joined the NO side, this position is also contrary to any common sense. In politics, as in business, people do not start off by placing themselves in a position of no-return; they keep room to manoeuver. In short, what the P.Q. is doing is turning its doctrine into a dogma—it is setting itself up as a church and proclaiming, *ex cathedra*, "Without me there is no hope of salvation." They are the only ones to have the whole truth, like the Ayatollah. There is absolutely no room in their minds for the smallest possible margin of error, or even manoeuver. Yet they did not for a single moment wonder whether they could be wrong, as an English statesman suggested to his opponents:

> I beseech you in the bowels of Christ, think it possible you may be mistaken.

As past experience teaches us, dogmatism breeds fanaticism. You know as well as I do the saying attributed to André Gide:

> Souvent la foi nuit à la bonne foi.

Autonomy, YES; separation, NO—such has always been the traditional doctrine of Quebec. That is our tradition. But the present P.Q. government wants us to break with tradition.

Autonomy as a doctrine has never been restricted to any one party in Quebec. It has been defended and promoted continuously by all political parties of the province. It has also been maintained in the other provinces of Canada.

The P.Q. government has not drawn up a charter for the economic future of Quebec. The P.Q. government, which would give us a new political system, has not put out a charter on that political system. The P.Q. government, which has been in power for three years and a half, which has spent half its time promoting separation in Quebec, and elsewhere in the world, the P.Q. government, which professes to save Quebecers, is not even aware that the number one problem in Quebec is the dreadful drop in the birth rate of Quebecers.

The greatest resource of a people is its population.

Now, we have survived as a people thanks to one simple recipe: we had large families. It may be pointless to say that from 60,000 that we were when France ceded Canada to England, through the Treaty of Paris in 1763, we have grown into almost 6 million, excluding the two to three million, at the very least, in the United States and the other Canadian provinces. Our population multiplied tenfold in every century. There were 60,000 of us in 1760, 600,000 in 1860 and 6 million in 1967. Imagine: if the population of France had multiplied at that rate, in 1960 General de Gaulle would have been the leader of two billion Frenchmen!

Suddenly, we are now faced with the brutal reality: in the last 25 years, our birth rate gradually fell from the highest rank among the provinces in Canada to the lowest. Not only is our population not growing, not only is it not stationary, but it is receding.

The public enemy in Quebec is the low birth rate. The P.Q. Government should have addressed itself to that problem since it took over, instead of spending its time peddling around its own dreams. The economy of a country is above all its population, quantitatively and qualitatively. If we were 20 million French Canadians in Quebec, we would have a large domestic market, our sheer volume would affect to a greater extent the affairs of Canada and North America.

There is talk about increasing our population with an influx of francophone or potential francophone immigrants. But if we have to set up a mass immigration scheme to replace the children we are not bearing or that we will not have borne to follow in our footsteps, one may easily realize the large number of incoming foreigners that this will represent, with the implied problems of integration. Either we integrate them to be our successors by limiting their number to a percentage that we can integrate or assimilate, or we allow them to come in very large numbers and then run the risk of being assimilated by these newcomers who may do to us the very same thing we did to our native people. So all the sacrifices made by our forefathers to preserve the French heritage, to protect our cultural heritage, our traditions, our efforts—all that will become part of the folklore of a minority group. We should think about that.

In its issue No. 396 of April 21-27, 1980, the Paris weekly *Le Point* describes the tragic situation caused by the fall in the birth rate in Quebec, which has been the most pronounced in the whole of Canada. What is most alarming is that the aging population will not be replaced and that there will even not be enough people to contribute to our pension fund. *Le Point* says that "experts have figured out that the pension scheme deficit will reach $36 billion in 2025," and it goes on to say that "Already the educational structures are feeling the impact. Schools are emptying, others risk being closed."

Historian Pierre Chaunu expressed the same view a year or two ago in a radio interview, which was never repeated, of course. Essentially, he said:

> You cannot consider establishing an independent state with a diminishing population. That is deluding oneself.

That is borne out in history. Economic historian René Sédillot wrote in his *Survol de l'Histoire du Monde* at page 265, that population supremacy equals economic supremacy. That same historian also wrote in that same book, dealing with 19th century France:

> D'où vient que la France a perdu son hégémonie? Sa régression tient au recul de sa natalité, aux discordes qui troublent sa politique intérieure, aux fautes qui grèvent sa politique extérieure.

Those are words to meditate.

We could have given and can still give progressive and increased allowances to Quebecers with three or more children, special assistance for education, for housing, and proportionate maternity allowances. Instead of driving out a number of our fellow citizens, who had been in Quebec for a long time, some for generations, with the French language legislation—because to speak our language we had to stop others from speaking theirs—instead of stopping Italian or other immigrants from teaching their children English, we could have in a positive way given concrete incentives to those who would have learned French in a given time. There is no doubt that the mothers of our immigrants and others would have been pleased to rush over and collect these bonuses and would have taught their children French. But that was not done and yet, when you compare that to what each immigrant is costing us, that would have been a relatively minor, but, I believe, very efficient expenditure.

We have precedents for that. One hundred years ago Honoré Mercier passed legislation in Quebec—the ten-children legislation—providing that the Province of Quebec would give 100 arpents to ever head of family with ten children.

We cannot force people to have big families but we can encourage them to do so with serious incentives, and really help them bring up their children. Indeed, the reason most cited by young couples for not having children is the lack of financial means. I appreciate that the present Government of Quebec does not have any propensity to help the "Yvettes" but they should realize that without the "Yvettes" we are going to be short of people the day we need them. Because what is a nation which does not reproduce itself? It is a nation doomed to extinction.

Also, I never believed that by prohibiting the teaching of English to the children of immigrants we could stop them from learning English, as the repeal of the Edict of Nantes in France in 1685 drove away the Protestants from France but did not result in many of them changing religion.

We should know, and should have known for a long time, that to try and regulate religion, races and languages by legislation is a chimerical endeavour. People always find a way around such legislation or else its implementation can result in persecution and possibly in effects that are entirely unexpected and contrary to those that are sought. For the good such legislation can bring there is an enormous danger that its implementation will lead to racism or bigotry.

Montesquieu says in *L'Esprit des Lois:*

> Lorsqu'on veut changer les mœurs et les manières, il ne faut pas les changer par des lois.

An American reporter put in this way:

> No noble crusade is simple, once it gets started into law.

I seem to ramble on, honourable senators. I am just expressing out loud thoughts that come to my mind. In short, I am in my own way weighing the pros and cons while considering the referendum issue. To those who would be tempted to say that I am dealing with various matters that are not all connected with the present issue, I would reply that everything I am saying belongs to the same spirit.

I should like to tell you a brief story. In 1917, the member of Parliament for Laprairie, where I was born, Roch Lanctôt, my grandmother's cousin, was speaking in the House of Commons against conscription. He threw in some remarks about the notorious Regulation 17 that prohibited the teaching of French in the Public School System of Ontario. Called to order by the then Speaker, who told him that those matters were not related and that his remarks should be relevant, he replied: "It is all the same!" Because the spirit was the same. Allow me, honourable senators, to borrow the reply of that man from my part of the country.

Coming back to our situation, I see that the present Government of Quebec, which advocates separation, has not made a charter for the economic future of Quebec. Also, it has not made a charter for the political future of Quebec, nor has it made a charter for the demographic future of Quebec; that is to say, in simple words, a family charter for Quebec.

Soon after being elected in November 1976, they drafted in no time a charter of the French language, brandishing the flag of victory as if they were the saviours of the language. But by the time they came into office, the French language had long been saved in Quebec. For 300 years others had fought and won that victory.

They want to take credit for it, jumping on the bandwagon and talking their heads off. We had not been waiting for them to save the language, but now the Péquistes are trying to capitalize on it. We had not been waiting for them to establish a department of cultural affairs, to open a Maison du Québec in Paris—for which my good friend, Georges Lapalme, now forgotten, must be given credit—and to promote the *aggiornamento* of the French culture and language, and to establish new trade contacts of our own.

Nobody waited for them to prepare and launch the program of the Quiet Revolution which they abandoned to promote social democracy.

Others such as Roger Lemelin, Gabrielle Roy, Antonine Maillet, Grignon, Panneton, Brother Marie-Victorin and so many more did not wait for them to make our writers renowned in the world's French community.

Nor had we been waiting for them to give our country and province famous men in every field, such as Alphonse Desjardins, founder of the caisses populaires; Bombardier, inventor of the snowmobile; the Vachons from Beauce, who bake cakes by the ton; Jean-Louis Lévesque, who regrouped many of our medium-sized industries into a large Quebec organization; General Jacques Dextraze, a war hero, a distinguished officer and former commander-in-chief of the Canadian Armed Forces. We gave to various Quebec governments and to the government in Ottawa as well, under various Prime Ministers, a Roland Giroux, to whom many appealed for financial advice. It is fitting to mention Paul Desmarais, who built the largest Canadian financial empire since the last war; Michel Bélanger, President of the National Bank, who has set up a great

financial institution, with true Quebec components, which is holding its own on the national level. Those are only a few examples of Quebecers who have done well, and there are many others. I could mention the Steinberg brothers who did not have to separate or wait for a referendum to develop their chain of supermarkets and shopping centres. All those people did not have to separate to reach success in business.

We did not have to separate to create Hydro-Quebec or to have the Bourassa government decide to start the James Bay project and to erect some of the largest hydro-electric complexes in the world under the leadership and management of such competent people as Robert Boyd, one of us. But we did need Americans to finance them.

As we are entering the post-industrial period of which the favoured Canadian territory is the west, why would people, claiming they want to help us, cut us off from the closest and most accessible areas of development for our competent Quebecers: Alberta gas and oil, Saskatchewan gas and uranium, the Beaufort Sea, the Arctic Islands, Newfoundland and what have you—obviously including all the developments that the tapping of these resources entails?

At a time when our technical abilities are sought after all across Canada as were those of Dr. Gilles Cloutier, whom I met in Edmonton and whom the Alberta government found at the Hydro-Quebec Research Institute to make him Director General of the Alberta Research Council; at a time when our Canadair planes built in Montreal are sold in every country around the globe to fight forest fires; at a time when our Quebec engineers are taking part in high technology projects in western Canada, in which they are doing as good a job as those from large American firms; at a time when these engineers are exporting their abilities, their technology and our products to Africa, Asia and South America with the help of the federal government and of our Canadian banking system, we would be pulling the rug from under their feet if we were to vote for separation in the referendum. Without our opportunities for national and international competition, not only would we be deprived of the benefits we are entitled to with the expected spin-off for our population, but our people would be forced into exile as they were in the past, resulting in a drain, which could be fatal, of our more active and progressive talents.

After having missed out on the 19th century industrial revolution because of our historical withdrawal within ourselves at that time, we would now be prevented from taking part in the 20th century post-industrial revolution by closing off to the outside world. This would be suicide.

If you take the trouble to check the list of the 350 or so Quebec leaders and industrialists who have been selected as men of the month by the Chambre de Commerce de Montréal since 1950, you will realize that they did not wait for the P.Q. government, the referendum question or the separation to be successful in business, with benefits for all in Quebec. Our farmers did not wait either for separation or a referendum to set up the Coopérative fédérée, the Coopérative de lait de Granby, or the Catholic Farmers' Union of Quebec—which has become since the Union des producteurs agricoles—nor did our workers wait for the referendum question or the separation—our Speaker is aware of this—to set up labour organizations such as the Confédération des travailleurs catholiques du Canada, which has since become the Confederation of National Trade Unions.

The federal government did not wait for the P.Q., the referendum or separation to create Radio-Canada, which has saved and given a chance to most of media and show people in Quebec, the same people who today most actively advocate and spearhead separation. That is called biting the hand that feeds you. It is a fact, on the other hand, that Radio-Canada appears sometimes eager to let them bite its hand—*volenti non fit injuria.*

Senator Denis: Right on!

Senator Riel: You agree with me, senator?

Senator Denis: Sure.

Senator Riel: As lawyers will say, in Quebec, *volenti non fit injuria.*

Senator Asselin: You are preaching to the converted.

Senator Riel: We agree.

No, those people are inclined to forget. The members of the P.Q. forget that before them there were generations of great French Canadian political leaders: Papineau, Lafontaine, Cartier, Mercier, Laurier, Bourassa, St-Laurent, Duplessis, to name a few of our most illustrious departed. They forget that the province existed before them and that it will not end with them, that French Canadians survived before them and will survive after them.

Of course, theoretically everything can be justified—the Corsican, Breton or Occitan separatist movements in France, the Catalan or Basque separatist movements in Spain and even the Scotch or Welsh separatist movements in Great Britain. I imagine that almost all countries of the world have seeds of local separatism.

Separatism is an emotional feeling, not a political system. Whatever may be our inclination towards separatism in Quebec, we do not know what system it conceals but in the present case we can suspect. What surprise would a victory of the YES at the referendum hold? What would be the fate of people under social democracy coupled with separation? It is a complete mystery. Instead of listening to the voice of the highest common dividing factor, instead of listening to false prophets, to manipulators of public opinion and mass media, let us listen to the voice of tradition, the voice of continuity, and also to the call from the future of Quebec, the call of realism and reason. Let us keep our options open, let us stay federalists. We need a crusade to expand our presence in the business world; they want to force upon us a social-democratic system. We need opportunities; we are offered ideologies. We need bigger families; the "Yvettes" are laughed at.

Indeed, we are taught by experience and by the study of world history that men do not find their happiness in constitutions or systems; rather, human beings make their own happi-

ness, their success or their failure, and also the success or failure of the system under which they live. The institution of marriage does not by itself ensure the success or failure of a conjugal union, its success or failure is determined by the qualities and failings of both parties.

Of course a time comes when it is necessary to revise constitutions. In England, this is done quietly, continuously, because their constitution is not written. In France, 22 constitutions were made over 200 years, through coups or revolutions or replacement of regime. The United States has an amending procedure which is long but which works, the basis of the constitution remaining unchanged.

In Canada, particularly as we have never been able, so far, to devise a mechanism for amending the Constitution which is acceptable to Quebec, some imaginative and adventurous minds found the referendum device. I do not believe very much in its legality; in fact, I do not believe in its legality at all, but once it is done it will be a precedent which each province will be able to use. I do not know whether it constitutes a right to self-determination; once again, I do not believe so, but it is going to be very tempting for everyone in the future, so much more so that now the other provinces have developed their own reasons of confrontation with the federal government, reasons that are deep and serious. We can imagine the mess in which we would find ourselves in such circumstances.

In my opinion, no long-term solution will derive from meetings of first ministers of the country and provinces since these meetings give rise to constant personality and regional conflicts and since they might have, in the future, to be submitted to provincial and national referendums. Until now it seems to me that most of these meetings have produced only protracted wranglings. We seem to be living a continuing constitutional guerilla war.

This, of course, cannot go on. The patient can have just so many heart attacks!

Canada is at a crossroads. The prairies speak of alienation; the Pacific coast speaks of alienation; the maritimes and the Atlantic coast speak of alienation; Quebec speaks of alienation. We are going through an era of divisions, of clamors, of conflicts, all of which are inflamed and exaggerated by the media and used by various lobbies. The gospel says that any house divided against itself will perish.

I believe that the people are tired of confrontation, polarization and delays in developing our natural resources and that they want peaceful times to enjoy the good living that our country can and does provide for all its citizens. I think that everyone wants to see an end to this.

Personally, I would not be against the use of the device of a constituent assembly to arrive at a new Constitution. It would be up to the federal government to take the necessary measures to convene and hold such an assembly, to which the delegates of each of the electoral ridings of the country would be elected by absolute majority after two ballots—I think that would be best—and where representatives of the native population would be invited. The Americans held a Constituent Assembly from 1776 to 1783, and the Catholic Church convened general synods or councils from time to time through the centuries. For example, Vatican Council II, under Pope John XXIII, which lasted two years, and the Council of Trente we talked so much about in college, which sat eighteen years from 1545 to 1563, and which, according to *Websters:*

> —undertook Catholic reform, and defined Catholic doctrines.

Such a constituent assembly could, in my humble opinion, give us a truly Canadian home-made Constitution drafted by fellow Canadians and tailored to our times and situation. The research suggestions and the task forces alluded to yesterday by Senator Lamontagne could provide very serious working material for such an assembly. I am sure that common sense would eventually prevail. We might even decide to keep the present Constitution! In any case, I suggest that it should contain a mechanism for revision every ten years, just as in the case of the Bank Act, and also a provision creating an intergovernmental arbitration body, which would be empowered to bring about temporary solutions and decisions, or even final ones, depending on the case, with regard to disputes between the central government and the provinces or even between the provinces themselves. As a matter of fact, such an arbitration system based on that of the United Nations could, I think, be established and made to work immediately without our having to wait for the convening of a constituent assembly.

You all know as well as I do that there is no such thing as an infallible system in politics. You cannot buy solutions to social or political issues at the drugstore like aspirin. Politics is not an exact science like mathematics. It may even not be a science at all, but rather an art and, even at that, an approximate and inaccurate art. Perhaps that is why politics is said to be the art of the possible. Daydreamers will never be satisfied, but reasonable people know all too well that no one can spontaneously provide a country with happiness simply by inserting a clause in a document called a constitution or a contract.

By the way, the term "contract" makes me wonder what Mr. Lévesque wants, a constitution or a contract? Is he contemplating a limited term association commitment or a commitment forever?

Paul Valéry wrote this sentence after World War I:

> Nous autres civilisations, nous savons maintenant que nous sommes mortelles.

If civilizations pass away, how could constitutions and systems possibly avoid the same fate? This is why reality must always remain the measure of our thoughts, govern our feelings and guide our judgment.

Having used earlier the words "to keep our sense of proportion," I believe it is best explained in the light of the above sentence. But "to keep our sense of proportion" should not preclude the use of "our sense of humour" to lighten the tensions that may and do arise in relations between Canadians.

The French Canadians' mocking wink and cunning smile are our own typical traits, just as the British composure and gift of understatement are part of our Anglo-Saxon countrymen's character. This also is part of our heritage and way of life.

It is to keep all that, in addition to all the reasons I have given earlier in my balance of inconveniences, that I shall give a NO vote to the referendum. Because, I too, want to help save our heritage, our traditions, our language, our rights. I want to see again on Quebecers' faces, after the current storm, the smile that seems to have vanished now for some time.

On motion of Senator Guay, debate adjourned.

• (1620)

[*English*]

CONSUMER AND CORPORATE AFFAIRS

BANNING OF GLASS CONTAINERS FOR CARBONATED DRINKS—REQUEST FOR INFORMATION—DEBATE ADJOURNED

Hon. Edgar Fournier, pursuant to notice of Tuesday, April 22, 1980, moved:

> That there be laid before this house copies of all correspondence, notes, minutes of meetings and other communications between the Minister and officials of the Department of Consumer and Corporate Affairs during the year 1979, relating to the banning of certain glass containers of carbonated drinks.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, as I stated yesterday—unfortunately the Honourable Senator Fournier (Madawaska-Restigouche) was absent from the chamber at the time—the documents requested by the honourable senator are confidential, internal papers between the minister and his officials. I therefore ask the honourable senator whether he wishes to withdraw his motion.

Hon. Edgar Fournier: Honourable senators, it appears to me that everything becomes confidential with this government. I cannot accept the Leader of the Government's request that I withdraw my motion, and I shall explain my reason in a few words.

As the motion stands, the minister will have to take the matter into his own hands and bear the responsibility and the bad publicity involved. For six months I have tried to get a reasonable answer to the banning from the market of 1.5 litre glass containers. After several letters to the Department of Consumer and Corporate Affairs, and getting the runaround, I reached the conclusion that the only way to get results was to have the department table all the documents.

[Senator Riel.]

As I get increasingly deeper into this affair, I am convinced more than ever that someone is covering up or hiding the facts to protect his own interest in this blunder of the years, a blunder that has ruined many small bottlers, costing them over $200 million and causing a layoff of approximately 1,800 people across the country.

However, I wish to thank the minister for his intention to do something to remedy the situation, and I shall delay further comment until he has announced his plans publicly. I may then withdraw my motion. In the meantime, I would like the motion to stand. I would advise the minister that the blackbirds who advised the former minister are still in the nest.

The Hon. the Acting Speaker (Hon. David A. Croll): Shall the motion stand?

Senator Perrault: Honourable senators, I should like to speak briefly to the motion. I want to assure honourable senators that there is no effort by the government to—using the words of the honourable senator—"cover up" information which should be made available to the public.

I suggest that there is ample parliamentary precedent for the response which has been elicited from the Honourable André Ouellet, Minister of Consumer and Corporate Affairs. I quote as follows from Bourinot's *Parliamentary Procedure*, Fourth Edition, at page 249, section IX, headed "Motions for Papers Refused":

> Occasions may arise when the government will feel constrained to refuse certain papers on the ground that their production would be inconvenient or injurious to the public interests. A high authority writes on this point: "Considerations of public policy, and a due regard to the interests of the state, occasionally demand that information sought for by members of the legislature should be withheld, at the discretion and upon the general responsibility of ministers. This principle is systematically recognized in all parliamentary transactions; were it otherwise, it would be impossible to carry on the government with safety and honour". Consequently, there are frequent cases in which the ministers refuse information, especially at some stage of an investigation or negotiation; and in such instances the house will always acquiesce when sufficient reasons are given for the refusal. On this account, members will sometimes consent to withdraw their motions; or in case only a part of the information sought for can be brought down, they will agree to such alterations as the minister may show to be advisable in the public interests. Sometimes the government may be obliged to withhold all information at the time, or they may be able to put the house in possession of only a part of the correspondence.

• (1630)

The next sentence is rather important, and it is as follows:

> If the government objects to the production of documents on the ground that they are of a confidential nature, it is not unusual to insist on their being furnished, except under peculiar or imperative circumstances, on the ground that it would be wholly without precedent to produce them.

The quotation from Bourinot's *Parliamentary Procedure*, 4th Edition, continues on page 251:

> As to "confidential documents" passing between officers of a department, Mr. Speaker Peel observes: "They are not necessarily laid on the table of the house, especially if the minister declares that they are of a confidential character."

This is, in effect, what has been done by the minister in the other place. The passage continues:

> He adds: "that if a minister stated in his place that a document was of that class, the house should take his word, and he was not bound to lay it on the table.

The precedents support the action of the minister.

I should like now to read from Beauchesne's *Parliamentary Rules and Forms*, Fifth Edition, page 138—and this has been the subject of some investigation by the government—as follows:

> To enable Members of Parliament to secure factual information about the operations of Government to carry out their parliamentary duties and to make public as much factual information as possible, consistent with effective administration, the protection of the security of the state, rights to privacy and other such matters, government papers, documents and consultant reports should be produced on Notice of Motion for the Production of Papers unless falling within the categories outlined below, in which case an exemption is to be claimed from production.

And there follows, under subsection (2):

> (n) Papers that are private or confidential and not of a public or official character.
>
> (o) Internal departmental memoranda.

These reasons have been provided for the suggestion of the Minister of Consumer and Corporate Affairs that he is not prepared to provide the confidential internal papers between his officials and himself. That is why the honourable senator was requested to withdraw the motion.

Senator Fournier (Madawaska-Restigouche): Honourable senators, I believe the next move is up to the minister. I did not say I would not withdraw the motion; I said I would withdraw it after the minister announces he is going to remedy the situation. Until that time I will not withdraw my motion because for the last six months I have had considerable difficulty in trying to obtain information.

On motion of Senator Frith, debate adjourned.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I would seek permission from the chamber to table an order in council which has just been made available to me.

Hon. Senators: Agreed.

Senator Perrault tabled:

> Copies of Order in Council P.C. 1980-1274, dated May 9, 1980, appointing Dr. Joseph Clifford McIsaac and the Honourable Léon Balcer Commissioners to inquire into the adequacy of the annual variations of sessional allowances payable to members of the Senate and House of Commons and other allowances payable to them, pursuant to section 34(7) of the *Senate and House of Commons Act*, as amended, Chapter 44, Statutes of Canada, 1974-75-76.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before moving the adjournment I should like to outline our plan for business for the rest of this week and next week. We will sit tomorrow at 2 o'clock, and again on Friday at 11 o'clock in the hope of having royal assent at about 12.45.

As honourable senators are aware, we will sit on Friday because of the anticipated receipt of the supply bill from the House of Commons. A vote will take place in the other place tomorrow evening. I mentioned this to honourable senators some two weeks ago.

Before I go on to the business for next week, I would respectfully request that honourable senators make every effort to attend on Friday for consideration of the supply bill and for royal assent.

We do not anticipate receiving any legislation from the other place next week. That was verified by their officials today. Therefore, the plan is to not sit next week. Of course, this comment applies only to the Senate and not to any Senate committees which may wish to convene next week.

In summary, therefore, the Senate will not sit next week. Monday is Victoria Day and Tuesday is referendum day. Since we do not expect any business from the other place next week, and subject to the approval of honourable senators, the plan is as I have outlined above. Are there any questions concerning this plan before I move the adjournment?

Senator Flynn: I understand that the appropriation bill will be very simple. It will contain nothing other than the appropriation itself.

Senator Frith: That is my understanding. The tentative support for our having royal assent at 12.45 on Friday is, I understand, based on that understanding which the Leader of the Opposition and I have shared for the past week.

Senator Neiman: I should like to direct a question to the Deputy Leader of the Government. We are aware that the President of Mexico is to be here on the Monday following the week we shall not be sitting. Is the deputy leader aware of any plans for an address to both houses by the President of Mexico? We may have to alter our plans accordingly.

Senator Frith: Honourable senators, I thank Senator Neiman for drawing that to my attention. I am pleased to share with honourable senators what I know about the president's visit.

Plans are under way to have a joint session but they are not firm as yet. If the plans go ahead, a joint session will be addressed by the President of Mexico on Monday, May 26, at 11 o'clock. I would suggest to honourable senators, if they have their calendars with them, that they do not put Monday, May 26, at 11 a.m. in ink, but that they put it in firm pencil. There is a good chance that those plans will go ahead.

If I may be permitted to say so, honourable senators, the attendance at the address by His Excellency the Prime Minister of Japan was, in the opinion of some of us, less than satisfactory. Perhaps we should keep that in mind and try to turn out in numbers for the joint address by the President of Mexico. I do not say that in criticism of anyone but rather with a view to perhaps learning from experience.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, May 15, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

PRINTING OF PARLIAMENT

STANDING JOINT COMMITTEE—COMMONS MEMBERS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons, as follows:

Wednesday, May 14, 1980

Ordered,—That a message be sent to the Senate to acquaint Their Honours that Mrs. Appolloni, Messrs. Daudlin, Deniger, Desmarais, Dingwall, Dion, Dionne (Chicoutimi), Dubois, Elzinga, Fennell, Fretz, Gustafson, Loiselle, McKenzie, Mrs. Mitchell, Messrs. Paproski, Parent, Reid (Kenora-Rainy River), Skelly, Taylor and Turner have been appointed to a Committee to direct the printing of the House of Commons and to act on behalf of this House as members of a Joint Committee of both Houses on the subject of the Printing of Parliament.

Attest

M. R. Pelletier
Clerk Assistant
for The Clerk of the House of Commons

Ordered, that the message do lie on the Table.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—COMMONS MEMBERS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons, as follows:

Wednesday, May 14, 1980

Ordered,—That a message be sent to the Senate to acquaint Their Honours that Messrs. Baker (Nepean-Carleton), Beatty, Bloomfield, Chénier, Dubois, Henderson, Joyal, Kempling, Nielsen, Robinson (Etobicoke-Lakeshore) and Robinson (Burnaby) have been appointed a Committee to act on behalf of this House as members of a Joint Committee of both Houses on Regulations and other Statutory Instruments.

Attest

M. R. Pelletier
Clerk Assistant
for The Clerk of the House of Commons

Ordered, that the message do lie on the Table.

LIBRARY OF PARLIAMENT

STANDING JOINT COMMITTEE—COMMONS MEMBERS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons, as follows:

Wednesday, May 14, 1980

Ordered,—That a message be sent to the Senate to acquaint Their Honours that this House has appointed Mr. Bachand, Mrs. Beauchamp-Niquet, Messrs. Berger, Bloomfield, Bossy, Breau, Bujold, Daudlin, de Jong, Demers, Elzinga, Evans, Howie, Miss Jewett, Messrs. King, Lambert, McCauley, McCuish, Mitges and Roche a Committee to assist Her Honour the Speaker in the direction of the Library of Parliament so far as the interests of the House of Commons are concerned, and to act on behalf of this House as members of a Joint Committee of both Houses on the Library.

Attest

M. R. Pelletier
Clerk Assistant
for The Clerk of the House of Commons

Ordered, that the message do lie on the Table.

RESTAURANT OF PARLIAMENT

STANDING JOINT COMMITTEE—COMMONS MEMBERS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons, as follows:

Wednesday, May 14, 1980

Ordered,—That a message be sent to the Senate to acquaint Their Honours that this House has appointed Mrs. Beauchamp-Niquet, Messrs. Blackburn, Bloomfield, Chénier, Mrs. Côté, Messrs. Cousineau, Crouse, Domm, Gauthier, Gilchrist, Greenaway, MacLellan, Mitges, Murphy, Nickerson, Prud'homme, Rossi, Roy, Scott (Victoria-Haliburton) and Turner a Committee to assist Her Honour the Speaker in the direction of the Restaurant of Parliament so far as the interests of the House of Commons are concerned, and to act on behalf of this House as

members of a Joint Committee of both Houses on the Restaurant.

Attest

M. R. Pelletier
Clerk Assistant
for The Clerk of the House of Commons

Ordered, that the message do lie on the Table.

ENERGY

QUEBEC AND MARITIMES PIPELINE

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wish to seek permission of the Senate to read a statement respecting the Quebec and Maritimes Pipeline, often called the Q and M Pipeline.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Olson: Honourable senators, what I should like to read is a partial response to a question asked by Senator Phillips during the Question Period on May 14 concerning the status of the proposed natural gas pipeline to Quebec and the maritimes. I am pleased to be able to inform the house that this morning the Minister of Energy, Mines and Resources announced that the National Energy Board has recommended, and the government has approved, that the natural gas system be extended beyond Montreal to Quebec City.

It remains the government's preferred option, as stated in the Speech from the Throne, to extend the line to the maritime provinces. However, the National Energy Board has denied for the moment the application of the Trans-Quebec and Maritime Pipeline Company to extend the pipeline to the maritime provinces, citing two reasons:

First, the board found that Q and M has not done sufficient environmental work, and we hope that this will be completed as rapidly as possible in order to meet our environmental standards.

Secondly, the board also found that the Q and M application does not adequately consider potential offshore developments, a point that has also been raised by the Province of New Brunswick.

As a result of recent exploration activity, there is a real possibility that the Atlantic region could be self-sufficient in both oil and gas from the potential discoveries at Hibernia and Sable Island. We must therefore choose the most efficient means of assuring energy sources for Atlantic Canada, and we intend to do so with the agreement of the provinces.

We are determined that there be no lessening of our drive to convert Atlantic Canada from oil dependency. Although there will be a pause as we examine the effect of the new offshore developments, we are determined that this pause will be as brief as possible and to this end we are looking at ways in which the exploration at Hibernia and Sable Island can be accelerated. We are also asking Q and M to continue to press ahead with the work required for their application so that it can be considered by the National Energy Board as soon as possible.

[The Hon. the Speaker.]

In Quebec the construction and extension of the natural gas distribution network will be of major benefit to consumers in the province and to the whole Quebec economy. The National Energy Board has estimated capital and operating costs of this system at over $1 billion, not including the investment that will be made in conversion from oil to gas facilities. The total employment impact of the project is estimated at 30,500 person-years of work, with the extension to Quebec City getting under way next year, the extension to the Eastern Townships in the 1982-83 period, and to Lac St-Jean in 1983-84.

By 1985 this system would be capable of delivering about 69.5 billion cubic feet of natural gas to the Quebec market, rising to 136.5 billion cubic feet by 1990. The board's estimate is that this will mean a net displacement of fuel oil in the Quebec market of 27,000 barrels a day by 1985, and 52,000 barrels a day by 1990.

I am pleased to note also that the national objective of substitution of oil by other forms of energy is being advanced in British Columbia. My counterpart in that province, Mr. McClelland, recently anounced that public hearings will be held on all aspects of the proposed extension of the natural gas system to Vancouver Island. If approved, this project could as early as 1983 provide natural gas service to a potential market of 450,000 people, about 18 per cent of the British Columbia population.

I have a table showing the distribution of economic benefits in connection with this project, and I would ask that it be placed in *Hansard* because I think it would be useful to honourable senators in understanding the statement I have just completed.

Hon. Senators: Agreed.

(*The table follows:*)

QUEBEC NATURAL GAS PIPELINE EXTENSION

Total length, mainline and laterals: (from St-Lazare)			1535 kilometres	
Capital cost: ($1979)	Transmission	1980-84	$300 milion	
	Distribution	1980-90	$580 million	
Start-up:	Quebec City		1981	
	Eastern Townships		1982-83	
	Lac St-Jean		1983-84	
			1985	1990
NEB forecast of expansion sales: (billions of cubic feet)			69.5	136.5
NEB forecast of fuel oil displaced: (thousands of barrels per day)			27	52
Total project manpower requirements:			16,411 person-years	
Direct Quebec manpower requirements:			15,645 person-years	
Total employment impact[1]:			30,500 person-years	
Direct expenditures in Quebec[2] ($1979):			$ 687 million	
Total project expenditures[2] ($1979):			$1,016 million	

[1] Direct employment plus employment generated by the project in manufacturing, mining, construction and service industries.

[2] NEB estimates of capital and operating costs (excluding taxes) for transmission and distribution systems. Excludes conversion costs and fuel gas costs.

Hon. Richard A. Donahoe: Honourable senators, I wonder if I might be permitted to make some observations on the announcement I have just heard.

I want to congratulate the minister for choosing this as the forum for conveying to us the news about this pipeline. In doing so he shows a greater respect for our parliamentary institutions than has been shown by the Minister of Energy, Mines and Resources who saw fit to make the announcement outside Parliament altogether, and in another province. Of course, we have come to expect that from that minister. When he had an announcement to make about the Chrysler deal, that also was made outside of Parliament. When there was an announcement about the calling of the Pacific Rim Conference, that again was not made to Parliament but outside of Parliament.

Even while congratulating the minister, however, I find it difficult to feel that he has properly described the pipeline, since he talked about it as being the Quebec and Maritimes Pipeline, but then proceeded in no uncertain terms to say that no section of this pipeline will extend into the maritimes.

He also talked about the work benefits that are to flow from the pipeline, indicating the thousands of man-hours that are to be provided. He said he was going to tell us about the distribution of these, but none of them are going to wind up in the maritime provinces under this dispensation.

Under a previous government we had been given to understand that this pipeline would be built, that it would be built into the maritimes—not only that but that the plant for the conversion of oil into liquid fuel would be placed at a maritime point. That was the promise of our government, and it was a promise that was concurred in by those who form the present government.

Senator Olson: Do you want us to do it without the environmental studies? If you do, say so. That is all that is holding up the project.

Senator Perrault: You want to ride roughshod over the environment?

Senator Donahoe: I suspect that there are already enough environmental studies to justify the production.

I have learned from the minister's statement today that the government is pressing to relieve the energy and oil dependency situation in the Atlantic region with great vigour. In my view it is pressing ahead by the simple expedient of saying, "If you fellows are lucky enough to get a supply of oil from Hibernia or from Sable Island in the course of time—and we don't know whether you will or not—then you will have solved your oil dependency problem."

We in our region are still dependent upon offshore oil to the extent of about 70 per cent of our energy needs. We had great hopes from this pipeline. I can remember the previous administration saying, "Not only will we build the pipeline, not only will we place the conversion station in your area, thereby creating employment, but we will subsidize and assist in the conversion from oil to gas." This amounts to a total repudiation of the needs and the demands of the maritime region when it is coupled with the fact that we recently had a statement made by the Minister of Energy, Mines and Resources, on behalf of the Minister of Finance, that there would be no more money forthcoming for the support program to keep down the price of generating electricity by offshore oil unless this government was able to squeeze additional funds out of the Province of Alberta.

Consequently, when a statement of that kind is followed by an announcement of this kind, we in the maritimes feel that we have been taken down the garden path. If I were the Prime Minister, perhaps I would say that we are being "diddled".

Senator Perrault: May I ask whether this is a speech, a formal oration, or whether the honourable senator is coming to a question?

Senator Asselin: He is replying to a statement.

Senator Donahoe: The minister asked for permission to make a statement to this chamber; we listened to it, and I am endeavouring to make a mild comment in reply.

Some Hon. Senators: Hear, hear.

Senator Perrault: It is a full-fledged speech.

Senator Donahoe: Perhaps I have sufficiently made my point and made it clear how this announcement will be received in the maritimes and in my own province of Nova Scotia. Could the minister give us any real assurance that the Atlantic sites are still being considered for the conversion plant, and that matters such as Atlantic energy, security and employment problems will be taken into account when the decision is made as to where the terminal will be located? Is it already a foregone conclusion that all of the benefits are to go into the province of Quebec?

Senator Olson: Honourable senators, that is the most astounding statement I have ever heard. What the honourable senator is suggesting is that we run roughshod over the findings of the National Energy Board respecting environmental considerations. We are a responsible government, one that does not do that type of thing.

Some Hon. Senators: Hear, hear.

Senator Olson: I have already said in my original statement to this chamber that we are pressing forward, but we are not going to run over the regulatory body whose business it is to hear the necessary evidence concerning environmental and other considerations.

The honourable senator is also asking us to run roughshod over the considerations that were presented by the provinces concerning offshore development. We are not holding back in

that regard, but representations were made by the province from which the honourable senator comes, and from other maritime provinces, that these things should be taken into account. We are going to allow that process to take place.

This government is fully behind the completion of that line for obvious reasons—gas substitution for oil dependency, and so on. As far as the other details are concerned, I do not mention them in my statement because, of course, the senator is right in the fact that the line will not cover the distance envisaged. The statement that this government is not committed to the pipeline is absolutely incorrect. We are going to follow the rules and regulations that have been set up by the people who have concern for development in that part of Canada, as well as the environmental matters.

• (1415)

Senator Murray: Why did you make that commitment during the election campaign?

Hon. Orville H. Phillips: May I thank the Minister of State for Economic Development for his prompt reply to my question. I agree with a great deal of what Senator Donahoe has just stated. I would refer to the minister's two reasons for not building or extending the pipeline into the maritimes now, namely, environmental and possible offshore developments. I would point out that not one situation has changed in either the environment or the offshore developments since that promise was made during the election campaign. The Hibernia development was there when that was made. That was the very reason the Liberals emphasized the word "reversible." If Hibernia or other offshore developments occurred, they said they could bring the oil back to western Canada. You are now shirking your election promise. There is no other way to describe it.

Senator Olson: I don't accept that at all.

Senator Asselin: You ought to be ashamed.

Senator Perrault: Don't get political.

Senator Phillips: I would never do that, senator. I am rather intrigued that a pipeline in western Canada comes under the economic development portfolio, but the one in the Atlantic provinces comes under the Department of Energy, Mines and Resources.

Senator Olson: I didn't say that.

Senator Phillips: That was your statement to the house yesterday, and I can see the Minister of Energy, Mines and Resources exhibiting the same interest as the Minister of State for Economic Development. However, I would feel much happier if the Minister of State for Economic Development were responsible for the development of that line, because I know that we would then have it pushed to the limit, and then we would have the capability to develop these lines.

Some Hon. Senators: Question, question!

Senator Phillips: My question is very simple. Would you ask the Prime Minister to give you the authority to handle that pipeline and remove it from the Department of Energy, Mines and Resources?

Senator Olson: No, I will not ask the Prime Minister to do that, because it is being handled now by a very capable minister.

Some Hon. Senators: Hear, hear.

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO SIT DURING ADJOURNMENTS OF THE SENATE

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the Standing Senate Committee on National Finance have power to sit during adjournments of the Senate.

Hon. Duff Roblin (Deputy Leader of the Opposition): May we have an explanation, please?

Hon. Allister Grosart: May I ask the mover of the motion if the intention is that for the balance of the session this committee will have power to sit at any time when the Senate is adjourned, or is there a limitation to the provision that the Senate is now asked to give?

Senator Petten: The chairman of the committee is not in the chamber, but it is my understanding—and I hope I am correct, because it is unwise to assume anything within these precincts—that the committee wishes to hold a meeting next week.

• (1420)

Senator Grosart: Then I would suggest that there be an amendment to the motion to limit it to that, because surely it is unprecedented in this place to give any committee the right to sit at any time when the Senate is adjourned. It is something I have never heard of in this place.

Hon. Raymond J. Perrault (Leader of the Government): I think it may be a reasonable request, to delineate more exactly the purpose of the meeting.

Hon. John Morrow Godfrey: I would challenge what Senator Grosart has just said. I personally sat for several months on the Special Committee of the Senate on the Constitution when the Senate was not sitting. I think committees should be encouraged to sit when the Senate is not in session. Rather than try to discourage them, I think every committee should have blanket permission to do that.

Senator Grosart: If that is the wish of the Senate, then my objection is not well taken. I merely say that it does not seem to be within the traditions and rules of this place that any committee should be allowed to sit at any time, because obviously individual senators have a stake in any such suggestion.

Senator Petten: Honourable senators, I do not think we are creating a precedent. As Senator Godfrey has said, this has happened on many other occasions.

Senator Grosart: No.

Senator Petten: I beg to differ. It certainly has.

Hon. Orville H. Phillips: Could the honourable senator give us an indication of why the meeting is being held? What is the purpose of the meeting?

Senator Grosart: I think probably I can help. I believe it is connected, of course, with the importance of the passage of supply.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. William J. Petten: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until tomorrow, Friday, May 16, 1980, at 11:00 in the forenoon.

Motion agreed to.

QUESTION PERIOD

[*English*]

LEGAL AND CONSTITUTIONAL AFFAIRS

RECONSTITUTION OF SUBCOMMITTEE ON OFF-TRACK BETTING

Hon. Louis-J. Robichaud: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate. About a year and a half or two years ago the then Minister of Agriculture for Canada requested a committee of the Senate to make an in-depth study of off-track betting. A subcommittee was then formed under the distinguished chairmanship of Senator Buckwold and the work was started, but it was interrupted because of certain political events that took place. I am wondering if the Leader of the Government would inquire of the Minister of Agriculture if it is still his wish to have that study made, and if the subcommittee of the Standing Senate Committee on Legal and Constitutional Affairs on off-track betting will be reconstituted.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, let me say at the outset that I appreciated having notice of this question given to my office this morning. I do not have a definite and final answer as to the view of the minister with respect to the possibility of the Senate assisting his thinking by reconstituting the Subcommittee on Off-track Betting.

Senator Flynn: Very well said.

Senator Perrault: That is a personal view, so I wouldn't bet on it. The minister has indicated that he is examining and pursuing various initiatives that would assist the industry and which are within the present legislative mandate governing pari-mutuel betting. Whether or not these initiatives are such that they will make unnecessary the reconstitution of that subcommittee is yet to be determined. In the ultimate, that would be a matter for the Senate to decide.

Senator McElman: All bets are off.

ENERGY

ATLANTIC REGION—LOCATION OF LIQUEFIED NATURAL GAS TERMINAL

Hon. Richard A. Donahoe: Honourable senators, my question is for the Minister of State for Economic Development. Can the minister tell us whether or not a decision has been taken on the location of the liquefied natural gas terminal currently being proposed by Petro-Canada for a site in Nova Scotia, New Brunswick or Quebec.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I shall have to take the question as notice.

DOMESTIC OIL PRICING—IMPACT OF INCREASE IN PRICE OF OIL IMPORTED FROM SAUDI-ARABIA

Hon. Robert Muir: Honourable senators, I should like to pose a question to the Minister of State for Economic Development. It may be that I shall not get as good an answer as I should get, but I would ask the minister whether he can provide this chamber with a calculation of the impact on the deficit in the Oil Import Compensation Program of the increase of $2 per barrel in the price of Saudi-Arabian oil announced yesterday.

Hon. H. A. Olson (Minister of State for Economic Development): If the honourable senator is asking, as I think he is, for a fairly detailed projection of the economic and financial consequences of that per-barrel increase, I shall have to take the question as notice. Certainly, in general terms, it is a fact that the compensation payments become a heavier burden on the federal treasury every time the international price of oil goes up.

Senator Muir: A supplementary: Is it the expectation of the honourable minister and his government that this increase will set off another wave of increases by the OPEC nations? Is he willing to suggest that that might or might not happen?

Senator Olson: You are asking for an opinion rather than fact, and I should be very careful about—

Senator Muir: I have great respect for your opinion.

Senator Olson: I am grateful for that. My opinion—and, indeed, my hope—is that it will not happen. The honourable senator will realize that Saudi-Arabia has for several months maintained a price lower than the so-called world price or, indeed, the average price of the other OPEC countries. We certainly hope that this latest increase does not promote or trigger increases by other members of OPEC. If it does, it means that they would increase their prices proportionately.

We should acknowledge that the Government of Saudi-Arabia has made a sincere attempt, at all of the OPEC meetings, to keep the price from increasing too rapidly. If they are now catching up, if that is the right term, to the per-barrel price charged by the other members of OPEC, then that is one circumstance. We would certainly be concerned if it did trigger a further round of increases. I do not think there is justification for the other oil exporting countries to increase their prices. Speaking from memory, Saudi-Arabia has had the lowest price of any of the OPEC countries to date.

Senator Muir: A further supplementary: I thank the honourable minister for his reply, but in his initial statement today he was, along with those of us from the Atlantic provinces, crying verbally about the difficulties with which we are confronted. Given the fact that Atlantic Canada is 70 per cent dependent on foreign oil for its energy needs, as was suggested by Senator Donahoe, could the minister tell us whether the government is now prepared to reconsider the rather callous statements made last week in Halifax by the Honourable Marc Lalonde, and offer to the Atlantic provinces the same subsidization as had been proposed by the previous government?

• (1430)

Senator Olson: Honourable senators, I do not want to comment specifically on that, but I do wish to reiterate that the government is fully committed to extending the natural gas line as far and as rapidly as possible into the maritimes so that there is a massive substitution available. The BTU value of the gas that is available to go into that line would, it is my belief, be substantially less than the comparable BTU value of the imported oil. So we certainly want to do that. I think my statement clearly indicated that that still is the view of the government.

With respect to an additional compensating program in the meantime, I would have to take that as notice. However, I should like to point out that were there to be a total substitution into the maritime provinces of natural gas which is in plentiful supply within Canada, then even on an interim basis, like a reversible basis for electricity generation and as far into the other domestic market as possible, that would make significant change in the costs not only for the people who are directly affected but also in terms of the national budget. I say without equivocation that we are completely committed to that. But we must take into account the legal requirements to hear detailed evidence before the National Energy Board and either accept or reject their recommendations. We do not really have the right to modify those recommendations. There would then also be the other consideration of the provinces.

I hope all of that can be cleared up so that we can get on with extending that line from coast to coast.

Senator Muir: With all due deference to the honourable senator, would he bear with me a moment more? Despite what the honourable gentleman has said today regarding the construction of this pipeline, could he say, if it were to start tomorrow, how long it would take to construct that pipeline? And in the interim period of years, how long would the consumers and those who have their electricity supplied by gas and oil and so on have to suffer without subsidization with ever-increasing and continuing high prices?

Senator Olson: Honourable senators, again I am getting into dangerous ground in trying to rely on memory for comments that have been made. I believe I have been told more than once that within the space of less than two years the entire line from Montreal to Halifax could be installed. It takes a little longer to put on the distribution, but perhaps most of that could be done within two years, too, from the time that the necessary permits were issued by the National Energy Board. It is one program that could be done expeditiously. We have in Canada probably the highest level of technology in the world in building these kinds of pipelines and we have all of the rest of the material and skilled labour to do it. I think, as I said before, that it could be substantially less than two years if a maximum effort were applied there, even if the Alaska Pipeline were going on at the same time, because I seem to recall that one of the principals of the Alberta Gas Trunk Line, a company involved as sponsors in both projects, indicated to me that it could be built in two years or less even if the Alaska Pipeline were in process. Since that is not underway perhaps it could be expedited and done even more quickly.

NEWFOUNDLAND—LOWER CHURCHILL RIVER

Hon. Jack Marshall: Honourable senators, I have a question for the Minister of State for Economic Development. Was he a participant in the discussions yesterday between the Minister of Mines and Energy for Newfoundland and the federal Minister of Energy, Mines and Resources? Was the subject of the alternative source of energy that would be provided by the Lower Churchill raised? What is the government's position on funding for that project?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I can say that, no, I was not a participant in those discussions.

QUEBEC AND MARITIMES PIPELINE

Hon. Orville H. Phillips: Honourable senators, I should like to ask the Minister of State for Economic Development a question arising out of the announcement he made earlier. Is the extension of the gas pipeline from Montreal to Quebec reversible? Moreover, could he tell us when the environmental studies on that section of the pipeline were completed? Would he also table the environmental studies in this chamber?

Hon. H. A. Olson (Minister of State for Economic Development): You are asking for evidence, I think, that was placed before the National Energy Board with respect to the environmental considerations. I will have to check to find out whether or not I can put that material before you. I expect that the hearings were publicly held and that the information ought therefore to be available, but I am not sure of all of the implications of the question concerning details of why the National Energy Board decided that the environmental studies were insufficient, inadequate or incomplete. I am not sure of

that so I will make some inquiries to see if I can obtain more information in that respect.

Senator Phillips: I also asked if the extension to the pipeline was reversible.

Senator Olson: I will make that inquiry as well.

NEWFOUNDLAND—ENERGY POLICY OF FORMER FEDERAL GOVERNMENT

Hon. C. William Doody: Honourable senators, I should like to put a question to the Leader of the Government in the Senate. Yesterday during discussions between the Newfoundland Minister of Mines and Energy and the very conciliatory federal Minister of Energy, Mines and Resources—the diplomatic, tactful and quiet gentleman responsible for that ministry—the matter of the letter from the previous Prime Minister to the Premier of Newfoundland was raised. The federal Minister of Energy, Mines and Resources is quoted as saying that the letter has "no meaning whatsoever. It has no other effect than in being a letter."

Am I and the people of Canada and the various provincial governments of Canada, and perhaps even the governments of the world, to assume from that, or to take from it, that this is indeed the policy of the Government of Canada, that letters of commitment from Prime Ministers have no other effect than that of being letters; they are not, in effect, commitments?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I do not have copies of the letters referred to, but may I suggest that the new government feels under no obligation to keep all of the multitudinous campaign promises made by the previous government in its failing efforts to seek another mandate from the Canadian people.

If a number of letters were written by the previous government, I hope the honourable senator is not suggesting that everything in those letters, all of the grandiose promises and pledges, must be implemented by this new government.

In saying that, I would certainly reserve ultimate judgment on the question of offshore resource ownership in Newfoundland until I see the relevant correspondence.

Senator Doody: Since the honourable gentleman will reserve comment, perhaps he could spare us the little lecture, because, in effect, this was not one of a series of multitudinous election promises. This was a commitment quite a while before that election was called. It was a letter dealing exclusively with the matter of offshore jurisdiction in the Newfoundland area and it recognized the legitimate aspirations of the people of Newfoundland in that direction. It had nothing at all to do with election promises. The honourable minister is obviously getting the two parties confused. We were never that desperate to get into power.

Senator Hays: This is the Question Period. Stop making a speech.

Senator Doody: I am correcting some of the comments that your honourable colleague has seen fit to lecture me on, and I would respectfully ask the honourable senator, please, to contain himself for just a moment.

Senator Hays: You are making a speech.

Senator Doody: Is that not allowed in the Senate?

Senator Hays: This is the Question Period.

Senator Doody: I am asking a question.

Senator Hays: Then ask your question. Don't make a speech.

Senator Doody: Thank you very much. You are very courteous, sir. What I am saying, indeed, is that if the honourable senator needs copies of that correspondence, I can get copies of it for him. What I am asking is whether this is to be the policy of the Government of Canada now in terms of commitments made by Prime Ministers, or is this just a specific item dealing with that specific commitment?

Senator Perrault: The general policy of this new government has been to review the commitments made by the previous government, to review its many commitments made across the country and to determine which of those has validity, which of them are in the interests of the regions of Canada and which are in the national interest, and certainly not to dismiss all of them out of hand because some of them happen to have been originated by the previous Conservative government. We will select from among them the sound proposals. May I say that some of the proposals have been quite unsound.

• (1440)

Senator Doody: I have a further supplementary. Since it is obvious that that commitment is not going to be honoured, can the Leader of the Government inform the Senate as to when the Government of Canada intends to bring a reference before the Supreme Court to resolve that problem on the east coast, particularly as it relates to Newfoundland's aspirations?

Senator Perrault: Honourable senators, may I reiterate that the word "unsound" was not employed by me with respect to the matter under question. I stated that I would review the correspondence, and indeed I will take the question as notice to obtain further information on that subject. With regard to the referral to the Supreme Court of Canada, that question must also be taken as notice.

NEWFOUNDLAND—LOWER CHURCHILL RIVER

Hon. Jack Marshall: Honourable senators, my question is for the Minister of State for Economic Development. Since he stated earlier that he was not a party to the discussions between the energy ministers of Newfoundland and Canada, and since he has indicated today that he is interested in providing alternative sources of energy, is he considering the potential resource of the Lower Churchill? Also, what action is being taken in consultation with the Government of Newfoundland, because, in his capacity as Minister of State for Economic Development, surely he should consider that as an available alternative source of energy?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I agree that it is an important alternative source of energy, but before I comment any further I shall obtain some further information on the meeting that was held, and, if possible, any further information on the outstanding differences.

FOREIGN AFFAIRS

CUBAN REFUGEES—CANADIAN INVOLVEMENT

Hon. Heath Macquarrie: Honourable senators, I should like to ask the Leader of the Government a question concerning the Cuban refugees, or, as Senator Frith calls them, the "asylum seekers". When it was thought that those people would number about 10,000, the government indicated that it would accept 300 of them. Now that the number has increased at least sixfold, can the Leader of the Government advise if there have been representations from the Government of the United States and/or the Government of Peru that Canada accept a larger number of those refugees?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I will take that question as notice.

Senator Macquarrie: I have a supplementary: Could the Leader of the Government ascertain and indicate to the Senate what part Canada is playing in the transportation of those people, considering the new American development, and also which government departments are represented in Florida to process those people?

Senator Perrault: Honourable senators, that supplementary information will be sought.

OFFICIAL LANGUAGES

REPORT OF COMMISSIONER—AGREEMENT BETWEEN GOVERNMENT OF CANADA AND FÉDÉRATION DES FRANCOPHONES HORS QUÉBEC

Hon. Lowell Murray: Honourable senators, on May 1 I asked a question concerning an agreement that had been signed by the previous Secretary of State, Mr. MacDonald, with the Fédération des francophones hors Québec. The Leader of the Government replied the other night to the general effect that that agreement was now a dead letter and that the government was apparently seeking other mechanisms for consultation.

Would the Leader of the Government ascertain what defect the present government sees in the agreement reached only a couple of months ago by its predecessor, other than the fact that that agreement was negotiated by the previous government? At the same time, will the Leader of the Government attempt to find out what became of two other questions that I put to his deputy on May 1? They were fairly straightforward questions that arose out of the 1979 report of the Commissioner of Official Languages.

Hon. Raymond J. Perrault (Leader of the Government): May I reassure honourable senators that this government steadfastly refuses to make its decisions purely on the basis of partisan considerations. The evolution of policy is far removed from—

Senator Flynn: From you.

Senator Perrault: —from the political structure. That information will be sought and an explanation provided, if possible. With regard to the additional questions, again that information will be sought—but in the interests of the Senate and not on any partisan basis.

HUMAN RIGHTS

VIOLATIONS IN THE PUBLIC SERVICE

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government. In view of the fact that the Canadian Human Rights Commission investigators have found that some 3,000 public servants are victims of a violation of the federal law on equal pay for work of equal value, would he comment on this glaring omission which exists? What is the position of the government, and what action is being taken to correct this situation?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the decision, and the implications of that decision, are under study at the present time.

Senator Marshall: I wonder if the Leader of the Government would also include in that study the omissions and variations in regional pay of the federal servants right across the country, and also look into the lack of equality between east and west.

Senator Perrault: Honourable senators, perhaps Senator Marshall will provide firm evidence on that point. Generally, an effort is made to provide equality of indemnifications according to category across the country. If evidence exists to support his allegations, certainly I hope that it can be made available as soon as possible so that the question can be directed to the proper source.

THE CABINET

Hon. John Morrow Godfrey: Honourable senators, my question today is for the Minister of State for Economic Development and again involves freedom of information and open government. Starting at page 158 of George Radwanski's biography of the Prime Minister, he sets out in great detail how the cabinet committee system works, so that the full cabinet does actually take responsibility for the decisions taken by the committees. Obviously much of Mr. Radwanski's information was initially obtained from ex-cabinet ministers, and I am sure that, because of Mr. Radwanski's high reputation, anyone reading the book would take for granted that he had checked his information and that it was an accurate description of the process—

Some Hon. Senators: Question.

Senator Godfrey: When I read this account, I must say that I was favourably impressed with the system, much more so than with the Conservative system of an inner cabinet, and I was puzzled, and still am, as to why the government did not come clean with the public and explain it in detail at the outset, and take full credit for it, rather than wait for Mr. Radwanski's revelations.

I am sure the minister will have to take my question as notice, because he will have to read Mr. Radwanski's account before he can answer my question, which is: Has the really excellent system described in such detail in Mr. Radwanski's book been changed in any material way since the publication of the book?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wish to thank Senator Godfrey for sending me notice of his question, I also have a mimeographed copy of page 158 of Mr. Radwanski's book. I would like to examine that in somewhat more detail, in the context of the paragraph that appears in the book, before providing an answer.

The honourable senator asks whether the system described in the book has been changed in any material way since the book's publication. I am sure that every honourable senator knows that, although there has not been an official declaration, the cabinet committees are still in existence. It is also fair to say that since Senator Godfrey and other senators are so curious about this matter, the government is considering whether or not there should be an official declaration. Most honourable senators already know anywhere from 50 per cent to 99 per cent of the situation. All they want us to do is to make an official statement about it.

Senator Walker: Can the minister tell us what Prime Minister he is talking about?

Senator Olson: I am talking about the present great Prime Minister of Canada.

Senator Walker: Now we know.

AIRLINES

APPLICATION OF EASTERN PROVINCIAL AIRWAYS TO EXTEND SERVICE

Hon. C. William Doody: Honourable senators, I have a question for the Leader of the Government. I wonder if he has had an opportunity to obtain some answers to the questions relating to Eastern Provincial Airways that have been asked in the past. This is a matter of great concern in Newfoundland and indeed all the Atlantic provinces. CP Air has announced its July schedule from Halifax to Toronto, and approximately 900 employees of Eastern Provincial Airways are becoming increasingly concerned, as, indeed is everyone in the area, about the future of that airline. Is it possible to obtain some information on the matter because in a few months' time we may be looking at a very serious situation?

● (1450)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I had hoped that some information on the Eastern Provincial-Canadian Pacific Air Lines issue might have been available this afternoon, but I have not as yet seen evidence of any appeal being directed to cabinet. I have, however, raised the matter with some of my cabinet colleagues. While the situation will be checked out—and perhaps it can be done, indeed, in the next half-hour or so—the status of any appeal by EPA was not discussed this morning.

Honourable senators are aware of the diverse viewpoints with respect to the routes in the Atlantic provinces. It is regarded by many members of Parliament as a very important issue. Information, as I say, will be sought, and that will be done very soon, to see if there is any updated material that we can bring to the chamber.

Hon. George van Roggen: I have a supplementary question, honourable senators. May I ask the Leader of the Government in the Senate whether I have his assurance that the cabinet, in considering this matter, will give full weight to the cogent and rational reasons given by the Canadian Transport Commission for its decision. The commission gave full weight to the fact that Air Canada and CP Air are Canada's two designated international carriers; that as such they need a sufficient base within Canada to maintain their international operations; and that it will destroy the effectiveness of the regional airlines policy of this country if, every time a national carrier is given a national route, a provincial carrier is allowed to go outside its own area. I would like the assurance of the government that those considerations will be kept in the forefront in making this decision, and that the decision will be made in the best interests of the airlines in Canada, and not on purely political grounds.

Senator Perrault: Honourable senators, the observations of Senator van Roggen will certainly be brought to the attention of my cabinet colleagues.

GRAIN

TWO-PRICE WHEAT

Hon. Peter Bosa: Honourable senators, I have a question for the Minister of State responsible for the Canadian Wheat Board, and it relates to an inquiry by Senator Buckwold yesterday as to when the government intends to eliminate the two-price wheat system in Canada. It would appear that the domestic price of wheat is now lower than the price of wheat in the international market.

Senator Buckwold referred to a document dated May 9 that he had received from the Saskatchewan Wheat Pool, stating that the Canadian farmer has recently been subsidizing the Canadian consumer to the tune of almost a dollar a bushel. The minister corrected him, by saying that as of the day before it was more like 52 cents a bushel.

My question to the minister is: How long has this situation prevailed? How long has the Canadian producer been subsidizing the Canadian consumer, and what did the minister mean by his use of the word "burden" when replying to the effect that it is the intention of the government to remove this

burden from western producers, so that soon they will no longer be required to bear it?

Does the minister mean that the 52-cent difference is a reduction in the profit that the western producer makes, or is that the amount by which the price to the consumer is below the cost of production? The minister has not replied yet to my question of some weeks ago concerning the cost of production.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, this present policy will come to an end for eastern wheat on June 30, and for western wheat on July 31.

A very substantial part of the crop goes into domestic milling for domestic consumption. It is a fact that there is a burden on western producers at the present time because they, and not the public treasury, are subsidizing the consumer. It is my objective—and, I believe, the objective of the government—to remove this burden from the wheat producers, because I think it is unfair to ask one particular sector of the country to bear that kind of burden.

As far as the cost of production of wheat is concerned, I had a question from Senator Bosa some time ago on that subject. All of the experts in the country are working diligently on the matter. So far there has been no agreement whatever on what the actual cost of production is, but it is certainly, in my judgment, very much above the amount of $5 that is today being charged for domestic wheat.

INDUSTRY

ASSISTANCE TO SYDNEY STEEL CORPORATION

Hon. Robert Muir: Honourable senators, I would like to pose a question to the Leader of the Government.

Earlier today, in response to a question from one of our colleagues, and in his suave, smooth and capable manner, he said that all promises and proposals of both the previous government and the present government would be gone into thoroughly to see what are valid and what are not valid. With this I fully agree.

In light of that statement, and despite what the Minister of State for Economic Development said yesterday, or the day before, with regard to the amount that was promised for the renovation and rejuvenation of the Sydney Steel Corporation plant, may I ask the leader why, since the present government promised $50 million to Sysco for modernization, and the opposition leader, on behalf of the former government, promised $50 million for the same purpose, and assuming that both promises were based on plans agreed to by all parties, why is there such a delay in fulfilling this commitment to the Sydney Steel Corporation? We have over 3,000 steelworkers who do not know if they are going to have a job tomorrow, next week, or a month from now, or how soon something may happen.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Muir, understandably, has great concern with respect to this matter. He has long represented his province of Nova Scotia in the other place and here. Senator Graham and other senators from the Atlantic provinces are also making very forceful representations on this particular issue.

Senator Asselin: Name them.

Senator Perrault: I might say that a rather full and, what I felt to be, excellent explanation was provided yesterday by my colleague, Senator Olson, on the issues referred to in this question. The present state of the market and many other complex economic factors must be considered before making a decision of this kind, as Senator Muir is aware; but there is great concern on the part of this government for the steel industry in that area.

Senator Muir: I realize that Senator Graham has expressed his anxiety about the Sydney Steel Corporation for many years, as have many others. He has done his utmost. However, if we are to go by the electronic and written media, there appears to be much confusion as to where the true explanation lies at the moment. Would the Leader of the Government try to clarify that situation soon?

Senator Perrault: That, of course, was the essence of the clarification provided yesterday by my colleague the Minister of State for Economic Development.

AIRLINES

APPLICATION OF EASTERN PROVINCIAL AIRWAYS TO EXTEND SERVICE

Hon. Charles McElman: Honourable senators, I have a question for the Leader of the Government that is supplementary to that of Senator van Roggen and the answer given.

When the Leader of the Government is drawing to the attention of the Minister of Transport the suggestions of Senator van Roggen, would he at the same time please draw to the attention of the minister the following considerations: Eastern Provincial Airways, in financial terms, is one of the struggling regional airlines of Canada. It falls within the policy of government to assist the regional airlines of Canada in the allocation of routes. Eastern Provincial Airways for a long period of time, and predating the interest of CP Air, which has come very late to the maritime area, has not only been applying for routes of this kind, but has been giving excellent service within the region on routes on which it loses money.

The CTC ruling, which is one of the stupidest I have heard of their many stupid rulings, goes so far as to suggest—no, not to suggest, to state—that within two years it will not only be giving CP Air the rights of the Halifax-Toronto run, but also will permit it to go into third-line carrier competition between Halifax and Montreal. This is, of course, a diminishing and less profitable run than it has been in past years. This would be added to the competition that EPA already has from Air Canada.

● (1500)

Finally, would the Leader of the Government draw to the attention of the Minister of Transport and his colleagues that

the connection between Halifax and Toronto is very clearly a regional connection; that the element of business between those two cities has increased very substantially, particularly in relation to the other run that I have just mentioned; and that this is probably the one major factor that will keep EPA from going to the wall as it very nearly did two years ago when it received no assistance from the Government of Canada?

Some Hon. Senators: Hear, hear.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I believe I am correct in assuming that Senator McElman is a supporter of Eastern Provincial Airways. Perhaps I am wrong, but I felt that was the essence of his representation this afternoon. Equally, may I say, with respect to Senator van Roggen, that it seems to me that he is just as enthusiastic a supporter of Canadian Pacific Air Lines in its aspirations to extend its transcontinental service to Halifax.

It seems to me that the challenge is to separate flights of fancy from fact. If this matter does come before cabinet, I am sure all of these representations will be given fair attention.

INDUSTRY

ASSISTANCE TO CHRYSLER CORPORATION

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to reply to a question asked by Senator Phillips during the Question Period of May 14 concerning rebates being offered to purchasers of Chrysler products in the United States.

As I indicated in a preliminary answer to this question, the subject of rebates is a marketing decision which is a responsibility of the company. Therefore, it was not one of the elements of the recent negotiations with Chrysler Canada. I should like to point out, however, that the rebates being offered to U.S. purchasers of Chrysler products should prove to be of considerable benefit to Canada since about 80 per cent of Chrysler Canada's production is marketed in the United States.

I should also like to stress that one of the government's objectives in providing assistance to Chrysler Canada was to ensure maximum autonomy for the Canadian operation, and it would therefore not be desirable to attempt to tie Chrysler's hands or Chrysler Canada's marketing strategy to that of the American firm. The U.S. decision is obviously designed to deal with conditions in their marketplace, conditions which are considerably different from those in Canada sometimes.

VETERANS AFFAIRS

WAR PENSIONS, COMPENSATION AND ALLOWANCES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on May 14, Senator Marshall made reference to Bill C-28. He asked what the government's intentions were with respect to re-introducing the bill to allow pensions to be paid to widows of World War I veterans.

As the honourable senator is aware, Bill C-28 was introduced in December 1979 but did not proceed because of the dissolution of Parliament. The government hopes to recommend new legislation which will benefit veterans and their dependents, but the final decision on what will be proposed has not been made.

I should like to thank Senator Marshall for his representations, and assure him that his views will be taken into consideration before a final decision is made.

FOREIGN AFFAIRS

RENEWAL OF NORAD AGREEMENT—REFERENCE TO PARLIAMENT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on May 13 Senator Macquarrie asked if the government was giving consideration to the expressed desire of the U.S. that the NORAD agreement be re-negotiated before the one-year extension expires.

As Senator Macquarrie is aware, the matter has been referred to a committee of the House of Commons. That committee is to consider Canadian policy with respect to future defence co-operation with the United States in the North American region with particular reference to air defence and related arrangements embodied in and flowing from the NORAD agreement. That committee has also been asked to report no later than December 31, 1980.

NORAD HEADQUARTERS—VISIT OF CANADIAN PARLIAMENTARIANS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on May 8 Senator Grosart asked if there was a recent official visit of Canadian parliamentarians to the NORAD headquarters. If so, what was the composition of the group; what was the purpose, and what was the result?

There have been two recent official visits to NORAD headquarters by Canadian parliamentarians. Senator Douglas D. Everett accompanied the Honourable F. L. Jobin, Lieutenant Governor of Manitoba, on a visit to NORAD headquarters on April 28-30, 1980, for briefings as representatives of the province which hosts the headquarters of the Air Command of the Canadian Armed Forces. They had been invited by Lieutenant General Kenneth E. Lewis, the Canadian Deputy Commander of NORAD, who was recently appointed by the Minister of National Defence to be Commander of Air Command in Winnipeg.

The Honourable George Hees visited NORAD headquarters December 9-11, 1979, for briefings and familiarization following his appointment as Chairman of the Canadian Section of the Permanent Joint Board on Defence, Canada-United States.

PRIVILEGE

THE HON. HAZEN ARGUE, MINISTER OF STATE FOR THE CANADIAN WHEAT BOARD

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I rise on a question of privilege arising out of remarks made in the other place on May 12 by Mr. Bill McKnight, the honourable member for Kindersley-Lloydminster. At page 939 of *Hansard* of the House of Commons he is reported as follows:

> I have found it very difficult, also, when I have attempted to go through other channels for other pieces of information because the senator in the other House who is responsible for the Canadian Wheat Board never seems to be there. Because of the importance of the Canadian Wheat Board to the people of my constituency, I want to keep them informed; but I am finding it very difficult.

Honourable senators, since I have accepted the responsibility of Minister of State for the Canadian Wheat Board I have endeavoured to be available at all times, or at most times, for members of the Senate or members of the House of Commons to contact me. As far as my office knows, and certainly as far as I know, no letter has come to my office from this particular member of the House of Commons; there has been no telephone call; there has been no proposal of a meeting; and there has been no contact of which I am aware. I will admit that perhaps it is possible that some effort was made at some time to reach me, but as far as I know, and as far as my office is aware, no such effort has been made.

My office is open at 8.30 in the morning, and the last person on the staff is likely to be there until 6.30 p.m.

Since the Senate convened, I believe I have been absent on three occasions. The first occasion was an evening session when I was attending a banquet sponsored by the Indian Associations of Canada. I felt that attending that meeting was a responsible thing to do. I also spent two days with other ministers of the Economic Development Committee.

Senator Asselin: In Vancouver?

Senator Argue: In Vancouver, and in Prince Rupert I had the good fortune to view the proposed site for the large terminal. In doing so I feel that I was exercising my responsibilities.

● (1510)

I am not here to quarrel with this member or any other member of the House of Commons. I want to say that there have been many Conservative members of the House of Commons who have interviewed me, who have come to my office or talked to me on the telephone, and I considered their representations in as fair a manner as I possibly could. I have had contact with New Democratic Party members of Parliament from western Canada. I have had some contact with Liberal members of the House of Commons, as you might expect, and I hope that at all appropriate times I am available for interviews, and to hear representations from members of the other house and from members of the Senate.

[Senator Perrault.]

TWO-PRICE WHEAT ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board) moved the second reading of Bill S-6, to amend the Two-Price Wheat Act.

He said: Honourable senators, in response yesterday to a question by Senator Roblin, I said that I believed this bill was in precisely the same terms as a bill that had been introduced by the previous administration. I find that that is correct. On October 18, 1979, Bill C-7 was given first reading in the House of Commons, and it was in precisely the same terms as the bill now before the house.

In response to another question by Senator Roblin yesterday, I said that my information is that this bill is really a technical bill. It is required to remove an obligation that the government has had regarding two-price wheat, since the payment of the subsidy was discontinued, I believe, on or about December 19, 1978. This bill, if passed, removes that obligation. Whatever system will be followed in the next crop year with regard to two-price wheat has yet to be finalized and made public, but I think it is wise to have a discussion of this bill under way. When I am in a position to make an announcement as to the new policy, I shall certainly do so.

Perhaps I might give a brief history of the operation of the two-price wheat system. This came about initially after repeated demands by western producers to the effect that there be established in Canada a price for wheat going into domestic consumption that bears a fair relationship to the cost of production, and that it not be tied exclusively to the world market.

The minimum price that was provided goes back as far as 1969. It was then fixed at $1.95 a bushel. This was raised to $3 a bushel in 1972, and on September 12, 1973, it was again increased, to $3.25 a bushel. During 1977-78 the government made supplementary payments to producers to support domestic producer returns at $3.55 a bushel. In the fall of 1978 the minimum price was set at the current level of $4 a bushel. In 1973 the government combined the floor price for producers with a consumer subsidy payable when export wheat prices were about $3.25 a bushel. Authority for the payments under this program was provided by the Two-Price Wheat Act. A maximum subsidy of $1.75 a bushel was established which, in turn, set a maximum domestic price of $5 a bushel for producers. In the case of durum wheat, the domestic price was allowed to vary between $3.25 a bushel and $5.75 a bushel, and the subsidy was payable between $5.75 and $7.50 a bushel.

Under these subsidy arrangements, the government made payments totaling $396 million between 1973 and 1978—all this to the benefit of consumers. In the fall of 1978, as one of a number of measures designed to restrain expenditures, the government decided to terminate subsidy payments under the Two-Price Wheat Act. At the same time, a new domestic pricing scheme was introduced by establishing, through regulations under the Canadian Wheat Board Act, a minimum

price of $4 a bushel, and a maximum price of $5 a bushel, for wheat sold for human consumption. The minimum price for durum was also raised to $4 a bushel, but the maximum was left at $7.50 a bushel. This action continued to provide a minimum price for the benefit of producers, and to protect consumers against wheat prices rising above $5 a bushel or durum prices rising above $7.50 a bushel.

In this respect, the maximum domestic wheat price has remained at $5 a bushel since 1973, although average market prices have been significantly higher throughout this crop year.

The purpose of Bill S-6 is to remove any obligation on the government to pay the subsidy in light of the changes made in the domestic pricing system. Consumers have been paying up to a maximum of $5 a bushel. This has resulted in some increases in bread prices, although a number of other cost items have also contributed to price increases. It is estimated that the impact on the consumer price index of the change in wheat prices was an increase of .04 per cent, while the food component of the index is estimated to have increased by 0.1 per cent during the three months following the removal of the subsidy in 1978.

As I have said, consideration is being given to a new policy to take the place of the current one. I had consultation as recently as this morning with representatives of the baking industry, the milling industry, farm organizations, and the Canadian Association of Consumers. After considering their submissions, and after giving the policy further thought, I hope that within a relatively short period of time I will be in a position to announce the new policy in relation to two-price wheat.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to thank the minister for what seems to me to be a very fair and accurate presentation of the history that lies behind this bill. I should like to offer one or two reflections on what has happened and what he has said.

The bill itself is mercifully short, a rare sort of bill these days. It has three main effects, first, to make the period during which the subsidies the minister referred to are payable about a year-and-a-half shorter than anticipated by the original statutes; secondly, to repeal the Two-Price Wheat Act entirely some time between now and July 1 next; and, thirdly, to give retroactive effect to the amendment itself with respect to the whole bill.

As the minister hinted rather delicately, I guess this bill could be considered to be a fallout from the Prime Minister's famous television speech after he had been inspired by Chancellor Schmidt on his visit to Germany to try to put the finances of Canada into some kind of better shape. I say "fallout" because, in fact, his effort has been a lamentable failure. We all know what happened to the finances of Canada after he made that speech, and I am afraid we see nothing more hopeful on the horizon today.

In any case, make the speech he did, and, as a result of that, the government decided that they would cut part of their expenditure obligations, as the minister has described, by putting a stop to the subsidy on domestically consumed wheat that was provided for. I think the saving was anticipated to be about $100 million a year.

The minister did not go into this point, but I should like to know whether he has a legal opinion to inform him as to the position of the government if they were asked to show how they were entitled to reduce that subsidy or abolish it. I presume the minister must feel that legally he is in a difficult position, otherwise undoubtedly, being the good parliamentarian he is, he would not bring in a bill that was retroactive for about two years; he must feel that there is a bit of a strain there some place, and I suspect there are a couple of hundred million dollars at issue there. When he is replying, would he tell us what the position of the government is on this matter of liability for subsidies they have refused to pay, even though by statute they appear to be bound to pay them?

• (1520)

Something else happened, too, when the original decision was made to eliminate the subsidy. The government decided, as the minister has very fairly stated, that by regulation—not even an order in council, I suspect, but by regulation—under the Wheat Board Act they would bring in a system of minimum prices and maximum prices for bread wheat consumed in Canada. The effect of this was that they would set a floor of $4 a bushel for wheat consumed in Canada in this way, and a ceiling of $5, no doubt in the hope that the price of wheat would fluctuate between those two levels. In any case, as the minister has said, the price of wheat went over $5; it is over $5 now; it has been over $5 for some time, and, as a result, to the extent that the price exceeds $5 the producers have been subsidizing the millers of Canada for wheat consumed domestically.

I am curious to know just how one approaches this matter. When the original regulation was made by the Canadian Wheat Board to give effect to that, was it reviewed by the Canadian Wheat Board Advisory Committee? It seems to me that it would have been useful if it was. After all, these people were being asked to consent, in effect, to a tax by regulation, to put it in its most extreme form, because if the price goes over $5 they are the ones who will suffer. They will have to forego the difference between the world price or the market price at that time and the $5 for which the Canadian millers can buy wheat from them. I should like to know if the Canadian Wheat Board Advisory Committee was consulted, and, if they were, what they had to say.

I cannot recall whether or not at the time the government issued a warning to anybody that there was a possibility that the price of $5 would be exceeded, with the consequences we have just stated. I suspect no warning was issued, and it seems to me that we should have some examination of the facts of that particular matter.

This brings up an interesting point. The minister has expressed considerable sympathy with the farmers in the west because of the fact that they have been in this position of subsidizing the consumers, and I think that reflects credit on

him. I would ask him if he intends to do anything about it, because it would be quite possible to increase the ceiling, for example, from $5 to $6 if he wished to do that, and it could no doubt have retroactive application, although I don't think much of that. It certainly could prevail from today until the end of the current crop year. That would save the producers harmless at least for the rest of this period with respect to the contribution they are making to the cost of living in Canada.

I have another suggestion for the minister, which is that perhaps he would like to take the total loss of the producers and somehow put it back into the Wheat Board pool. I don't know how much that is. I have seen figures of $60 million for the current crop year; I have seen figures of $300,000 a day with respect to it. I don't know what they are, but I am sure they can be calculated.

My second question to the minister is on the matter of restitution. First, I would recommend to him some consideration of raising the ceiling from the $5 to $6 right away, and at least help the farmers out to that extent between this date and the end of the crop year. Even better, if he would be inclined to consider reimbursing them for this income they have foregone, I think it would be a matter which all concerned would be interested to hear something about. That deals with this question of the subsidy by producers of consumers.

I should also like to delve a little more deeply into the minister's intentions for the future. This bill abolishes the two-price system altogether. I take it from what the minister has said that this is not the permanent situation that he envisages. Personally, I think a very good case could be made for getting away from all of this effort here, for simply going back to the market system and doing away with this particular principle. As long as we have it only two things will arise: either the government has to put in a subsidy, if it is to be any good to anybody; or secondly, somebody in the marketplace, either the consumer or the producer, is going to subsidize somebody else.

As long as you have this two-price system, with a government subsidy you know there will be a drain on the public expenditure. If we deal with the situation as we have it now, where there is no subsidy, then we know that if the ceiling or the floor is reached somebody will be subsidizing somebody else. If the price goes below the floor, then the consumer subsidizes the producer; if the price goes above the ceiling, then the producer subsidizes the consumer. Well, what do you do about that?

A difficult question, too, is at what levels to set these prices if you are interested in setting a ceiling or a floor. The 1973 floor was $3.25. That is some six or seven years ago. If that floor were to be marked up to take into account the increase in the costs of production on the farm since that time, my calculation is that there would be a current floor price of $5.56. That is based on certain studies made by the Department of Agriculture and others in the country on what has happened to the costs of production over that period. It illustrates the difficulties you get into if there is an inflexible floor and an inflexible ceiling enshrined in your act, or indeed in your regulations, and they're not related to the costs of production, so that eventually it is found that somebody is not doing very well out of this arrangement.

I was interested to hear the minister say that he had had some consultations with the bakery industry. I am thinking particularly of the export trade. There is a small export trade, I think, in bakery products. Possibly they will be affected, depending on what the minister decides to do. There is another form of grain export in gluten or in starch, which also is affected by prices for the domestic product, which the minister has been explaining to us. I would very much hope that their representations can be given favourable consideration.

I should like to go so far as to suggest, although I don't know whether the minister would agree with me, that if this bill went to committee, that would be a fine time to invite these people to come and make their representations. We do this on other subjects, such as the Bank Act and matters of that sort. It might be enlightening to all of us if we sent this bill to committee and invited the people concerned who are affected by it to come and let us know how they have been affected by it over the past years, and what their recommendations might be for the future in connection with this piece of legislation.

I should also like to ask the minister if he would be inclined, perhaps in the committee, to give us some more information about another factor that bears on this legislation. In section 5(3) of the Two-Price Wheat Act, which we are now amending, there is a provision whereby the minister is directed, on an annual basis and in consultation with producers, to consider the provisions of the act and—this is interesting—all related regulations that may have been made with respect to it, and to make recommendations as may be appropriate in the light of prevailing costs of production of wheat and returns to producers.

I, for one, would be very much interested to know, first of all, if that annual review has been made from time to time, and, secondly, what the results of it were. I am not aware that any report has been made to Parliament with respect to those findings, but the minister might consider the possibility of letting the committee in on the findings with respect to this annual review.

It seems to me that if we had that information, if we had the opportunity to listen to those who are affected by the legislation, and if we had, particularly, the views of the Canadian Wheat Board Advisory Committee on these matters, we would be in a good position not only to assist the minister in the passage of this bill, which I do not oppose, but also to help him with his consideration of what new piece of legislation and what policy should be adopted for the future.

• (1530)

Senator Argue: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if Senator Argue speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Argue: Honourable senators, I suppose had I chosen to adjourn the debate at this point I might be in a position to provide, at a later date, more satisfactory answers to some of the questions Senator Roblin has raised. I am happy to do the best I can—

Senator Roblin: Take your time. Adjourn the debate, if you wish.

Senator Argue: I could make further inquiries and speak at another time, but I am happy to close the debate now and have the bill progress.

Senator Flynn: If it is your intention to have it referred to committee, you can make your replies there.

Senator Roblin: Personally, I would like the minister to take his time. If I have asked questions which require a little research, I would be quite happy to wait for his answers.

Senator Argue: On that basis, perhaps I should adjourn the debate. I certainly can provide answers to some of the questions at this point. However, on the legal point raised, I am not in a position at this point to provide a legal reply. I imagine that this bill is in the category of many bills that we consider from time to time; namely, that it will be retroactive. But I would be happy to get legal advice on that particular point.

I would also be pleased to determine whether or not the advisory committee had an input when this policy was changed previously and to look into the further question as to whether or not an annual review has been made in the past and, if so, when and what the result was. On that basis, I move the adjournment of the debate.

On motion of Senator Argue, debate adjourned.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from yesterday, consideration of His Excellency the Governor General's Speech at the Opening of the First Session of the Thirty-second Parliament, and the motion of Senator Rousseau, seconded by Senator Hays, for an Address in reply thereto.

Hon. Joseph-Philippe Guay: Honourable senators, while I have spoken in the Senate on numerous occasions, mainly in response to questions respecting my former portfolio of National Revenue, today I rise to make my first major address in this house. May I say at the outset how honoured I am to be a member of this distinguished body, surrounded by so many of Canada's most eminent statesmen and women.

I have on many occasions spoken words of praise about our most able Speaker, yet I have not until now had an opportunity to make my comments a matter of record. I would therefore now add my words of praise and congratulations to those who have preceded me in this debate.

I should also like at this time to congratulate those three of our number who have been appointed to cabinet. All three are performing tremendously well in their respective portfolios.

Some Hon. Senators: Hear, hear.

Senator Guay: I also wish to congratulate the mover and seconder of this motion.

I am pleased to be able to serve in this chamber as a representative of St. Boniface, Manitoba. As most historians have related, St. Boniface is the cradle of the west. Lord Selkirk invited Monseigneur Provencher to St. Boniface, and it was from St. Boniface that Canadian explorers and missionaries departed on their discovery of what would become our western Canadian heritage.

The last senator to represent St. Boniface was Senator John Power Howden, whose contribution to the public life of this country spanned some 35 years, 20 of which were spent in the House of Commons and 15 in the Senate. While that in itself was a remarkable achievement, an even greater achievement was to bring me into the world. He was our family doctor in St. Boniface, and he was a tremendous doctor.

Honourable senators, as I look back over my political career I feel a sense of personal achievement. From a modest beginning as an entrepreneurial member of the francophone minority of St. Boniface, I went on to serve my city as mayor and, ultimately, my country as a cabinet minister. I thank my family and friends for their support; I thank my colleagues for their encouragement, and I thank my leader, the Right Honourable the Prime Minister of this country, for his trust. I am both delighted and honoured to be able to continue my service as a member of this esteemed body. My only hope is that I will be able to display the dedication and selflessness of my predecessor.

While I may serve St. Boniface, I also serve, as each of you, regardless of party, serves, all other parts of Canada. Together we represent Canada's rural and urban communities, her various provinces and diverse regions, as well as her minorities, thereby ensuring that each segment of our country has a voice in our nation's capital.

• (1540)

[*Translation*]

Honourable senators, I would also like to talk today about the attitude of Francophones outside Quebec towards the Quebec referendum. They feel themselves directly concerned by the referendum which will be held in Quebec on May 20. Of course, it is impossible to describe in a few words the attitude of Francophones outside Quebec. However, I believe it necessary to make a few comments about some of the positions which have been taken and which have caused rather strong reactions in certain circles.

First of all, we shall look at the position of the Fédération des Francophones hors-Québec, the FFHQ, in the referendum debate. Then we shall examine the positions taken by the various leaders of provincial francophone associations.

Following a meeting of its various groups held in Montreal on March 29 and 30 to determine its position in the referendum debate, the FFHQ let it be known that it would not support the NO option for the referendum and that it had noted a strong evolution of its members towards the YES option. In a statement published at that time, the FFHQ

explained that while its members are divided as to the possibility of supporting explicitly the YES option for the referendum, it had come to a consensus as to the impossibility of working actively for the NO option. This statement mentioned several reasons to justify this position.

The FFHQ asserted that it did not commit itself to the NO because it recognized that a YES to the referendum question was not a YES for sovereignty association. To support this interpretation, it mentioned the formal promise of the Lévesque government to hold a second referendum. On the other hand, the FFHQ noted that it would be difficult for it to give its unconditional support to the concept of sovereignty association, which it considers for the moment, and I quote:

> —insufficiently explicit about the status and the hope of improving the situation of francophone communities outside Quebec.

The FFHQ concluded its statement on its position in the referendum debate by giving the following warning to the provincial authorities, and I quote:

> Our provincial governments will have to express clearly their political desire to meet our aspirations before the referendum if they want us to reconsider our position. Otherwise, we shall continue to be a "people without a country", and we shall have to come down explicitly and unequivocally for a YES to any negotiation which would inevitably result in the formulation of a new agreement based on the principle of equality of the francophone and anglophone nations without any prejudice to the rights of the native people.

The position taken officially by the FFHQ did not prevent some of its member associations from taking their own positions as provincial groups. For instance, the executive of the Association canadienne-française de l'Alberta decided to take a position of non-interference in the Quebec referendum to respect the right of Quebecers to determine their own future. On the other hand, the Association canadienne-française de l'Ontario—ACFO—decided to "monitor" most particularly the comments of the Ontario government spokesman about the status of Francophones in this province and to rectify any mistake if need be.

However, it is the decision of the leaders of the provincial associations of Saskatchewan, New Brunswick and Manitoba to support the YES option which received the most attention. However, if we look at how these positions have been expressed, we can only recognize that they show the same ambiguities as the position taken by the FFHQ. Finally, it is important to take into account the reactions generated by those supporters of the YES side among the people those provincial associations claim to represent.

I would like to repeat that in those associations it is the leadership, perhaps I should use the word "executive", but it is the leadership, not the membership of the groups in the provinces. After a lengthy discussion the board of the Association culturelle franco-canadienne of Saskatchewan unanimously decided to support the YES side at a meeting held in the month of February. The executive of the association then stated that its support for the YES side in the Quebec referendum should be disassociated from Mr. Ryan's position on the new constitution as well as Mr. Lévesque's sovereignty-association. They said:

> So YES for us finally means a chance to get on with the discussion of our rights and our place in confederation in a somewhat more open manner with the prospect of possible changes. Whether you like it or not, and even if that is not what it truly means, a NO in the referendum will be interpreted as satisfaction on the part of Quebecers (and consequently of all French Canadians, they said) with the present situation. English Canada is only waiting for that NO to bury the whole issue as quickly as possible, forget about any serious discussion of Canadian confederation and return to the status quo. So a NO in the referendum could very much mean NO to change. And the absence of change, the status quo, quickly and surely leads to the disappearance of Francophones.

According to the executive the ACFC of Saskatchewan, the only solution is for Quebecers to support the YES side and hope that the negotiations which will follow will bring considerable changes in the Constitution, thus giving "Fransaskois" certain rights that will enable them to survive. The executive of the association considers that a YES vote does not necessarily mean a mandate for sovereignty-association but a repudiation of the present Constitution.

The position taken by the ACFC is far from being endorsed by all "Fransaskois". Indeed, during a special program broadcast by the local television station, we were able to see that most Francophones in the Gravelbourg area rejected a YES vote. While wishing for a reform of the Constitution, they expressed their fear about the future if Quebec supported the YES side. Those "Fransaskois" think that in spite of a negative vote in Quebec the degree of dissatisfaction across the country will force governments to renew the Constitution. On the contrary, they are convinced that a positive vote in the referendum would be the first step towards independence of the birth-place of the francophone presence in North America. They do feel that without Quebec everything is loss for them.

The Société des Acadiens du Nouveau-Brunswick—no I am wrong, I should say the leaders of the Société des Acadiens du Nouveau-Brunswick because again you cannot blame all Acadians, quite the contrary—announced its decision to support the YES side in the referendum on sovereignty-association even though "the constitutional plan of the Lévesque government does not fully meet the aspirations of Acadians". The president of that organization stated that a victory of the NO side in the referendum would be interpreted as support for the status quo and that the "status quo leads directly to the assimilation of Francophones and their disappearance sooner or later."

Mr. LeBlanc also said that Acadians and other Francophones outside Quebec should take part in the negotiations for a new agreement that would meet not only the needs of

Quebecers but also the needs of French-speaking communities outside Quebec. According to him, a positive vote in the referendum represents the only way of getting the process of constitutional revision moving. He stated that the decision of the Société des Acadiens should be interpreted as a message to Canada expressing a desire for change by the Acadians of New Brunswick.

In an editorial in *l'Evangéline*, Mr. Paul-Emile Richard suggested that the Société des Acadiens du Nouveau-Brunswick is kidding itself if it thinks that the PQ is interested in negotiating a new confederative pact under which official language minorities would get better treatment. The editorialist suggested that the association did not have to get involved in the business of another province. In addition, he said he did not understand why the association felt it had to give its support, no matter how "qualified", to a process that could engulf the Acadians if it were implemented. That analysis led Mr. Richard to wonder whether the association was working in the best interests of Acadians or in the interests of someone else. Finally, in concluding his editorial, he asked whether the "qualified" YES of the association reflected the views of Acadians as a whole.

It was during a press conference held at the cultural centre of St. Boniface on April 1 that the officials of the Société francophone-manitobaine announced that they were supporting the YES side in the Quebec referendum. The president, Mrs. Gilberte Proteau, indicated that it was a YES to a mandate to renegotiate the Constitution and that the association did not take side about the separation of Quebec. Mrs. Proteau explained that the YES was necessary because the present Constitution is economically discriminatory against the country and culturally discriminatory against Francophones.

To recall how the association arrived at its position, it should be said that a motion suggesting a review on the effects of YES or NO in the Quebec referendum, for the Manitoba Francophones had been passed following a close vote on March 23, during the annual convention of the Société franco-manitobaine. According to the newspapers at the time, the deliberations, before the vote by show of hands, had revealed that there were wide differences of opinion among the 750 persons in attendance. Now, on April 1, at the press conference she held, the president of the association stated that it was on the basis of that motion that the executive committee had reached a decision on the stand to be taken, and that the decision had been unanimous.

The position taken by the executive committee provoked strong reactions in various franco-manitoban circles where it is doubted that the position of the committee is that of the majority of the French-speaking population in the province. Those reactions led to the founding of the Pro-Canadian Committee which initiated a petition in favour of a united and bilingual Canada. On April 26, the president of the committee, Mr. Maurice Prince, announced that in two weeks of activity his group had gathered the names of some 3,000 Franco-Manitobans and Francophones living in Manitoba. I congratulate Mr. Prince, because since April 26 he has accomplished a lot among our Franco-Manitobans. It has become obvious that the vast majority, that is, a high percentage of Franco-Manitobans, would not consider saying YES, because if they had to vote, they would vote NO, as Quebec Francophones will in fact do next Tuesday.

Francophones outside Quebec certainly cannot be blamed for exerting pressures to get the most out of the present confrontation between Quebec and English Canada, and for trying to speed up negotiations for a constitutional reform that would take into account the reality of the two founding peoples. However, one must deplore the fact that the stands taken by some Francophones outside Quebec have given more weight to the argument, appealing but false, according to which a YES in the referendum expresses support for a renewed federation.

Those who claim that voting YES would give renewed impetus towards renewed federalism do not understand, I am sure, that sovereignty is the very denial of federalism.

● (1550)

[*English*]

I should like to speak briefly on another matter of interest, namely, the decentralization of federal departments and services. The current emphasis on decentralized government in Canada began in 1968. During the election campaign of that year, Mr. Trudeau emphasized the concept of "participatory democracy," which caused major political and bureaucratic interest in making government more sensitive to people's needs. Decentralization of government departments and decision-making from the Ottawa-Hull area to the various regions and provinces across the country was seen as one means of making federal policies and programs more responsive to local needs.

The Western Economic Opportunities Conference held in Calgary in 1973 gave added momentum to federal decentralization policies. At the conference, western premiers complained about Ottawa's continued disregard for regional needs in its policies, and in the way the federal government delivered programs in the west. From a political point of view, many observers believe that the conference was designed to re-win the west for the Liberal Party after its poor showing in the 1972 general election. Decentralization has thus been thought of as one important method of eliminating the feeling of alienation in western Canada.

When the President of the Treasury Board announced the creation of the government task force on decentralization in September 1975, he suggested that decentralization policies would be given "the highest priority". The move from Ottawa to smaller communities across Canada would make the latter more attractive places in which to live, and hence help to offset the concentration of the population into ever fewer metropolitan areas. Decentralization would prevent government from becoming "Big Brother" in future years and thus minimize public alienation.

Mr. Chrétien at that time also stressed the importance of decentralization as a factor in strengthening national unity in western Canada as well as Quebec. He said:

> But alienation exists in other parts of Canada, especially in the west. The reason for this is that the federal government appears insensitive and unresponsive, just as it used to seem to Quebecers.

A further objective of the plan to decentralize became apparent as specific moves were announced. In August 1975 the Minister of Supply and Services decided to relocate the 250-man Cheque Redemption Control Division of the department from Ottawa to Matane, Quebec. He explained the choice of Matane in part by the following consideration:

> Locating this division in Matane will create 250 permanent jobs in a region where work is very seasonal and where the chronically high unemployment rate has exceeded 30 per cent in winter.

Although only 250 jobs were involved, the annual payroll of about $2.3 million would supply a much needed boost to a local economy suffering from high unemployment. Decentralization was thus an aspect of the continuing federal effort to reduce regional economic disparities, and to inject jobs and money into depressed communities to prevent their gradual depopulation.

At the same time that the relocations were announced, it was stressed that they would be completed over a long period of time—three to five years—to ensure that they could be carried out in an orderly manner and to minimize the economic impact on the National Capital Region. For this reason, most of the intended moves were either still in progress or had not yet begun when there was a change of government in 1979.

The Canadian public service is still much more highly centralized than either its United States or British counterpart. As much as possible there is still the need to ensure that Canadians from coast to coast have access to the same services and treatment as are available in Ottawa, without having to refer every issue back to the capital, much less visit it. It is only by accelerating the decentralization of the Public Service and by creating strong regional power bases within it that it can be made more responsive and sensitive to the interests and concerns of the whole country.

The problem is particularly acute in the most senior echelons where too many officials have never served in various parts of the country, but have largely built their careers at headquarters in Ottawa. So long as a disproportionate number of the most senior and influential government positions are concentrated in the National Capital Region, the most competent and ambitious of young and middle-ranking public servants will attempt to be posted here as early as possible in their careers, and will strongly resist any suggestion that they accept a position in the maritimes, Quebec, the west or the north as a blight on their future promotion. The opposite must become the case. Varied service in different regions of the country must become an essential qualification for promotion to the most senior policy and decision-making positions.

Real decision-making power must be decentralized as well as sections of departments if career opportunities are to be created in various parts of the country, and if regional alienation is to be ended. How can local people and the provinces have confidence in the regional offices if the senior managers are seen as little more than post office boxes and messengers for Ottawa? Why indeed should deputy ministers in Ottawa respect the regional input into the national decision-making process if the regional officers have little independent authority and are always subject to having their local and regional decisions overruled from Ottawa?

It is essential that if we are to have decentralization, and let Canadians know that we are providing them with the same service they would obtain in Ottawa, then, whenever a regional manager makes a decision, that decision must not be interfered with by Ottawa.

While the policy of relocating parts of departments and federal agencies to smaller communities across Canada is desirable, I repeat that it should not become an excuse for avoiding the development of strong provincial and regional centres of power within the federal public service. Without such centres, it will be too easy for a practice of "diffuse the physical plant but continue to dominate the individual component from Ottawa" to become the rule. To prevent this from happening, it may be necessary to reorganize departments more along regional lines than is presently the case, or even to combine the activities of several departments at the local level. The Department of Regional Economic Expansion is currently the only one which seems to have substantially decentralized its decision-making process, and to have developed a greater responsiveness to local and provincial needs and priorities as a result. The Employment and Immigration Commission also seems to have moved in this direction, but to a lesser degree.

• (1600)

If decentralization is to become, as it should be, a real factor in the development of national unity, in ending regional alienation and in enhancing the federal presence in all parts of the country, the same must be able to be said of almost all departments and agencies.

On motion of Senator Macdonald, for Senator Tremblay, debate adjourned.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Friday, May 16, 1980

The Senate met at 11 a.m., Hon. Renaude Lapointe, Speaker *pro tem,* in the Chair.

Prayers.

APPROPRIATION BILL NO. 1, 1980-81

FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-29, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1981.

Bill read first time.

SECOND READING

The Hon. the Speaker *pro tem:* Honourable senators, when shall this bill be read the second time?

Hon. A. Irvine Barrow: Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move this bill be read a second time now.

The Hon. the Speaker *pro tem:* Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Barrow: Honourable senators, this bill, Bill C-29, introduced today, provides for interim supply for the main estimates and full supply for supplementary estimates (A) for 1980-81. Both these estimates were tabled in the Senate on April 23, 1980, and were referred shortly after to the Standing Senate Committee on National Finance. The supplementary estimates were discussed in committee on May 7 with Treasury Board officials, and were reported to this chamber the next day.

I should like to deal first with the main estimates, which total $58.437 billion on a net basis. Of this amount, $33.499 billion is authorized by on-going legislation, and $24.938 billion is to be voted. This bill will provide $20.3 billion of the amounts to be voted in order to meet the requirements of the Government of Canada to December 31, 1980. It also contains a general request for nine-twelfths of all the votes and specific requests for additional one-twelfths for some 51 votes, including seven for which twelve-twelfths, which is a full year, are required. All added requirements are due to the seasonal nature of the programs and the need in other instances to make payments before the end of December. The review of the main estimates by the Standing Senate Committee on National Finance will take place during the interim supply period.

● (1105)

I should now like to turn to supplementary estimates (A) for 1980-81, which total $230,432,194. As stated in committee, these estimates are required to deal with problems resulting from disruption of the normal supply process and the legislative process by the two general elections during the past year. They include some urgent votes of a legislative character which were carried over from previous years' estimates because they were never approved by Parliament. They also include some new items which were not part of the main estimates that were financed in whole or in part by special warrant and must now be included in this bill. These supplementary estimates contain seven $1 votes. The National Finance Committee was provided with a listing and explanation of these votes, which can be categorized as follows: four which amend provisions of previous appropriation acts; two which authorize guarantees of loans; and one which deals with the status of a former member of the Canadian Forces.

Honourable senators, I hope I have explained the contents of this bill and would be pleased to answer any questions you may have at this time.

Hon. C. William Doody: Honourable senators, Bill C-29, requesting the granting of supply to Her Majesty, is not an unusual bill except, perhaps, in the size of the amount being requested. In totality, authorization is sought to spend a huge amount of money. The amounts being paid under the authority of supply bills are growing enormously each year, and as they do it becomes increasingly difficult for the mind to grasp their full significance. It is something like contemplating the distance to the moon or some other planet. We know what the distance is, but it is so great that it is difficult to comprehend. I am sure that the growing rate of increase, resulting in these enormous amounts, is a matter of grave concern to all of us on both sides of this house, and as it must be to all serious-minded Canadians.

The expenditure side of the main estimates has increased by some $800 million from those of the previous government, which is just a few short months. The deficit has increased from $10.4 billion to $14.1 billion. These are huge and frightening amounts. How long does the trend continue before the day of reckoning comes is a matter so serious as to demand our full attention.

Let me briefly give you a breakdown of the total budgetary outlay for 1980-81 as presented in a press release recently issued by the Secretary of the Treasury Board. The federal government will spend about $18.5 billion, or 32 per cent of its total budgetary outlays, on the health and welfare of Canadians. The economic development sector will take about 13 per cent, and national defence will take 11 per cent. Then there are lesser amounts—6 per cent for transportation and 6 per cent for fiscal transfers to the provinces. The second largest percentage allocation in the budgetary outlay for 1980-81 is

the servicing of the public debt. The servicing of the public debt will absorb 17.7 per cent, or almost 18 per cent of the total. This is up $1,925,000,000 from the previous year. Once again, in percentage terms, this increase amounts to over 27 per cent of the total change in budgetary outlays.

I do not know, honourable senators, or pretend to know, what percentage of the budget can safely be allocated to debt management, and I suspect that most people are in the same boat. One thing on which we can all agree is the obvious fact that the greater the percentage of the gross national product that is spent on debt servicing, the less is available for essential services and, indeed, for the proper functioning of government—defence, foreign aid, and so on.

• (1110)

One can easily see the trend to which I refer from some of the figures I have outlined. In another part of the press release it is pointed out that about $12 billion will be tranferred to other levels of government—$11 billion in payments to persons and $6 billion for subsidies and other transfer payments, with over $10 billion going to the public debt. So we have $10 billion going to the servicing of the public debt and $12 billion being transferred to other levels of government. The figures are becoming very, very close one to the other, and I fear for the fiscal arrangements and the responsibilities of the federal government in transferring funds to the provinces.

I have no desire or intention of delaying passage of this bill, but I feel I should, in the few brief moments available to me, mention what appears to be a serious management problem in governments generally. The Auditor General has pointed this out in his rather startling efficiency rating of the civil service. This is no indictment of the clerks and others who make up the bulk of the civil service, but in the lack of direction and motivation on the part of the senior people—the bosses, the leaders.

I do not suggest for one moment that this is a problem unique to Ottawa. I suspect it is true of most governments. I know it to be true in Newfoundland. But we must concern ourselves with the situation in Ottawa, and a real concern it is. The huge amounts that are voted yearly for government expenditure are so vast as to conceal, at least partially in terms of percentage of the total, some of the more obvious wastes and mismanagement sectors.

This is a matter that should be of concern to us. Some of the examples that have been pointed out during the course of debate on this measure in the other place demonstrate the enormous amounts involved, notwithstanding that, as I said, they are a small percentage of the total. By way of example, the original estimate for an agricultural laboratory in Lethbridge—I presume that is Lethbridge, Alberta; I cannot imagine one being constructed in Lethbridge, Newfoundland—the original estimate was $3.25 million, and it is now up to $19 million. Total budgetary overruns stemming from a lack of cost controls are estimated at something over $1 billion.

These are some of the problems that are most obvious. There are others. Some have been examined in committee; others will be examined in committees here and in the other place. They will be brought to our attention again next year by the Auditor General and by the Public Accounts Committee of the other place.

This is an area with which we should all be concerned. We should try to keep as much control over the public purse as we can. I do not envy the people in the financial management area of government. We are going through very difficult times and they have a difficult road ahead of them. I sincerely hope we will do all we can to help correct some of the more obvious deficiencies we see in government management and budgetary control.

Senator Barrow: Honourable senators—

The Hon. the Speaker *pro tem:* I wish to inform the Senate that if Senator Barrow speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Barrow: Honourable senators, I want to thank Senator Doody for his remarks. Certainly, those remarks would be very apropos at the time our National Finance Committee considers the estimates for 1980-81.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker *pro tem:* Honourable senators, when shall this bill be read the third time?

Senator Barrow: With leave, honourable senators, I move that it be read the third time now.

The Hon. the Speaker *pro tem:* Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

• (1115)

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tem* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

May 16, 1980

Sir,

I have the honour to inform you that the Honourable Jean Beetz, LL.D., F.R.S.C., Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber

today, the 16th day of May at 12.45 p.m., for the purpose of giving Royal Assent to a Bill.

I have the honour to be
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

DOCUMENTS TABLED

Hon. Royce Frith (Deputy Leader of the Government) tabled:

Report on the administration of the *Supplementary Retirement Benefits Act,* for the fiscal year ended March 31, 1979, pursuant to section 11 of the said Act, Chapter 43 (1st Supplement), R.S.C., 1970.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before moving the adjournment motion I should inform the Senate that the Leader of the Government and the Minister of State for Economic Development are absent this morning because they are out of Ontario on urgent government business.

I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Tuesday, May 27, 1980, at 2 o'clock in the afternoon.

Before the question is put I ought to say that I do not want honourable senators to feel that the sitting time of 2 o'clock in the afternoon is fixed and unchangeable. I am simply recommending that we sit at 2 o'clock in the afternoon rather than at 8 o'clock in the evening; we can sit at 8 o'clock if honourable senators are not satisfied with my reasons for the suggested change.

We shall have a distinguished visitor to our country in the person of the President of Mexico on May 26, and he will address the joint Houses of Parliament, as I understand it, at 2 o'clock. I apologize for having previously said that that would be at 11 o'clock, but I did so on the basis of the information I had at that time. However, it was subsequently changed. I understand that the Leader of the Government corrected that yesterday—at least I hope he did. In any event, the President's speech is now scheduled for 2 o'clock in the afternoon of Monday, May 26.

● (1120)

Honourable senators also know that there are other events planned to celebrate the visit of the President of Mexico, and to extend hospitality to him, which it is hoped they will share in. It will also be remembered that senators were asked to make every effort to attend the joint sitting. Although on the occasion of the visit of the Prime Minister of Japan the Senate made a better showing at the joint sitting than the other place, nevertheless I feel that we could have made an even better showing.

If honourable senators were planning to attend the joint sitting and the other events surrounding the visit of the President of Mexico on May 26, I thought they would just as soon meet at 2 p.m. on May 27 as opposed to 8 p.m. However, if there is strong objection I would be glad to amend the motion.

Hon. Paul C. Lafond: Honourable senators, I am not voicing strong objection, but a decicion to sit at 2 o'clock rather compounds the difficulties I am under in trying to arrange for committees. At the moment I understand that two committees plan to meet in the afternoon of Tuesday, May 27, to hear witnesses. I would suggest that that be kept in mind in determining when the Senate will sit.

Senator Frith: Honourable senators, that is a perfectly good reason for sitting at 8 o'clock. You might wonder why I had not consulted Senator Lafond about this, but yesterday I was required to be out of town and today I have not had a chance to speak to him. If senators are busy with committee work on the afternoon of May 27, then the Senate should not sit until 8 p.m. However I still urge senators to attend the events related to the visit of the President of Mexico on Monday, May 26.

With your leave, honourable senators, I will modify my motion to provide for an adjournment until Tuesday, May 27, 1980 at 8 o'clock in the evening.

Hon. Senators: Agreed.

The Hon. the Speaker *pro tem:* It is moved by the Honourable Senator Frith, seconded by the Honourable Senator Petten, that when the Senate adjourns today it do stand adjourned until Tuesday, May 27, 1980, at 8 o'clock in the evening.

Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

QUESTION PERIOD

[*English*]

ENERGY

QUEBEC AND MARITIMES PIPELINE

Hon. Richard A. Donahoe: Honourable senators, we have just had an announcement that the Minister of State for Economic Development will not be in the house today. I am relieved to find out that that is because he is on urgent government business. When I noticed his absence, I thought that perhaps he had placed too much weight on my suggestion the other day that absence makes the heart grow fonder, and

that he was courting more affection from this side of the house. I am glad to find that I was mistaken.

My question, which was intended for him, I shall therefore direct to the Deputy Leader of the Government in the Senate. It has to do with an exchange that took place between Senator Olson and myself yesterday with respect to the so-called Quebec and Maritimes Pipeline.

I made some comments on the statement by the minister, and in replying to my comments he imputed that my expressions of opinion were running roughshod over the views of certain maritime premiers on this matter, including those of the Premier of Nova Scotia. The views of the Premier of Nova Scotia have, rather forcibly and strikingly, been expressed since that time and they are that he proposes to fight for a cabinet reversal of the National Energy Board recommendation to postpone construction of the maritime portion of the pipeline. Therefore, far from running roughshod over his views, I was, in fact, anticipating them and expressing them in this chamber.

• (1125)

My question is: Would the minister, in view of this fact, be prepared to withdraw the imputation that I was riding roughshod over the views of the Premier of Nova Scotia?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on the first point raised by the honourable senator, I do not want to be taken as having indicated that Senator Olson's absence was exclusively on government business, and might not have been to court the even greater affection from the other side that Senator Donahoe mentioned. I do not know whether that was so, but I do not want to be taken as having excluded that possibility.

In any event, I will see that the honourable senator's observations are drawn to the minister's attention, and no doubt the matter can be raised at our next sitting.

Senator Donahoe: I have a supplementary. It was suggested, in the statement made by Senator Olson, and in the remarks made in response to my comments on that statement, that it was the National Energy Board who said that the environmental studies necessary had not been carried to a sufficient point to justify proceeding with the extension of the pipeline into the maritimes, and that therefore we should not have done that. I am wondering if the minister has had an opportunity to see the comments that have been made on that decision by some very responsible persons. The Chairman of Alberta Gas Trunk Line said, in response to the announcement of this decision, that "it would have been a very prudent move to approve the maritime extension." Petro-Canada, that organization, of which my honourable friends are so fond, has also expressed an opinion through the lips of its chairman, who went so far as to question the appropriateness of "putting such a national policy issue to the NEB." He suggested that what was at issue here was a matter of government policy, not the technical feasibility of the maritime portion of the line, and that to put this decision to the NEB was to abdicate responsibility.

[Senator Donahoe.]

My question, which I would like to have conveyed to the Minister of State for Economic Development, is: Will he now tell us, in light of this widespread dissatisfaction with yesterday's announcement by Mr. Lalonde, if the government is prepared to take this matter into its own hands, as the Chairman of Petro-Canada suggests, and approve the extension to the maritime provinces?

Senator Frith: Honourable senators, I cannot say that the minister concerned will agree that the dissatisfaction is widespread, but I will certainly see that not only his comments but also those that he has brought to the attention of the chamber, are conveyed to the minister for his comment in turn.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a supplementary question. In connection with the pipeline extension, the Minister of State for Economic Development yesterday mentioned that he was under the impression that it would take only two years to complete the pipeline from Montreal to Halifax. It seems to me that the announcement made yesterday suggests that the pipeline to Quebec City only would take about five years. Would the Deputy Leader of the Government ask the minister to correct or confirm the information that he gave yesterday?

Senator Frith: Honourable senators, I suppose the third alternative is that the minister may be able to reconcile what seems to be a discrepancy in terms of the time period. Certainly what does appear to be a discrepancy will be drawn to his attention for comment.

CANADA

DISPLAY OF FOREIGN FLAGS

Hon. Guy Williams: Honourable senators, I have a short question for the Leader of the Government. It is straightforward and, therefore, I shall not go into lengthy detail. It concerns the flying of foreign flags on Canadian soil. An irate veteran spoke to me on the telephone for nearly an hour yesterday, advising me of two occasions when a foreign flag had been flown by an individual, a foreigner in this country. He was of the opinion that the flying of foreign flags is controlled by regulations and that those regulations are similar to those that apply to marine situations under which a foreign vessel, in its passage through Canadian waters, must fly the Canadian flag over that of its own country. In this case, the telephone caller had been told by a responsible Canadian government department that it was not illegal to fly a foreign flag without flying the Canadian flag.

• (1130)

My question is: Why does the law governing the flying of the Canadian flag differ so much from the marine law respecting the flying of flags on ships in Canadian waters?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I can try to answer from my own understanding. It is common for American flags to be flown with Canadian flags by tourist establishments, and others, to indicate a hospitable attitude towards visitors from the United

States. In direct answer to the question, I would think that the exigencies of regulations under marine law might be quite different from those applying in the situation I have just referred to. However, if a more precise answer as to why the rules relating to foreign flags in marine situations do not also apply to land situations is required, then I will pass the question on to the appropriate authority.

Senator Williams: To make it a little clearer, the second part of this gentleman's problem is not an American flag, but another foreign flag. I am presently waiting for some written information on the matter, and when I have it I will bring it to the attention of the house.

Senator Frith: Would Senator Williams be prepared to stand this matter until he gets the more specific information? I take it we can await his more specific question?

Senator Williams: Very good. The additional information I need is coming from the RCMP.

Hon. Peter Bosa: Honourable senators, I have a supplementary question for the deputy leader. I am pleased that Senator Williams raised this matter, because I have myself seen, in various parts of Canada, flags other than Canadian flags flying alone. Could the deputy leader also inquire as to the protocol respecting the display of a flag or symbol of another country.

Senator Frith: Yes, honourable senators, I shall be glad to do that. Perhaps Senator Bosa would be willing to make his question part of the package that is coming forward from Senator Williams. We will then be glad to answer those questions in all their dimensions.

Senator Bosa: Yes, I will be glad to do that.

TRANSPORT

MASTER PLAN FOR AIRPORTS IN ATLANTIC REGION

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have two more delayed answers. The first is in response to a question asked by Senator Marshall on April 17. The question was:

> I should like to ask the Leader of the Government in the Senate if he would look into the publication of a report on the master plan for the future of airports in Atlantic Canada which was completed at the end of 1979 but, as a result of the election, was delayed. I wonder if he would find out from the Minister of Transport if the report is now ready, and when it will be produced, because it concerns many in the Atlantic region.

The answer is:

> Transport Canada has not been preparing a master plan for the future of airports in Atlantic Canada. However, two separate area master plans are being developed by personnel of the Atlantic region for Transport Canada to encompass the province of Newfoundland and Labrador and, perhaps, the Honourable Jack Marshall is referring to these two plans.
>
> An area master plan for Newfoundland is in an early stage of development, while the area master plan for Labrador, which is already in existence, is being updated.
>
> You may be interested in knowing that an essential component in the development of these area master plans is extensive consultation with provincial government officials and local communities. The purpose of these consultations is to assist in ensuring that the plans reflect local and provincial concerns.

• (1135)

Honourable senators, I am asked to request that Senator Marshall accept assurances from the department that consultation is an integral element of the development of the area master plans for the Atlantic region. Indeed, the department is just about to commence the public consultation process for the Newfoundland master plan.

INTERNATIONAL TRADE

SALE OF CANDU REACTOR TO JAPAN

Hon. Royce Frith (Deputy Leader of the Government): The second delayed answer relates to a question asked on May 6, 1980, by the Honourable Nathan Nurgitz. I will read the question and answer in spite of his absence.

The question was:

> Honourable senators, with that ruling in mind I have a question for the Deputy Leader in his position as Acting Leader of the Government in the Senate. Could he please inform us if the sale of a Candu reactor was high on the list of subjects discussed with the Prime Minister of Japan during his recent visit?

To put the delayed answer in context, the reply I made at the time was as follows:

> Honourable senators, I know no more about that matter than what my learned colleague probably saw in the papers. I imagine it was on the list, but if he would really like to know whether it was high on the list, then I shall pass that question along.

The answer with which I have been furnished, reads:

> The question of a possible sale of a Candu reactor was high on the list of subjects discussed between the two Prime Ministers on May 6, 1980. They reviewed and discussed the possibilities for expanded co-operation in the energy field between the two countries, including the possible sale of the Candu reactor to Japan. Prime Minister Trudeau emphasized that the sale of the Candu system could contribute to the strengthening of bilateral trade and economic relations.

Honourable senators, those are the only two answers that I have been furnished with for today's sitting.

TRANSPORT

AIRPORT STATISTICS

Hon. Joan Neiman: Honourable senators, I have had a written question on the order paper since April 17, which I assume will be answered by the Department of Transport. Indeed, I first asked this question on November 29, 1979. Would the deputy leader be good enough to ascertain when I might expect an answer to my question?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I will red-circle that question and try to find out this morning or early this afternoon when we can have an answer. I will attempt to have it for our sitting the week after next.

Senator Flynn: Under the previous administration it took only two weeks to obtain answers. Now it is taking over a month.

Senator Bosa: When the deputy leader is inquiring about this question, would he also inquire about my question, which is No. 1 on the list of questions on the order paper? I placed the same question on the order paper last October and it was never answered.

Senator Frith: Yes, I will do so.

TWO-PRICE WHEAT ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the order:

> Resuming the debate on the motion of the Honourable Senator Argue, P.C., seconded by the Honourable Senator Perrault, P.C., for the second reading of the Bill S-6, intituled: "An Act to Amend the Two-Price Wheat Act".—*Honourable Senator Argue, P.C.*

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I am still awaiting some of the information that is necessary to answer the questions put to me yesterday by Senator Roblin. I would ask that the order stand.

Order stands.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before I move that the Senate do adjourn during pleasure I am somewhat embarrassed at having to say that the arrangements respecting the visit of the President of Mexico are still not absolutely firm.

• (1140)

If it turns out that the arrangements I have advised you of are changed in any way, or are cancelled, I will see to it that you are so informed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Jean Beetz, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker:

The Honourable Jeanne Sauvé, Speaker of the House of Commons, then addressed the Honourable the Deputy of His Excellency the Governor General as follows:

> May it please Your Honour:
>
> The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.
>
> In the name of the Commons, I present to Your Honour the following bill:
>
> An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1981.
>
> To which bill I humbly request Your Honour's assent.

The Honourable the Deputy of the Governor General was pleased to give the Royal Assent to the said bill.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, May 27, at 8 p.m.

THE SENATE

Tuesday, May 27, 1980

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

OFFICIAL LANGUAGES

SPECIAL JOINT COMMITTEE—MESSAGE FROM HOUSE OF COMMONS

The Hon. the Speaker: Honourable senators, the following message has been received from the House of Commons:

Friday, May 23, 1980

Ordered,—That a Special Joint Committee of the Senate and of the House of Commons be appointed to consider the Report of the Commissioner of Official Languages, 1978, tabled Tuesday, February 20, 1979 (Sessional Paper No. 304-1/301) and the Report of the Commissioner of Official Languages, 1979, tabled Tuesday, April 22, 1980 (Sessional Paper No. 321-1/301);

That nine Members of the House of Commons, to be designated at a later date, be members on the part of this House on the Special Joint Committee;

That the Committee have power to appoint from among its members such subcommittees as may be deemed advisable and necessary and to delegate to such subcommittees all or any of its powers except the power to report directly to the House;

That the Committee have power to sit during sittings and adjournments of the House of Commons;

That the Committee have power to report from time to time, to send for persons, papers and records, and to examine witnesses and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee be empowered to retain professional, clerical and stenographic help as may be required;

That a quorum of the Committee be four members, whenever a vote, resolution or other decision is taken, so long as both Houses are represented and that the Joint Chairman be authorized to hold meetings, to receive evidence and authorize the printing thereof, when three members are present so long as both Houses are represented; and

Ordered,—That a message be sent to the Senate requesting that that House do unite with this House for the above purpose, and to select, if the Senate deems it to be advisable, . . . members to act on the proposed Special Joint Committee.

Attest

Marcel R. Pelletier
Clerk Assistant
for the Clerk of the House of Commons

● (2005)

SPECIAL JOINT COMMITTEE –MESSAGE TO HOUSE OF COMMONS

Hon. Royce Frith, with leave of the Senate and notwithstanding rule 44(1)(d), moved:

That the Senate do unite with the House of Commons in the appointment of a Special Joint Committee to consider the Report of the Commissioner of Official Languages, 1978, tabled in the Senate on February 20, 1979, and the Report of the Commissioner of Official Languages, 1979, tabled in the Senate on April 22, 1980;

That six Members of the Senate, to be designated at a later date, act on behalf of the Senate as members of the Special Joint Committee;

That the Committee have power to appoint from among its members such subcommittees as may be deemed advisable and necessary and to delegate to such subcommittees all or any of its powers except the power to report directly to the Senate;

That the Committee have power to sit during sittings and adjournments of the Senate;

That the Committee have power to report from time to time, to send for persons, papers and records, and to examine witnesses and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee be empowered to retain professional, clerical and stenographic help as may be required;

That the quorum of the Committee be four members, whenever a vote, resolution or other decision is taken, so long as both Houses are represented and that the Joint Chairmen be authorized to hold meetings, to receive evidence and authorize the printing thereof, when three members are present so long as both Houses are represented; and

That a Message be sent to the House of Commons to inform that House accordingly.

Motion agreed to.

• (2010)

DOCUMENTS TABLED

Hon. Royce Frith (Deputy Leader of the Government) tabled:

Report of operations under Part II of the *Export Credits Insurance Act* for the fiscal year ended March 31, 1980, pursuant to section 27 of the said Act, Chapter 105, R.S.C., 1952.

Copies of By-law No. 1 of the Export Development Corporation, pursuant to section 16(3) of the *Export Development Act*, Chapter E-18, R.S.C., 1970.

Report on operations under the *Regional Development Incentives Act* for the month of March 1980, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Report of the number and amount of loans to Indians made under section 70(1) of the *Indian Act* for the fiscal year ended March 31, 1980, pursuant to section 70(6) of the said Act, Chapter I-6, R.S.C., 1970.

Document entitled "Economic Review: A perspective on the decade", dated April 1980, issued by the Department of Finance.

TRANSPORT AND COMMUNICATIONS

COMMITTEE EMPOWERED TO ENGAGE SERVICES

Hon. G. I. Smith, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the Standing Senate Committee on Transport and Communications have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of its examination and consideration of such legislation and other matters as may be referred to it.

Motion agreed to.

• (2015)

DISTINGUISHED VISITORS IN GALLERY

BALTIC HONORARY CONSULS

Hon. Paul Yuzyk: Honourable senators, may I draw your attention to the presence in the gallery of the Honorary Consuls of the Baltic States. With leave, and on behalf of the Senate, I would like to welcome to this chamber Dr. Jonas Zmuidzinas of Lithuania; Dr. Edward Upenieks of Latvia; and Mr. Ilmar Heinsoo of Estonia.

Hon. Senators: Hear, hear.

Senator Yuzyk: Canada, the United States, and several other democracies do not recognize the Soviet military occupation of those states and the forcible incorporation of those countries by the Soviet Union, which took place in 1940. We hope that their aspirations for free and independent democratic countries will be realized in the near future.

The Honorary Consuls are accompanied by members of the Baltic Federation of Canada, whom I should also like to introduce. They are Mr. T. E. Kronbergs, Mr. J. R. Simanivicius, Mr. Walter Pent, Dr. Edward Parups, and Mr. J. Danys.

[Senator Frith.]

Hon. Senators: Hear, hear.

Senator Yuzyk: They are here on the occasion of the Eighth Baltic Evening that will be held tomorrow in Room 200, in the West Block on Parliament Hill.

Lithuanians, Latvians and Estonians in Canada now number over 100,000, and they are among the best citizens of our country. We are happy to welcome these visitors to our chamber today.

Hon. Senators: Hear, hear.

THE LATE HON. HAROLD CONNOLLY

TRIBUTES

Hon. Richard A. Donahoe: Honourable senators, I draw your attention to the passing of one of our former members. During the week while the Senate was in recess we lost the Honourable Harold Connolly.

Harold Connolly was a prominent Nova Scotian, a man who had an interesting and successful political career. He was at one time Premier of Nova Scotia. He was the immediate predecessor in that position of our esteemed colleague, Senator Hicks.

Following that tenure, he was appointed to the Senate and was a senator for a number of years. Unfortunately, early in his senatorial career his health failed, he suffered a stroke, and for a long period of time he was unable to make the important contribution that I am sure he would have made to the deliberations of this house and the parliamentary system. He managed to make a reasonably good recovery, and for several years had been carrying on in a relatively normal way in Halifax. However, last week he suffered a second stroke and died.

• (2020)

Harold Connolly was buried in Halifax on Wednesday last, and a very fine tribute paid to him in the service of commitment. The mass was presided over by the Archishop of Halifax. Among those in attendance were the Lieutenant Governor of Nova Scotia, two former Lieutenant Governors and the Premier. The passing of the Honourable Harold Connolly was noted with due pomp and due circumstance.

I simply wish to bring to the attention of the Senate the fact that we have lost a good man and a good Nova Scotian.

Hon. David A. Croll: Honourable senators, the former Senator Harold Connolly was a long-time friend of mine, and we were in communication up to March of this year. He was a former Premier of Nova Scotia, and a member of the legislature from 1936 to 1955, a period embracing 20 sessions. He was a member of the Senate for almost 20 years. Originally he was a newspaperman, and he became a politician. He held many portfolios, including those of Industry and Trade and Health and Welfare, and he particularly enjoyed the latter.

I sent him a copy of *Retirement Without Tears*, and a few days ago I had a letter from him in which he said:

This report, which I read avidly, is a Senate masterpiece and it should not be allowed to die in a file. Instead

it should be debated by the Senate to a conclusion. It is an issue that goes down to the fundamentals of humanity.

Later on he indicated that he thought a great mistake was being made in talking about the kind of changes that are likely to be made in the Senate.

I think it is fair to say that Harold Connolly was the original idea man for the regional economic expansion concept. He was an outstanding orator, as I recall him; he could make the English language sing. He had a sense of humour. He was formidable in political battle, gentle in victory and understanding in defeat. He was admired and respected, and he left a legacy, which when pieced together seems very full, more than the space of one lifetime would permit.

He was enthusiastic and had great strength in the face of adversity. He was a man of many talents. He demonstrated his personal strength and his belief, particularly in times of adversity.

I was always impressed with his love of language and ability to speak. I went to the library to try to find something that I thought suitable and that he might like, and I found the following words in the works of Hilaire Belloc:

From quiet homes and first beginning,
Out to the undiscovered ends,
There's nothing worth the wear of winning,
But laughter and the love of friends.

● (2025)

We extend our sympathy to his wife and family. We miss Harold, as we missed him before. I am sure that his family, especially, will know that he is being missed in the Senate.

Hon. G. I. Smith: Honourable senators, I wonder if I might be permitted just a moment to join my two colleagues in their eloquent tributes to the late Harold Connolly.

I had the pleasure of serving with Senator Connolly in the Legislature of Nova Scotia when he was a minister, and later, when he was premier, although I cannot say that I helped him very much in either of those two positions. I remember very well his powerful oratory and his great command of the English language, but perhaps what I remember most about him is the gentleness and friendliness with which he welcomed, many years ago, some eight members of my party who were sitting in the Legislature of Nova Scotia for the first time, that house not having had the distinction of entertaining any members of that party for something over four years. I may say that the general helpfulness which he offered us did not appear in moments of debate, when one would not suspect him, perhaps, of being unduly concerned about helping us.

My association with him over the years led me to understand very well why he became so prominent in the public life of Nova Scotia, and why he became prominent in the field of journalism before he went into politics. He was a great Nova Scotian and a great gentleman. We regret his passing very much. Nova Scotia and Canada have suffered a very great loss. I wish to join in extending sympathy to his family.

Hon. Henry D. Hicks: Honourable senators, I am glad to associate myself with the remarks that have been made by others in relation to the late Senator Connolly. My recollection of him goes back a long time, and it is unfortunate that in the last decade of his life he was not seen very much, either here or in Halifax, because this means that at the time of his death he was not a current figure. However, those of us who remember him in years past will remember many nice things about him.

Not the least of his achievements, in my opinion, is what he accomplished when he was Minister of Trade and Industry, and in charge of tourism in Nova Scotia. He brought the industry of tourism in Nova Scotia into the modern age, and made a great contribution not only in that field, but in the early stages of industrial promotion in Nova Scotia as well.

I like to think of him also as the genial Irishman who, at a party, could entertain scores of people with his singing of Irish songs. I remember his very good nature in that way particularly well. Also, I used to play bridge with him at the Halifax Club. He was a good bridge player, and though I do not believe generally in people being holders of terrible cards, I make an exception for Harold Connolly. It seemed that every time I played with him he never had any cards at all, but it can at least be said of him that he made the most of what he did have. This was true not only in playing bridge, but in using the many talents that he brought to the political life of Nova Scotia, and, latterly, to this chamber.

● (2030)

THE LATE GREGORY ROYCE FRITH

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I should like to say something about the support I received from you and the staff of the Senate following the death of my son. It is as hard for me to say anything about it, as I know it has been for my friends and supporters here to find the right words—supporters in the sense that I just used the word.

It is very hard to describe the cumulative effect of so many expressions of support and sympathy. It is like something we have all experienced when the force of human beings joined in prayer can be felt and sensed.

On behalf of my son's wife and the family, I thank you all very much.

QUESTION PERIOD

[*English*]

AGRICULTURE

DROUGHT IN PRAIRIE PROVINCES

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, if I could start this section of our business tonight, I should like to address a question to the Minister of

State for Economic Development with respect to the drought conditions in western Canada. I regret that he is not supported by his colleague the Honourable Minister of State responsible for the Wheat Board, because I am sure that between the two of them they could furnish a wide background of experience on this matter.

My question has to do with a letter sent to the federal government by the Minister of Agriculture for the Province of Manitoba on May 9, 1980, in which he asked the federal government to let him know what steps they were prepared to take in connection with the developing emergency in the drought area. He particularly wanted to know whether the Prairie Farm Rehabilitation Act could be reactivated or activated to provide help in this matter. He also wanted to know whether the federal government would take under consideration the question of sharing in the financial costs of the whole position in the west. My question is: When will the government answer this letter?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, an answer to the letter may or may not have gone forward. As far as an acknowledgment to the letter is concerned, I cannot answer that, but I would expect one has gone forward.

As far as answering in detail the requests that were contained in that letter, I should like to inform the honourable senator that we regard the situation as being serious—indeed, as being critical; in fact, Senator Argue is in Winnipeg today holding discussions on the matter with the Canadian Wheat Board.

I do not think that we have a clear assessment of what ought to be done. It seems fairly clear that some assistance is required to deal with the raging forest fires. I am not sure of the details of this assistance, but a forest fire program has already been undertaken. I cannot say whether the provinces have asked for any special assistance in fire fighting, but they have certainly asked for assistance regarding the safety of people who have been caught in this situation, and the Department of National Defence has responded to the best of its ability.

• (2035)

I was in Winnipeg on Sunday afternoon—not by a prearranged meeting—and I was flying in a DND plane. Some of the officers who had been involved in evacuations told me that the evacuations had been carried out in an orderly and highly satisfactory manner.

I return now to the next most urgent matter, which is what can be done and what ought to be done to look after livestock where grass is not growing because of the drought. The assessment of this situation is that an expedited program of bringing supplementary feed into those areas is the best plan. Unfortunately, there is no place in Canada that we know of where enough fodder is available. Of course, there may be some available as far away as Ontario or Quebec.

An Hon. Senator: They are in Canada.

[Senator Roblin.]

Senator Olson: We are unable to locate sufficient fodder in the prairie provinces that can be moved.

Yes, they are in Canada, but you have to look at the alternatives, and it seems to me that an expedited program of trying to use some higher-concentrated feeds mixed with some fibre—which is necessary for cattle in that condition—is the most satisfactory alternative, and that is being looked at. I know that the Canadian Wheat Board is holding back shipments of barley—if it has not completely stopped them—out of those areas where it may be needed. I believe it has made some arrangements to obtain as much as 50,000 tons of screenings, which can be brought back in, and anything else which may be utilized. It is trying, as expeditiously as possible, to put that together.

PFRA, a section of the Department of Regional Economic Expansion, has been working on this problem for two or three weeks now. I believe it is fair to say that later this week we will have some kind of program to present, and that is about as quickly as it can be done. At that point, of course, whatever appropriate financial commitment ought to be made by the federal government will be considered.

I should also say that the situation in some of the area that was so severely affected earlier has changed as a result of a heavily moisture-laden system that moved in on Friday, and which by Sunday had affected most of southern Alberta. Indeed, this also alleviated the situation in northern Alberta to a great extent. When I went through Regina about 6 o'clock on Sunday evening, it had started to rain. I do not know what has happened since. The rain was not enough to relieve the situation, but certainly there was a prospect that it would be relieved.

• (2040)

That is a long answer, but it is important that these matters be brought out. We had arranged for some light planes to carry out a more extensive tour which would have involved discussing the situation with those affected, specifically as to what they viewed as solutions, but unfortunately the rain storm kept us from carrying out that tour. But let's not kid ourselves or be under any illusions about that rain. The small amount that had fallen by Sunday was not enough to relieve the situation completely.

Senator Roblin: If I might pursue the point, I might ask my honourable friend if he has been reading the Regina *Leader Post* recently.

Senator Olson: I have heard about it.

Senator Roblin: I will tell you what I know about it. They report that a document was prepared for a cabinet committee which explicitly stated that while there was little the federal government could do to alleviate the adverse effects of the drought, it should be doing all of those cosmetic things that would lead to the appearance of activity.

Senator Steuart: Shame, shame.

Senator Roblin: One of the political gimmicks recommended was ministers' tours of the area. I, of course, ascribe none of

this to my honourable friend. I would like him to tell us some time, however, whether or not this document was prepared by his advisers and, if so, whether or not he will let us see it so that we can judge the quality of the advice he is receiving.

I am sure he is much too wise to pay attention to that sort of thing. The point I want to make in continuing my question is that, while there has been a three-inch rainfall in Alberta—and heaven be thanked for that—it has not got as far east as we would like, and I am rather concerned that my honourable friend does not really appear to be co-operating or consulting with the provincial governments, as I would hope he would think it proper to do. The provinces all have departments of agriculture—

An Hon. Senator: You are making a speech.

Senator Roblin: That is right, I am making a speech, and you will encourage me to continue it, I can see that.

All of the provinces concerned have a department of agriculture and they all have ideas as to what could be done. I would suggest to my honourable friend that, if he finds it possible, he might perhaps meet with these gentlemen in Winnipeg or Regina and solicit their co-operation in this matter. I am sure such an initiative would be welcome.

Senator Olson: Honourable senators, I really do not have any disagreement with anything that the honourable senator has said, including the headlines in the Regina *Leader Post*. I do not think there is anything that the federal government can do to alleviate the drought. We do not claim to be able to change the weather. I do think that some comments that have been made by some provincial officials in attempting to make some political hay, if that is the right word, are really inappropriate in the light of the seriousness of the situation. I make no apology to my honourable friend or to anyone else because we on this side of the house choose neither to ignore nor turn our backs when there are people hurting any place in this country, and there are some people out there who are hurting. If you want to call that "cosmetics," that is up to you; but, basically, it is a matter of caring.

Surely we have to make an assessment of the situation before we can announce any program or the participation therein.

It is simply not true to say that there has not been consultation, because there has been, not only between officials at the federal level and their provincial counterparts but also between those officials and officials of the Department of Regional Economic Expansion, which is in charge of some of the facilities which are at the disposal of the federal government to deal with this situation.

It may be that some will want to continue this facade that we have not been interested. We have been. As a matter of fact, the committee to deal with this was activated even before the letter my honourable friend referred to came in. My honourable friend will also understand, I think, that had the weather pattern changed at any time earlier in this month, that of course would have been the best solution. We are ready to do anything that can be done. If there were enough feed supplies that could have been obtained at some reasonable economic level, they would have been moved in by this time.

I do not have any great problem with all of my honourable friend's assertions. They are probably all true. We are sincere about getting on with matters and making an effective contribution rather than running around criticizing someone else who may or may not be doing his full share.

Senator Roblin: Honourable senators, I must point out to my honourable friend that the assertions to which he referred, including the expression "cosmetics", certainly did not come from me nor, so far as I am aware, from any provincial minister; they came from my honourable friend's own governmental department. So, if he is concerned about the use of the language, he had better look into his own affairs and see who it is who is giving him this kind of advice and do something about it.

I still make my point that there is no evidence I am aware of that we have had the amount of co-operation between the two levels of government that I would like to see. It seems to me that if a meeting were held between the three provincial Ministers of Agriculture and the federal officials, such a meeting would go a long way towards ensuring that we had the maximum effect for the minimum of effort in relieving the distress to which my honourable friend referred.

Senator Olson: My honourable friend can take it that exactly what he is describing that ought to be done now has been going on for many days.

FOREIGN AFFAIRS

CARIBBEAN INSTABILITY—CIDA INVOLVEMENT

Hon. Heath Macquarrie: Honourable senators, I have a question for the Deputy Leader of the Government. Before putting my question, I too wish to commend him for his diligence to his duties, not only tonight but ongoing. I appreciate it very much.

Like many Canadians, I was shocked to read in the Ottawa *Journal* on Friday last that CIDA, a highly estimable group, has had it suggested to them that they might, in the interest of Caribbean stability, provide gunboats and other police techniques for the small islands of the Caribbean. Can the Deputy Leader of the Government assure this chamber that there is no place, so far as CIDA is concerned, for gunboat diplomacy or gunboat peddling, and that Mr. Douglas Small's article in the Ottawa *Journal* to that effect is not well founded?

Hon. Royce Frith (Deputy Leader of the Government): I certainly hope that I can so assure honourable senators, but I obviously will have to try to track down the source of that story in order to do so. It is my hope that I will be able to stand in this place and assure my honourable friend that there is no place for gunboat diplomacy, whether through CIDA or any other agency of the Canadian government.

ENERGY

CANADA-MEXICO OIL AGREEMENT

Hon. G. I. Smith: Honourable senators, I should like to direct a question to the Minister of State for Economic Development relating to the agreement signed today between Canada and Mexico respecting oil imports. I don't know from firsthand knowledge the contents of the agreement, but I understand that, among other things, it provides for Canadian importation of only 50,000 barrels per day. If I am wrong on that, I am sure the minister will correct me. If that is true, it does not compare, or seem to compare, at any rate, very favourably to the maximum of 100,000 barrels a day provided for in the agreement initialed last year between Canada and Mexico.

Can the minister tell us what has happened in the meantime to reduce this very useful amount of 100,000 barrels per day as a maximum to 50,000 barrels a day—which, while useful, is only half as useful as 100,000 barrels per day?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I cannot give the reasons for the reduction from 100,000 barrels per day to 50,000 barrels per day, but I can confirm that the volume of 50,000 barrels per day is the volume included in the agreement that was signed today.

Honourable senators will recall that the President of Mexico, in his speech on Monday, did make mention of there being other factors involved with respect to their sale of hydrocarbons.

There are still a great many negotiations to be completed between the two countries, including negotiations respecting telecommunications, natural resources, and mining machinery. In the aluminum fabrication field they are discussing expansion and production facilities, and in the transportation field they are discussing railway expansion and upgrading, and the Mexico City Metro. There is, of course, in addition to the oil supply, some consulting services being discussed and various Canadian firms are seeking some consulting contracts. While I cannot give any more detail today until those negotiations are completed—the various ministers that are involved in them will be making the announcements—I can give my honourable friend an assurance that we will bring a report to this house as early as possible.

● (2050)

Senator Smith (Colchester): I thank the honourable senator for his statement and his confirmation that 50,000 barrels per day is the figure which is included in this agreement.

This leads me to a supplementary which relates particularly to the area of the country in which I live, Atlantic Canada. Again, I have some figures which I cannot assert of my personal knowledge as correct, but which I think the minister will know about. Given the fact that Atlantic Canada now consumes 300,000 barrels of imported oil per day, and that that consumption of imported oil is likely to increase to something in the order of 800,000 barrels a day by 1985, and the further reality—which I think I have heard the minister himself discuss—that Canadian production of conventional oil is to decline during that period, will the minister, when he answers my first question, indicate to us and to Atlantic Canada from where it is expected the government will make up the shortfall of 500,000 barrels per day, which is a greater amount than the maximum of 100,000 barrels per day in the initialed Mexican agreement?

[Senator Frith.]

Senator Olson: Honourable senators will recall, of course, that the 100,000 barrels a day was indicated to start some time later. Indeed, the delivery of this amount of 50,000 barrels per day will commence some time later this year, which is substantially earlier than the commencement date in the other agreement, and I suppose that has some advantages. I expect that an off-the-cuff reply as to from where the balance of the requirements of the maritime provinces will be met is that they will be met, to the extent possible, from sources that are now supplying them. It was our hope that we would have a somewhat more secure supply for that requirement.

In addition to that, I would repeat that we hope that a very large portion of that requirement can be met by gas substitution as quickly as possible. In spite of the ruling that was made the other day, we intend to pursue that, and probably further down the road there will be some offshore production from the maritime provinces themselves. We do not depend on that as a reliable, substitutable source at the moment, because it is not yet in deliverable condition, but that seems to be the scenario for meeting what my honourable friend has mentioned as the total requirements.

Senator Smith (Colchester): Perhaps I might ask a further supplementary since the minister has been so kind to respond to those I have asked.

With respect to his comment about supply from offshore sources in the Atlantic region, I presume he was referring to gas because he mentioned it in connection with the gas pipeline, and I understand that still has to be confirmed as being of commercial quantity. I further understand that even if it is of commercial quantity, it will be four to five years at least before it is brought ashore. If there is to be no pipeline built until after a delay of at least two years, then that gets us well past 1985 before any gas from conventional sources is available. My question is: What plans are in hand to make up this deficiency?

Senator Olson: Honourable senators, I do not have the decision in front of me, but it seems to me that it was stated by the Minister of Energy, when he announced that the National Energy Board had declined the application to proceed east of Quebec into the maritimes, that it was primarily based on some environmental questions that had not been answered. It would be our hope that that can be done expeditiously and it will not be long until a decision will be made to extend that pipeline.

I would not want my response to be confined only to offshore gas at Sable Island. There are also some very interesting discoveries of crude oil at Hibernia and other places and,

hopefully, that will come into the consumer stream before long.

QUEBEC AND MARITIMES PIPELINE

Hon. G. I. Smith: I hope I am not straining the patience of honourable senators, but may I be permitted one more supplementary? It relates to the so-called construction of the Q and M pipeline.

It is the fear of some people—I think many people in the Atlantic region—that the pipeline having been built to the point just beyond Quebec City, to which it is now authorized to be built, the remaining portion to wherever it might be in the maritime provinces—Halifax, for instance, or Canso—is unlikely to prove attractive, from a financial point of view, to anybody looking at that stretch of the line alone, and that the real viability of the Q and M pipeline from the vicinity of Montreal to Halifax or Canso lies in its being constructed as one enterprise.

Hon. H. A. Olson (Minister of State for Economic Development): I believe that is correct. I do not want to repeat again and again that this government has given a commitment to attempt to expedite the building of the pipeline all the way to the east coast. While I cannot give any commitment of an underwriting by the government, it is the intent of the government that this line be built, and built soon. I do not believe the application before the National Energy Board to do that job called for any federal government underwriting, but there may be some consideration of that later on in view of what my honourable friend has just said.

CANADA-MEXICO OIL AGREEMENT

Hon. Ernest C. Manning: Honourable senators, may I ask a supplementary question on this agreement to buy 50,000 barrels of oil per day from Mexico? Is the minister in a position to advise the house whether the price to be paid for that oil is the world price, subject to further increases as the world price increases, or is it a firm price for the duration of the agreement or for some fixed volume of oil?

Also on the subject of price, is it tied to the world price? I think the minister will agree that the term "world price" has become a rather vague expression in recent months because there are half a dozen prices that may be referred to as the "world price." Could he give us an indication of the actual price at which the agreement starts, if it is tied to the world price?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the answer is no, I cannot do that now, but I can give an undertaking to try to obtain that answer. I expect it to be in the agreement, when we see it at the conclusion of all the negotiations that are continuing. It may be one or a combination of Senator Manning's suggestions, but I would not like to speculate on it because I think we will have it in a few days anyway.

• (2100)

TAXATION AND EXPENDITURE TO ACHIEVE SELF-SUFFICIENCY

Hon. Cyril B. Sherwood: Honourable senators, on May 8 last in a question to Senator Olson, Minister of State for Economic Development, I quoted a statement by Mr. Marshall Crowe, former chairman of the National Energy Board to the effect that the achievement of self-sufficiency in Canada would require an expenditure of $200 billion. I then asked the minister whether, in the light of these projections, the government, in considering possible new taxes on energy companies, was aware that the achievement of energy self-sufficiency could be seriously delayed. The minister declined to answer, suggesting that it would be unwise to comment on assessments made by persons outside the government, however well-informed and eminent they might be.

I would draw to the minister's attention an Energy, Mines and Resources Bulletin EP77-8, which projects that in terms of 1975 dollars the achievement of energy self-reliance in Canada would necessitate the investment of $138 billion. In 1980 dollars that amount equals the Crowe prediction of $200 billion.

My question to the minister is: In the light of statements by the minister's parliamentary secretary in the other place to the effect that new taxes on energy companies are being considered, and given that I have now quoted for the minister's benefit an internal government assessment, would he now answer my question as to whether or not the government is aware that in considering such taxes it may be delaying the achievement of energy self-sufficiency.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I can answer yes, the government is aware that that had happened, but to ask me to go any further is not to ask me for information, but simply to ask me for my own opinion.

TERMINATION OF OIL IMPORT COMPENSATION PROGRAM

Hon. Orville H. Phillips: Honourable senators, I would like to direct a question to the Minister of State for Economic Development. I am sure he recalls that the Throne Speech contained a paragraph promising in rather glowing terms equal opportunity for economic development in all areas of Canada. I am sure I recognized his penmanship in the background. I wonder if he can reconcile that paragraph with the statement of the Right Honourable the Prime Minister on Thursday, May 22, that the oil import compensation program would be terminated. How does he picture this helping the development of Atlantic Canada?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I think the interpretation ought to be changed slightly; that is to say that while the compensation program may be terminated at some time in the future, this does not mean that there is going to be a different price in one part of Canada from that in other parts. The Prime

Minister's statement did not say that we were going to move away from a reasonably uniform price across the country.

Senator Phillips: I would like a little greater assurance than the so-called blended price which the Right Honourable the Prime Minister mentions so often. We in Atlantic Canada feel that the Liberals have already put us through the blender too many times and we have no desire to go around that circle again. I would like to have an assurance that gasoline will cost the same all across Canada.

Senator Olson: Well, honourable senators, no federal politician can guarantee that because there is a variation in provincial taxes across the country, and that is up to the provincial governments. What we have now is a reasonably uniform cost to the refinery of the feedstock that makes gasoline, and I think the honourable senator would have a difficult time finding anything in the Prime Minister's statement to suggest that we intend to change that.

PARLIAMENT

LIBERAL AND NON-LIBERAL RIDINGS

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Minister of State for Economic Development, but this time in his capacity as a political minister for Alberta and responsible, I understand, for the twinning of ridings of eastern Liberal MPs with Alberta ridings. Would the minister please provide us in this chamber with a list of those twinned ridings so that persons in Alberta will know from whom to seek assistance.

Hon. H. A. Olson (Minister of State for Economic Development): Well, honourable senators, I would be very happy to do that, because I think this is one of the most useful programs to promote national unity in this country that I have ever seen. My problem in answering the question is that the honourable senator is asking me to bring into this house, as though it were public business, that which is the business of the Liberal Party of Canada. I imagine there would be some objection to that. I would be very happy to have those names mentioned here, but then I think we would open the door for bringing out in this chamber all the other great things that the Liberal Party of Canada does from time to time for Canada.

The honourable senator may as well understand now as later that this in no way usurps the responsibility of the elected members from all those ridings. It is a matter that is within the Liberal caucus and within the Liberal Party, and I am very grateful that there are a number of Liberal members from other parts of the country who are not only ready and willing but have already donated some time to make sure that there is a viable alternative to the Conservative Party in those three western provinces, which I regard as a very important part of the democratic system.

Senator Nurgitz: As a supplementary, honourable senators, would the minister say then that if a person in, for example, the province of Alberta had a problem he could not seek advice from his twin Ontario MP?

[Senator Olson.]

Senator Olson: I did not say that. I am grateful to his twin, if he happens to be from Ontario, and, indeed, I am very glad he is volunteering his services. But what I want to make clear is that I am not sure that this is part of the public business of the Government and the Parliament of Canada. It has been set up by the Liberal Party of Canada and the liaison in the constituency is with the executive of the constituency Liberal Association. I am doubtful about whether that type of question should be answered in this house.

Senator Nurgitz: Then perhaps the minister could confirm that a twinned eastern member of Parliament, who actually has a seat, is in no way to provide anything for an Alberta constituent.

Senator Olson: No, I would not agree to that at all. In fact, I think it will be a very useful service. If people want to contact him because he has available to him facilities for getting in touch with departments, for example, that is an option that is open to them and volunteered by the sitting member.

Senator Nurgitz: In that case it is a matter of public business, and I think it would be of some interest for this chamber to see the list.

Senator Olson: Perhaps it should be brought here, but I remind my honourable friend that when a member is elected to the House of Commons he becomes a member for the entire realm. There is no question about that. During all the years I spent in the House of Commons, I answered letters and performed services for people who wrote to me from one end of the country to the other, and this is nothing different except that it is being expanded somewhat. It is a practice that is engaged in by every member.

• (2110)

Senator Nurgitz: I have one final supplementary. I assume, therefore, that the minister is in disagreement with the Leader of the Government in the Senate who said at the annual meeting of the Liberal Party of British Columbia, which he seems to be constantly attending, that the twinning program was unrealistic and unworkable and that it interferes with the role of a duly-elected member of Parliament.

Senator Olson: Honourable senators, I am always a little suspicious of taking someone else's interpretation of what my colleagues have said. I would like to check that out.

Senator Flynn: You're not the only one.

MINISTERIAL OFFICE IN ALBERTA

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Minister of State for Economic Development. Can the minister confirm that in his capacity as the Alberta minister he has opened an office at the lovely Chateau Airport Hotel at the Calgary International Airport?

Hon. H. A. Olson (Minister of State for Economic Development): Yes, I have opened an Alberta minister's office at the Calgary International Airport. That is correct. I could give

some details about getting it opened quickly, when we rented some space that was available and ready to move into. It is located in the most convenient place I know, in the hotel right at the airport. It is the first door you come to when you walk out of the parkade. I cannot think of a more convenient place for the people of Alberta to communicate with a minister for Alberta.

Senator Flynn: Or for you. You can always get away quickly.

ENERGY

TERMINATION OF OIL IMPORT COMPENSATION PROGRAM

Hon. Robert Muir: Honourable senators, I wish to direct a question to the minister who has just resumed his seat, and possibly pour some oil on troubled waters.

Earlier in the Question Period when he was being questioned by Senator Roblin about the terrible situation in western Canada—I am paraphrasing the minister's words—he said that he and the government cared about Canadians everywhere.

A couple of weeks ago when I asked him how long it would take before the pipeline to the east coast would be in operation, he estimated it would take two years. Tonight when questioned by Senator Smith (Colchester), the minister mentioned Hibernia and Sable Island, with all our hopes and prayers that the wonderful day may come when we in Nova Scotia may develop something like that developed in Alberta under Senator Manning.

On Thursday the Right Honourable the Prime Minister, referring to the oil import compensation program, said: "Yes, Madam Speaker, it is part of our policy to phase out the oil import compensation over a period of time." The following day the Parliamentary Secretary to the Minister of Energy, Mines and Resources repeated the same thing.

May I ask the minister: If it is going to take periods of two years, or five years, as has been mentioned here tonight, can he indicate when this oil import compensation program will be cut off? Will it be before we have something to take the place of the subsidy; and, if so, what will consumers in the Atlantic provinces do financially to heat their homes, run their businesses, generate power, and so on, during that interim period?

Hon. H. A. Olson (Minister of State for Economic Development): No, I cannot give any indication of when it will be phased out. If the honourable senator will read the rest of that reply, along with several made by the Minister of Finance, he will understand that the time-frame and the staging of the phasing out is dependent on many other things. If he wishes a half-hour speech, I can enunciate some of them for him, but I do not think the Question Period is the time for that.

Senator Muir: No, I hardly think we want to listen to the honourable gentleman for half an hour at this point in time, although he is always entertaining. However, that was the reason for questions being asked in the other place. Controversial answers were given by different ministers, and I was asking the minister here if he could give us an answer that was different from the two or three that have already been given.

Senator Olson: I hope that any answer that I give is consistent with what my colleagues have said in the other place.

Senator Smith (Colchester): But not guaranteed.

Senator Olson: I said "I hope."

FOREIGN AFFAIRS

HELSINKI FINAL ACT—PREPARATION FOR REVIEW CONFERENCE

Hon. Stanley Haidasz: Honourable senators, my question is for the Deputy Leader of the Government. In view of the fact that the review meeting of the Conference on European Cooperation and Security will be held in Madrid only five months from today, and in view of the interest of parliamentarians of both houses in the implementation of the Helsinki Final Act, could the deputy leader inform this house of any intention by the government to give parliamentarians of both houses an input in the preparation for that meeting and its deliberations.

Hon. Royce Frith (Deputy Leader of the Government): Yes, honourable senators, I shall endeavour to obtain that information.

PARLIAMENT

APPOINTMENT OF TASK FORCES

Hon. Jack Marshall: Honourable senators, at page 1356 of the House of Commons *Hansard* there is reference to the appointment of parliamentary task forces. I believe it was clarified in the other place, following some controversy, that the task forces will report to Parliament rather than to a minister. Would the Deputy Leader of the Government clarify whether "Parliament" means the Senate and the House of Commons; and, if so, will members of the parliamentary task forces include members from the Senate?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I am able to say that the report to Parliament will be one that is in the understood sense, namely, a report to the Senate and the House of Commons. I believe there will be Senate participation, but I am uncertain of that at the moment. I shall try to clarify the situation some time this week.

INDUSTRY

ASSISTANCE TO MICHELIN TIRE COMPANY

Hon. Richard A. Donahoe: Honourable senators, I should like to address a question to the Minister of State for Economic Development, based on an article in today's Ottawa *Journal*. It is headed "Federal Aid for Michelin Under Fire".

We might not have been too concerned about this matter if it were not for the fact that, since this government has taken

office, we in Nova Scotia have seen a decision made which means that we shall have to wait indefinitely for the pipeline to be extended into our province. We have seen decisions taken which would appear to indicate that the federal government is reneging on its promised offer of assistance to the steel plant in Sydney, to Sysco. We are being advised and warned that our subsidy for oil used in the production of energy in Nova Scotia is to be withdrawn and discontinued. This morning we are told that the federal aid for Michelin, which is proposing to build a third plant in Nova Scotia, is under fire.

It comes under fire from some very interesting places. The critics include the Vice-President of the Canadian Labour Congress, the President of the Nova Scotia Federation of Labour, and representatives of four tire companies: Uniroyal Ltd., Goodyear Canada Inc., The General Tire and Rubber Co. of Canada Ltd., and Firestone Canada Inc. One of the arguments advanced as to why federal aid should not be given to Michelin was that there has been a recession in the tire industry in Ontario and therefore it should not be supported in Nova Scotia.

The thing that concerns me, and will concern Nova Scotians, having suffered these other adverse blows, is: Are we now going to get another body blow that is clearly below the belt?

● (2120)

For years in Nova Scotia we looked forward to a regular, consistent policy of assistance in regional development to be produced by the federal government. As a result of that there was brought into existence the Department of Regional Economic Expansion, DREE so-called, and to that department funds were made available for the assistance of industry in the Atlantic region. A policy was set forth whereby these funds could be made available. If appropriate propositions were put forward there was a procedure by which the merits of the claim could be judged and a decision taken, and if the decision was favourable the help could be forthcoming.

Those are the procedures that were followed with respect to the Michelin claim. We now find that that assistance is being objected to; that the minister is being urged not to make that assistance available, and the minister is quoted as saying that the arguments were eloquent, to use his phrase, although he was not prepared to say how persuasive they were. He then said that the decision has not been taken, and that these representations will have to be studied very, very carefully.

My question to the Minister of State for Economic Development is: Have the policies that have been in force in the Department of Regional Economic Development been abandoned? Are we now about to see a change whereby pleas for assistance will be judged not on the basis of departmental policy but on the basis of the whims and wishes of a minister of that department.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I think the answer to the last part of the question is that the policies are known, and have been followed. However, to try to answer any other part of the honourable senator's remarks, which was really nearly a major speech rather than a question, is to comment on press speculation, and I have been around long enough to know that it is unwise to do that.

Hon. Robert Muir: Would the minister take it upon himself to speak in a sporting way to the Minister of Sport from the province of Nova Scotia, and the Minister of Finance, who I am sure are vitally interested in this situation with regard to Michelin. I do know that Senator Graham is interested. What a cosy little group. We have a representative from the CLC, the President of the Nova Scotia Federation of Labour and four large tire manufacturers pressing the present government, "Don't you dare give a nickel to the Province of Nova Scotia so they can start a plant." Is this the attitude we are going to have towards Nova Scotia, New Brunswick, Newfoundland and Prince Edward Island when the big multinationals start putting the pressure on?

The ironic part is—if honourable senators will bear with me—that the representatives of labour, representing the same unions in many areas of Nova Scotia and Cape Breton Island, are saying, "We don't want any industry; we don't want it in Nova Scotia." I believe the government has its heart in the right place, and I hope we will get a good answer forthcoming from the minister.

Would the minister ask his colleagues to take a real good look at this? I know they have to meet, as the Minister of Fitness and Amateur Sport and others have done with groups and delegations, and as the minister himself has done in the past in whatever office he has held. Would the minister impress upon these other cabinet ministers not to listen too strongly to these representations that are being made?

Senator Olson: Honourable senators, I am very sure that every one of the ministers who have been named by the honourable senator have read the press speculation or press reports of statements attributed to the people involved. I really will not need to remind them, but I will undertake to make sure that the honourable senator's concern is also conveyed to them.

ENERGY

TRANSPORTATION OF DOMESTIC OIL THROUGH PANAMA CANAL

Hon. G. I. Smith: Honourable senators, I should like to address a further question to the Minister of State for Economic Development on the matter of the supply of oil for Atlantic Canada. Has the government been considering, or is it now considering, the possibility of transporting western oil through the Panama Canal to the east coast of Canada to supply any deficiency that may arise from the inability to import from other sources?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I think I can answer fairly to that question that this is not under active consideration at the moment.

Senator Smith (Colchester): Would the minister be good enough to explain what I understand was the comment of the Minister for Energy, Mines and Resources, and why he took the opportunity to remind members of the other place today that they must have overlooked the existence of the Panama Canal if they are worrying about a source of importation of oil to assist in the deficiency that might arise in eastern Canada.

Senator Olson: I do not know the context in which that comment was made. I will give the honourable senator an undertaking to look it up, and perhaps tomorrow I can give a better explanation. Sometimes these things are said in the heat of debate in the other place. I am not sure that that happened in this case, but if it was done in that vein, maybe no further explanation is needed.

Senator Smith (Colchester): I shall look forward eagerly to hearing the explanation.

OFFICIAL LANGUAGES

REPORT OF COMMISSIONER—PROPOSED JOINT COMMITTEE—COLLECTIVE BARGAINING IN THE PUBLIC SERVICE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I should like to reply to a question addressed to me by Senator Murray, who on May 1 last asked two questions arising from the annual report of the Commissioner of Official Languages. The first was whether or not a joint committee on language matters would be established. That, of course, was done tonight.

His second question asked what the position of the government was with respect to the recommendation that the provision of services in both official languages be a matter for bargaining with the Public Service unions.

Senator Murray will recall that in the answer I gave at that time I referred to certain sections of the act. However, further study of this question has lead us to believe that he is referring to those portions of the 1979 annual report, particularly pages 48 and 49, that deal with the problems, for example, of any conflict between seniority provisions, and the wish to provide services in both languages when the person entitled to the position by reason of seniority is unable to provide that service. I wonder if Senator Murray would agree that it would be a particularly appropriate question to put high on the priority list of matters to be studied by the joint committee.

Hon. Lowell Murray: Assuming that there is going to be some witness, some minister, who is mandated to speak for the government before that committee.

Senator Frith: I would not be able to give that undertaking, but I understand why, of course, it would be the honourable senator's suggestion, and I am sure the suggestion of some other members of the committee, that such a witness be asked to appear before it. It seems to me a natural consequence of raising the issue with the committee.

FOREIGN AFFAIRS

CUBAN REFUGEES—CANADIAN COMMITMENT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on April 23 Senator Nurgitz asked how Canada's commitment to accept 300 Cuban refugees compared with the numbers that were accepted from Chile, and if Canada intended to increase its commitment.

Canada has accepted over 7,000 Chileans since the overthrow of the Allende government in 1973. As for increasing our Cuban commitment, it is premature to discuss any increase in those numbers at this time. Canada remains interested in the question of Cuban immigrants on humanitarian grounds, and we are willing to continue to assist in seeking a solution to this problem. To this end, Canada participated on May 8 of this year in international consultations in San Jose, Costa Rica, where ways of dealing with persons seeking to leave Cuba were discussed. We shall continue to follow the situation very closely.

● (2130)

BOYCOTT OF 1980 OLYMPIC GAMES—ALTERNATIVE GAMES

Hon. Raymond J. Perrault (Leader of the Government): On May 6, 1980, Senator Nurgitz asked what plans, if any, were being made by the government for alternative games to the 1980 Moscow Olympics.

The answer is as follows:

> On April 30, 1980, the Fitness and Amateur Sport Branch of Sport Canada convened a meeting with the presidents, executive and technical directors of each of the summer Olympic sports. Sport Canada at that time presented its position regarding the basic principles and process for an alternative program to the Moscow Olympics.
>
> Honourable senators, I have a memorandum, dated April 30, 1980, from the Acting Director of Sport Canada to staff for the summer Olympic sports, setting out the particulars of alternate training and competitive opportunities. I propose that it be incorporated into the record.

Hon. Senators: Agreed.

(*The memorandum follows:*)

GOVERNMENT'S POSITION

1. Sport Canada does not support the concept of a multi-sport 'Counter Olympics' in the establishment of alternatives to participation in the 1980 Moscow Olympics.

2. Sport Canada supports the principle that the Olympic sports continue with their selection processes leading to the identification of their teams.

3. Sport Canada intends to assist those sports and athletes who will have qualified for the Moscow Olympics, to identify the highest competitive opportunity available.

4. Sport Canada intends to cancel the multi-sport Hanover Camp but will assist those sports that wish to use this venue as part of their alternative programs.

5. Sport Canada will assist those sports who will have qualified for the Moscow Olympics to re-align their national team programs in light of the Moscow Olympic boycott.

6. Funds previously approved for national sport governing body programs—e.g. Hanover Camp, C.O.A. contribution—which have now been freed will be used to supplement new training and competitive programs. First priority will be given to those sports and athletes who will have qualified for the Moscow Olympics.

PROCESS

7. Each Olympic sport that qualifies for the Moscow Olympics is requested to consult with Sport Canada to identify those projects which have become redundant in light of the Moscow boycott.

8. These Olympic sports should subsequently identify the associated dollar values generated from these redundant activities.

9. Sport Canada Consultants with the assistance of Mike Queale, will work with each sport to consider alternative programs with these established basic principles.

AIRLINES

APPLICATION OF EASTERN PROVINCIAL AIRWAYS TO EXTEND SERVICES

Hon. Raymond J. Perrault (Leader of the Government): On May 14 and May 15, 1980, by Senator Marshall and Senator Doody, questions were asked regarding the status of any appeal by Eastern Provincial Airways against the decision by the Canadian Transport Commission granting CP Air the right to serve the route Toronto-Halifax.

The answer is that the Minister of Transport has received an appeal by EPA. Interventions both for and against this appeal are still being received. An appeal has also been filed by Air Canada against the part of the CTC decision granting CP Air the right to serve the route Montreal-Halifax starting March 1, 1981. Interventions for and against this appeal are likely to be filed once the particulars of this appeal are made known. The Minister of Transport will decide on these appeals as soon as he has had an adequate opportunity to examine all of the interventions received.

Just as an addendum, honourable senators, appeals will not necessarily go to the cabinet. There are several avenues for appeal, depending under which act an appeal is filed. For example, the Minister of Transport could review the CTC decision and uphold it. Therefore, questions by honourable senators refer to representations to the Minister of Transport and not to cabinet.

[Senator Perrault.]

ENERGY

NEWFOUNDLAND—ENERGY POLICY OF FORMER FEDERAL GOVERNMENT

Hon. Raymond J. Perrault (Leader of the Government): I have a delayed answer to a question asked by Senator Doody on May 15, 1980. The honourable senator asked when the Government of Canada intends to bring a reference before the Supreme Court to resolve the offshore resources issue with the Province of Newfoundland.

The answer is as follows:

> In April 1976 the federal government and the Government of Newfoundland agreed that the question of ownership of and jurisdiction over areas offshore from the province should be referred to the Supreme Court of Canada. Preparations for such a reference are therefore well-advanced, although a specific date can not be indicated at the present time.

NEWFOUNDLAND—LOWER CHURCHILL RIVER

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to respond to a question asked by Senator Marshall during Question Period May 15, concerning consultation with the Government of Newfoundland relative to the Lower Churchill power development.

The Honourable Marc Lalonde and the Newfoundland Energy Minister, the Honourable Leo Barry, met on May 14 for preliminary discussions relating to energy. There was brief reference to the Lower Churchill hydroelectric potential but both governments are awaiting a report of the Lower Churchill Development Corporation before considering developmental possibilities. The report, scheduled to be completed in early June of this year, will advise as to the economic feasibility of two potential hydroelectric sites.

Mr. Barry asked that the federal government exercise jurisdiction over the interprovincial movement of electricity so that surplus power from the Churchill hydroelectric developments could be transported across Quebec and sold by Newfoundland in the maritime provinces. While there was not an in-depth discussion on interprovincial electrical energy transmission at the meeting, Mr. Barry presented a paper titled "Interprovincial Electricity Energy Transfers: the Constitutional Background" which Mr. Lalonde undertook to examine in detail preparatory to discussions on this matter and that of the Lower Churchill development at a later date. Mr. Lalonde also indicated he would want to discuss the matter of electric power transmission with the Quebec government.

QUEBEC AND MARITIMES PIPELINE

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wish to respond to a question asked by Senator Flynn during Question Period on May 16,

concerning the length of time to complete construction of the natural gas pipeline to Quebec City.

In my initial comments when this question was first raised I indicated that construction of the pipeline would take less than two years, relying on the fact that we in Canada have probably the highest level of technology in the field of pipeline construction. I am pleased to be able to inform the senator that the Minister of Energy, Mines and Resources has confirmed that the Quebec City section could be completed in 1981. Of course, construction of the entire distribution system would take longer to complete.

Honourable senators, I would like to reply to a question asked by Senator Donahoe during Question Period on May 16, concerning an imputation that he was running roughshod over the views of the Premier of Nova Scotia.

I would be delighted, as requested by the honourable senator, to withdraw any imputation that in his comments in this chamber he was running roughshod over the views of the Premier of Nova Scotia. What I had in fact said was that, in urging immediate construction of the Quebec and Maritime pipeline the honourable senator was asking us to run roughshod over the findings of the National Energy Board respecting environmental considerations. I went on to say that Senator Donahoe was also asking us to run roughshod over the considerations that were presented by the provinces concerning offshore development.

In response to the honourable senator's supplementary question about an immediate approval of the extension to the maritimes, I will state now, as I did in my remarks on May 15, that the government's preferred option remains the construction of the Quebec and Maritime pipeline to the maritimes; that we have urged the company to complete the necessary environmental studies, and that we are looking at ways to speed the exploration work at Hibernia and off Sable Island. Both issues obviously bear directly on construction of the Quebec and Maritime pipeline.

DOMESTIC OIL PRICING—IMPACT OF INCREASE IN PRICE OF OIL IMPORTED FROM SAUDI ARABIA

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to respond to a question asked by Senator Muir during Question Period on May 15, concerning the increased price of Saudi Arabian oil.

Saudi Arabia has increased the export prices of all grades of crude oil by $US2 per barrel, bringing the price of its principal export crude, Arabian light, up to $US28 per barrel.

About 35 per cent of Canada's oil imports for domestic consumption are of Saudi crude oil. The cost of this increase to Canada and to the Oil Import Compensation Program will therefore be about $US70 averaged over all our imports. On an annual basis this is approximately $Can130 million.

With regard to related price increases by other OPEC countries, I have to report that several OPEC countries, including Venezuela, have recently announced increases in the export price of their crude oils.

Iraq, Kuwait and the United Arab Emirates all raised prices by $US2 per barrel effective May 1st, while Venezuela has announced that effective May 26th, 1980, its crude oil export prices will increase by from $US1.00 to $3.50 per barrel.

About 15 per cent of Canada's imports are from the Middle East countries mentioned above while over 40 per cent come from Venezuela. The cost of this increase to Canada and the Oil Import Compensation Program will therefore be about $US1.50 on average over all our imports. On an annual basis this is approximately $Can270 million. This would be in addition to the $Can130 million consequent upon the Saudi Arabian increase of $2.00 a barrel.

• (2140)

ATLANTIC REGION—LOCATION OF LIQUEFIED NATURAL GAS TERMINAL

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question asked by Senator Donahoe during the Question Period on May 15 regarding the site of a liquefied natural gas regasification terminal for the Arctic Pilot Project, sponsored by Petro-Canada. The three potential sites are: near Quebec City on the St. Lawrence; the Strait of Canso, Nova Scotia; and Saint John, New Brunswick. No decision has yet been taken on the terminal site. Petro-Canada is examining the three sites in the light of the recent government approval of an extension of the natural gas transmission system to Quebec City.

I should like to inform honourable senators, and in particular the Leader of the Opposition, that that completes all of the questions I have outstanding.

Senator Flynn: Are you sure?

Senator Phillips: I am sorry to disagree with the minister, but I had asked whether the pipeline to Quebec was reversible and he was going to find that out for me. I know that the government is reversible, but I hope that the pipeline is reversible, too.

Senator Olson: I would expect that any government which never changes its point of view, even though the people want something else, would suffer the fate of a recent government that I know. However, I will take the question as notice.

Senator Flynn: You certainly would rather switch than fight.

SUPPLY AND SERVICES

COMMEMORATIVE SILVER DOLLARS—QUESTIONS ON THE ORDER PAPER ANSWERED

Question No. 4—**By Hon. Peter Bosa:**

1. How many (a) commemorative silver dollars and (b) prestige sets were minted and sold in (i) 1978 and (ii) 1979?

2. How many commemorative silver dollars were sold to Canadians and how many were sold to individuals or coin dealers outside of Canada in (a) 1978 and (b) 1979?

Reply by the Minister of Supply and Services:

1. (a) (i) 638,142

(ii) 682,689

(b) (i) 147,238

(ii) 158,022

2. (a) Canada: 390,510

Outside: 247,632

(b) Canada: 350,912

Outside: 331,777

Question No. 5—**By Hon. Peter Bosa:**

1. How many ounces of silver were used by the Royal Canadian Mint to produce commemorative silver dollars in (a) 1978 and (b) 1979?

2. (a) What is the present inventory of silver at the disposal of the Mint; (b) when was it acquired and (c) what was the cost per ounce?

Reply by the Minister of Supply and Services:

1. (a) 280,396.50 troy oz.

(b) 342,681.75 troy oz.

2. As at December 31, 1979:

(a) 77,960.13 troy oz.

(b) from April 1, 1969 to December 31, 1979

(c) Average book value cost of $Can 7.15 per ounce.

INCOME TAX CONVENTIONS BILL

SECOND READING—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Hicks, seconded by the Honourable Senator Deschatelets, P.C., for second reading of the Bill S-2, intituled: "An Act to implement conventions between Canada and Spain, Canada and the Republic of Liberia, Canada and the Republic of Austria, Canada and Italy, Canada and the Republic of Korea, Canada and the Socialist Republic of Romania and Canada and the Republic of Indonesia and agreements between Canada and Malaysia, Canada and Jamaica and Canada and Barbados and a convention between Canada and the United Kingdom of Great Britain and Northern Ireland for the avoidance of double taxation with respect to income tax." (*Honourable Senator Grosart*).

Senator Macdonald: Honourable senators, Senator Grosart is absent on public business and has asked me to request that Senator Nurgitz be allowed to speak in his place.

Hon. Senators: Agreed.

Hon. Nathan Nurgitz: Honourable senators, in the last session I moved the second reading of a similar bill and was followed in the debate by Senator Hicks. This year our roles have been reversed. Senator Hicks' explanation of this bill was excellent, and I congratulate him. His explanation was more detailed than the one I gave some months ago, although I believe there were fewer countries involved in the tax conventions bill at that time.

Honourable senators, it is regrettable that these agreements cannot all be uniform, but, as Senator Hicks mentioned in this house before, there is some difficulty in that each one is negotiated separately. It is also regrettable that we cannot have more of these conventions, but I commend the bill to this house and urge the government to bring on many more. I assume that further comments can be raised in committee.

On motion of Senator Laird, for Senator Hayden, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, May 28, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

OLD AGE SECURITY ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-16, to amend the Old Age Security Act.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government) moved that the bill be placed on the Orders of the Day for second reading on Tuesday next.

Motion agreed to.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Public Service Commission of Canada for the year ended December 31, 1979, pursuant to section 45 of the *Public Service Employment Act,* Chapter P-32, R.S.C., 1970.

Capital Budget of the Atlantic Pilotage Authority for the year ending December 31, 1980, pursuant to section 70(2) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970, together with copies of Order in Council P.C. 1980-1258, approving same.

Report of VIA Rail Canada Inc., including its accounts and financial statements certified by the auditors, for the year ended December 31, 1979, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

Report of the Northern Transportation Company Limited, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1979, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

Report of the Department of the Solicitor General for the fiscal year ended March 31, 1979, pursuant to section 5 of the *Department of the Solicitor General Act,* Chapter S-12, R.S.C., 1970.

• (1410)

QUESTION PERIOD

[English]

THE CONSTITUTION

FEDERAL-PROVINCIAL CONFERENCE OF FIRST MINISTERS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I want to say at the outset how pleased we on this side are to see the Leader of the Government back in his place. I know he was here last evening, but only for a short period and I didn't get a chance to tell him how much we miss him when he is not in his place. The reason we miss him is that he is always willing and able to give us direct and precise answers.

Senator Perrault: As always.

Senator Flynn: So today I want to again give him the opportunity to prove that point.

I am sure the Leader of the Government and all honourable senators share my satisfaction at the positive attitude taken by the provincial governments in this country to the prospect of co-operating to reform the Constitution. My question relates to a remark by the Minister of Energy, Mines and Resources who, in a prepared speech delivered yesterday, suggested that the motives of the Government of Alberta were to get "economic sovereignty with political association."

Can the Leader of the Government tell us whether the minister was speaking for the federal government when he imputed a motive of a new type of sovereignty association to the Government of Alberta?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I am sure the last thing that the Minister of Energy, Mines and Resources would do would be to impute motives unfairly to anyone. That simply is not his style.

Senator Flynn: What is his style?

Senator Smith (Colchester): I guess he changed his style on this occasion.

Senator Perrault: Also, I note with interest that the Honourable Leader of the Opposition is quoting from a fragmentary account which appeared in some periodical. I have not had the opportunity yet to read the entire speech, but I am sure that in the total context it will be fair, as usual.

Senator Smith (Colchester): That is a short and precise answer.

Senator Flynn: The remarks of the Minister of Energy, Mines and Resources dealt principally with Alberta in respect of the views of that province on resources, and those views are shared by the governments of Saskatchewan, Newfoundland and British Columbia. Isn't that right, Senator Steuart?

Senator Steuart: I am not on your side.

Senator Flynn: I didn't say that you were on my side. I am simply wondering whether you are on the side of the Government of Saskatchewan. That is something else.

Senator Steuart: On one side.

Senator Flynn: You are one-sided; I don't doubt that. Is it the view of the federal government that those provinces also seek economic sovereignty with political association?

Senator Perrault: Honourable senators, over the course of the many meetings of first ministers and officials to follow, discussions will be held on a number of matters, and, undoubtedly the subject of resources will be on some future agenda. The government looks forward to productive talks involving first ministers on this and a number of other subjects.

Senator Flynn: It seems to me that in preparation for these talks on constitutional reform—and I understand there is going to be an initial meeting on June 9 next—the Prime Minister and some of his cabinet colleagues—and I exclude, of course, Senator Perrault, who is always very prudent—have been saying things that would suggest that only their concept of a new Constitution is going to be put before the provincial premiers and that the views of other parties represented in this Parliament will not be considered, and are taboo.

Can the Leader of the Government tell us whether the Prime Minister really means that only his concept of a new Constitution is going to be acceptable? He has said that everything is negotiable, but every time he makes a statement he seems to reject any suggestion that is not in harmony with his own views.

Senator Perrault: The suggestion by the Leader of the Opposition that the government is not open to ideas and new concepts with respect to this important subject of constitutional change and reform does not accord with the facts. The Right Honourable the Prime Minister has said on many occasions that he welcomes the thinking of the premiers of the various provinces and other parliamentarians.

In that regard, honourable senators, might I suggest that we consider the possibility of having a two- or three-day debate in this chamber on the subject of constitutional change and reform. It is important that members of this house make a full contribution to this important national dialogue.

Hon. Senators: Hear, hear.

• (1415)

Senator Perrault: I appreciate the fact that support seems to be emanating from all corners of the house. I am sure the views of honourable senators will be given careful consideration by this government and the Prime Minister. We are at an important time historically in this nation, and it would be unwise for any government or any Prime Minister to be less than open to ideas and suggestions. Perhaps we can discuss this week with the Leader of the Opposition the dates on which such a debate might move forward.

[*Translation*]

Hon. Martial Asselin: Honourable senators, I would like to put a supplementary question concerning the first ministers' meeting which apparently will be held on June 9, following the announcement made in the other place by the Prime Minister.

First, did the Prime Minister enclose with his invitation to the premiers a working agenda to enable them to be ready for that meeting on June 9?

[*English*]

Senator Perrault: Honourable senators, at this time I have no knowledge of a working agenda that has been mailed to the provincial first ministers. I understand that the June 9 meeting is to be a preliminary one and that the intention is not to resolve all outstanding problems or to come up with a final package of constitutional change.

[*Translation*]

Senator Asselin: Does the government leader know whether at that meeting on June 9 the federal government intends to set up a constitutional revision standing conference of the premiers and the federal government, excluding the other political parties at the provincial and federal levels?

[*English*]

Senator Perrault: One of the purposes of the meeting on June 9 is to resolve questions of future proceedings and procedures. One of the reasons for the meeting, I understand, is to work out an agenda for future conferences and meetings of which, no doubt, there will be many in the months to come.

[*Translation*]

Senator Asselin: As a clarification, if the federal government suggests a meeting on June 9—and as the government leader has just mentioned, there will be several other meetings in the months to come—can he tell us what priority in the constitutional revisions the federal government intends to submit to the provinces? We have heard that the first priority would be the outright abolition of the Senate. As we are concerned, we should learn about it from the government leader so as to get involved in the consideration of that priority, since the abolition of the Senate will apparently be the first priority in that constitutional revision?

• (1420)

[*English*]

Senator Perrault: Honourable senators, the priorities have not yet been established; nor has the agenda been established. I know that all of us look forward to the speech that the honourable senator may wish to give in the Senate on the subject of constitutional change. I know that he will have his own views on priorities, which will be listened to carefully by all honourable senators.

[*Translation*]

Senator Asselin: If the premiers are called upon—it would be useful to be able to be heard, my question does not seem to have been heard—if the provincial premiers are called upon to come to Ottawa on June 9, they should be told beforehand why they meet, or they should receive a letter suggesting the mechanisms considered by the federal government for the process of constitutional change. Could he therefore indicate in the first place why the provincial premiers are summoned for June 9? There must be an objective, or is it simply to ask them if they agree the Constitution should be changed, this being the only reason for the meeting?

[*English*]

Senator Perrault: Honourable senators, it may well be beneficial to have a statement in the chamber tomorrow afternoon on the subject of the anticipated meeting. The questions asked by the honourable senator are relevant. I do not have all the answers at present, but I hope to provide information tomorrow.

ENERGY

OIL EXPLORATION INCENTIVE PROGRAM

Hon. R. James Balfour: Honourable senators, my question is for the Minister of State for Economic Development. It has been announced that the federal government is planning a new petroleum exploration incentive program that would use grants in place of tax incentives to reward Canadian-owned companies that explore in frontier areas. It is also reported that this scheme will be funded through cutbacks in other resource tax incentive programs.

Would the minister tell us if, in the government's analysis, existing non-frontier exploration will be adversely affected by a discontinuance of certain resource tax incentive programs, and, if so, to what extent?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the way the question is put makes it almost impossible for me to answer except by way of speculation. The senator said that it had been reported, without providing the source of, or giving any credibility to, those reports. However, one part of the question is valid. In the Speech from the Throne there was an indication, and there have been follow-up statements, to the effect that some sort of incentive program will be provided for Canadian companies, as an incentive to do this developing, especially in the frontier areas. That program has not yet been worked out.

I could go on to tell my honourable friend that there are some difficulties with having it strictly a tax-related incentive, because, of course, if a company were not in the proper tax category through its taxable earnings, the program would not apply. So it would broaden the scope somewhat to move it from strictly a tax expenditure to grants.

That is not by way of an announcement, but is one of the aspects being considered. I hope the matter can be decided so that people in the industry will know reasonably soon.

Senator Balfour: A supplementary question: Is the minister saying that, at this stage, at any rate, the government is not in a position to announce even a ballpark budget figure that would be allocated to this program?

Senator Olson: Honourable senators, very simply the answer is no, we are not yet at that stage. The senator will, of course, realize that the super depletion allowance expired a few weeks ago, and we believe it is useful to have fairly concentrated and involved discussions with the industry to find out what is the most effective way of promoting a Canadian incentive for this purpose.

● (1425)

Senator Balfour: Is the minister telling the Senate that the detailed story in the *Globe and Mail* this morning, under the by-line of Jeff Carruthers, is speculative and not factual?

Senator Olson: Well, I have to admit that although I had heard the story was there, I have not read it because I have not had time; but I will not only read it some time later today, I will get an assessment, if I can, from the Department of Energy, Mines and Resources, to see if it is speculative in the sense that some kind of announcement will be made soon.

Senator Balfour: After he has had the advantage of reading this story which I can assure him is very detailed in content, if he agrees with me in my analysis of the story, will the minister be prepared to make a more definitive statement in this chamber tomorrow so as to inform honourable senators with respect to the budget implications and other implications of the program? I leave that with the minister to consider.

Honourable senators, I have another question but it is along a slightly different line. What steps does the government intend to take to reserve the exodus of independent Canadian oil companies from non-frontier areas in western Canada, resulting from the relatively more favourable economic climate prevailing south of the border?

Senator Olson: Well, we hope that there will be some additional incentive to remain in Canada and do that exploration, but the honourable senator knows that one of the activities that has been going on at a very high level in western Canada is the exploration and development of gas fields. There are over 8,000 wells in Alberta that are capped because there is an insufficient market for the product. We have done a number of things in that respect, including getting on with the Montreal-east pipeline that will pick up some of that volume, and we hope that we will have an agreement ready in time for the Foothills people to be able to go ahead with the prebuild. That will take some of that volume, also. In addition, when the negotiations are completed between the producing provinces and the federal government, it is hoped that there will be some indication that the results will be beneficial from the point of view of further investment in exploration and development.

OIL IMPORTED FROM MEXICO—COST OF CONVERSION

Hon. Guy Charbonneau: Honourable senators, I should like to address a question to the Minister of State for Economic

Development. With reference to the agreement with the Mexican government to supply 50,000 barrels of oil per day, has the Canadian government, in order to assess the final costs per barrel to the Canadian consumer, taken into consideration any of the conversion costs that Canadian plants may have to incur to refine that oil?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am sure that the government has, although I do not have a detailed explanation of the additional costs or who would be expected to pay them, but I have in front of me a copy of the joint statement made by the President of Mexico and the Prime Minister of Canada yesterday. There are a couple of paragraphs on pages 3 and 4 that deal with petroleum purchases. The question raised by the honourable senator is not specifically dealt with, but if he would like a copy of this statement I will see that he gets one.

Senator Charbonneau: Thank you. Assuming that these costs exist, and I think they do, will they be considered as supplementary subsidies, absorbed by the government in terms of the equalization of petroleum prices, or will they be included in those cloudy Liberal blended prices or costs?

• (1430)

Senator Olson: I will try to answer that question in spite of the preamble which makes it difficult, because I cannot agree that there is anything cloudy about the Liberals' blended price.

Senator Flynn: Nothing unusual.

Senator Olson: It is perfectly clear, and I cannot take responsibility for my friend's inability to assimilate straight facts.

Senator Smith (Colchester): It is hard to find any around here.

Senator Olson: I would first of all have to find out what the present status is, and I have to admit, quite frankly, that I do not know whether there is a difference in the cost of the compensation program.

Senator Flynn: It is cloudy.

Senator Olson: No, it is not cloudy; it is perfectly clear, whether or not it is a part of the present arrangement for paying compensation. If that is so, I will also try to find out whether it is going to be extended to different grades of oil that are not normally used in those refineries.

OIL—CONSERVATION MEASURES

Hon. Cyril B. Sherwood: Honourable senators, my question is directed to the Minister of State for Economic Development. The Minister of Energy, Mines and Resources recently announced in Montreal a government policy to encourage substitution of other fuels for oil, the objective being to reduce our demand for oil to only 10 per cent of total energy needs. This policy is very similar to the one announced by the previous government but without the specifics. Could the minister tell us what the target date is for achieving this goal?

[Senator Charbonneau.]

Hon. H. A. Olson (Minister of State for Economic Development): Yes, honourable senators—as soon as possible.

Senator Sherwood: In order that Canadians might be assured that more than rhetoric is involved in this announcement, could the minister tell us what particular incentives the government plans in order to achieve this worthy objective?

Senator Olson: Honourable senators, each time a wide-ranging question like this is asked, it is somewhat difficult for me to go through all the details. There are many different approaches to oil conservation. There can be substitution by, for example, deeper penetration into the market that is already connected to the gas supply in Canada, and the extension of that main supply system all the way to the east coast as soon as possible. There are a number of other factors to be considered respecting the use of alternative fuels. I can bring in a pretty detailed statement, but that has been public information for a long time.

Senator Sherwood: I would not expect the minister to tell us here and now, but would he undertake to inform this chamber in detail what is being done to encourage the development of other alternatives? I am thinking of gasohol, methane, hydrogen, wind, sea and solar production.

Senator Olson: Yes. Tomorrow or no later than next week I will bring a detailed list of the exploratory actions being taken, including the ones that my honourable friend has mentioned, although there are many more.

Senator Sherwood: I note that the Minister of State for the Canadian Wheat Board is back. Since the production of gasohol depends on the production of alcohol from grain and other crops, would the minister tell us how attentively the government and the Department of Agriculture are inquiring into this matter?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I am not sure how far the department is inquiring into this, but I am certainly prepared to look into it. It is debatable as to how far one would go in changing feed grain into fuel for any purpose. There are two schools of thought on this question. A gasohol program might be excellent if we had huge surpluses of grain that were burdensome and in danger of rotting, and there was no chance to feed them to livestock or humans. This question would have to be looked at very carefully. I would be prepared to furnish details at a later date.

• (1435)

PETROLEUM PRODUCTS—PRICING POLICY

Hon. Richard A. Donahoe: Honourable senators, my question is directed to the Minister of State for Economic Development. Last night when speaking to the Canadian Manufacturers' Association, besides putting forward his interpretation of the constitutional position to be taken by the Province of Alberta, the Minister of Energy gave strong indications that the federal government will impose a tax on all petroleum products as part of its proposed new energy pricing structure.

Will the Minister of State for Economic Development confirm that the government is tending towards this method of increasing its energy revenues?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have answered questions like that many times. What they are based on is some interpretation of some speculation, and all I can say to the honourable senator is that when announcements of policy are ready to be made for and on behalf of the government, the honourable senator and every member of this chamber will know.

Senator Flynn: We want to know the meaning of what the minister said.

Senator Asselin: Is what he said true?

Senator Smith (Colchester): The answers are too cloudy.

Senator Donahoe: If the honourable minister wants to say that the pointblank statements made by the Minister of Energy are speculation, then he is free to say so. But he said it; I didn't say it. It is certainly quite clear that what the minister said was that the blended made-in-Canada price for oil will be an extension of the system adopted several years ago to permit two oil sands plants in Alberta to get world prices for their output of synthetic crude oil. So it is pretty clear that what the minister was saying, according to any ordinary interpretation of his words, was that there is to be an energy tax on all oil.

Now, my supplementary question, in light of that fact, is—

Senator Olson: That is not a fact but an opinion.

Senator Donahoe: If it is an opinion, it is not my opinion. It is the Minister of Energy's opinion.

Senator Olson: It is your interpretation of where it leads to, and that is an opinion; it is not a fact.

Senator Donahoe: In light of the fact that such a tax—as distinct from the tax proposed in the Crosbie budget—would apply to consumers of all petroleum products including home heating oil, is the minister in a position to tell us whether the government, should it implement this tax, plans to assist hard-hit energy consumers in any way?

Senator Olson: Honourable senators, this is getting ridiculous. The honourable senator now comes along and asks if the government, should it implement what he speculates to be the result of what he read in the newspaper, will do something in addition. The honourable senator knows very well I would not comment in any way, shape or form on a question with that kind of preamble. I will have to say again, if he does not understand, that when changes or conclusions are reached on an overall energy package they will be announced, and they will be announced by the Minister of Energy, Mines and Resources.

Senator Donahoe: If they are to be announced, may we have some assurance that they will be announced in Parliament, and not before a body like the Canadian Manufacturers' Association?

Senator Olson: I cannot give him assurance on where the Minister of Energy chooses to make his announcements. He will do that in Parliament as much as possible, as every cabinet minister does. There are other occasions when it is more appropriate in the interests of Canada to make them in other places, and that decision will be made from time to time.

• (1440)

I know the honourable senator, or at least his colleague, complained that the minister made an announcement in Montreal about the extension of the pipeline from Montreal into eastern Quebec. I just don't think that is a valid criticism. There is an announcement made right in the area where the people of Canada are affected.

My colleague will make announcements about wheat in western Canada from time to time, and probably my colleague the Minister of Fisheries will make announcements about fisheries and other policies in the area where people are affected, and we make no apology for doing that.

Senator Asselin: Playing politics—not surprising.

OIL IMPORT COMPENSATION FUND DEFICIT

Hon. Lowell Murray: Honourable senators, I have a question for the Minister of State for Economic Development. In view of the fact that the Minister of Finance will not be bringing in a budget until some unspecified date in the indefinite future, and in view of the fact that the negotiations between the federal government and the oil-producing provinces do not get under way until some time in June, and that it is unlikely—this is an opinion—that they will reach an agreement by the expiry of the deadline, will the minister undertake to place before us the latest government revenue projections and expenditure projections, and the size of the budgetary deficit, as these are updated from time to time within the government; and will he also undertake to track for us the ever onward and upward growth of the deficit in the Oil Import Compensation Fund so that we may be able from time to time to calculate with more precision the cost to Canada of the government's leisurely approach to its responsibilities?

Hon. H. A. Olson (Minister of State for Economic Development): Yes, I will be prepared to bring to this house a statement of that kind, and updated assessments as often as the Minister of Finance makes them. However, I think the honourable senator will realize that a very complete statement was made on or about May 14—I am not sure of the exact date—which was then called a mini budget, or something like that. What it was, in fact, was a response to the opposition, who wanted an update. At this point in time we cannot give any indication until the minister is ready to bring in a budget.

I think he did have something to say, both at that time and since, about what the cost of the oil compensation program was doing to the overall costs to the federal treasury. I had better not speculate or try to recall the exact figures, but I think he said something within the last week or so about what those costs had escalated to.

Senator Murray: It is going up all the time.

Senator Olson: That is right, it is going up all the time.

Senator Murray: Which is why I wanted an update.

QUEBEC AND MARITIMES PIPELINE

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have an answer to a question by Senator Phillips who asked on May 15 if the Q & M pipeline would be reversible.

I should like to inform the honourable senator that the Montreal to Quebec City portion of the Q & M pipeline will not be immediately installed as a reversible pipeline. However, the future possibility of reversing the line has been taken into account and can be achieved through adjustments to the compressor stations. This is not regarded as a difficult engineering problem, and if future discoveries of offshore gas are sufficiently large, gas can be transported from east to west. In respect of the proposed Quebec City-Maritime section, a decision on its reversibility would, of course, be based on the size of the offshore discoveries, and I have already emphasized our determination to facilitate this process at an early date.

Senator Phillips: That is a blended answer.

TRANSPORTATION OF DOMESTIC OIL THROUGH PANAMA CANAL

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a reply to a question asked by Senator Smith (Colchester) during the Question Period on May 27 concerning the shipment of oil to the maritimes via the Panama Canal.

There is no discrepancy between my statement yesterday, that this matter is not under active consideration, and the reference of the Minister of Energy, Mines and Resources to the same subject. In responding to a question concerning shipment of oil by tanker from Montreal to Halifax the minister noted that should it be necessary at some future date to supplement eastern oil supplies it is also possible to ship oil via the Panama Canal.

As I have already indicated, this is not seen as a requirement at this time, and therefore it is not something the government has under active consideration. I will reiterate, however, that this government is prepared to take whatever steps are necessary to assure a secure supply of oil and gas for all regions of Canada, including the maritimes. This has been the focus of the decision between the Minister of Energy, Mines and Resources and his provincial counterparts, and we will make an announcement on this matter at the conclusion of the discussions with the provinces.

AGRICULTURE

PROPOSED EASTERN CANADA POTATO MARKETING AGENCY

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I have an answer to a question asked by Senator Macquarrie on May 7.

[Senator Murray.]

The answer is: The Honourable Eugene Whelan, Minister of Agriculture, met with the Ministers of Agriculture from the provinces of Prince Edward Island, New Brunswick and Nova Scotia, and officials from the Provinces of Ontario and Quebec, on April 15, 1980. As a result of this meeting the ministers from all provinces, with the exception of Quebec, agreed that the National Farm Products Marketing Council should be approached concerning the establishment of a marketing agency. The minister then directed the chairperson and the Marketing Council to undertake hearings to determine the merits of establishing a marketing organization, and to report their findings with dispatch.

The Eastern Canada Potato Producers Council has also undertaken to prepare and sponsor a detailed proposal for a marketing agency under the National Farm Products Marketing Agencies Act. Their goal is to complete and present the proposal to the Marketing Council by the end of May.

On receipt of the proposal the Marketing Council will publish information concerning the hearings, which should commence towards the end of July. By regulation, the Marketing Council must allow 45 days between publication of notice and commencement of hearings. If all activities proceed according to plan, it is the government's goal to have a marketing organization in place by late January or early February, 1981, in time for the 1981-82 crop year. Therefore, the expectation is to have this plan in operation, not for the present crop year but for the next.

NATIONAL FINANCE

NOTICE OF ATTENDANCE OF GOVERNOR OF THE BANK OF CANADA AT COMMITTEE MEETING

Hon. Douglas D. Everett: In connection with the hearings of the Standing Senate Committee on National Finance on Regional Economic Disparities, I would remind honourable senator that the witness at 9:30 tomorrow morning will be the Governor of the Bank of Canada.

INCOME TAX CONVENTIONS BILL

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Hicks, seconded by the Honourable Senator Deschatelets, P.C., for second reading of the Bill S-2, intituled: "An Act to implement conventions between Canada and Spain, Canada and the Republic of Liberia, Canada and the Republic of Austria, Canada and Italy, Canada and the Republic of Korea, Canada and the Socialist Republic of Romania and Canada and the Republic of Indonesia and agreements between Canada and Malaysia, Canada and Jamaica and Canada and Barbados and a convention between Canada and the United Kingdom of Great Britain and Northern Ireland for the avoidance of double taxation with respect to income tax".—(*Honourable Senator Hayden*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have Senator Hayden's instruction and authority to yield this order to Senator Hicks.

Hon. Senators: Agreed.

Hon. Henry D. Hicks: Honourable senators—

The Hon. the Speaker: Honourable senators, I have to remind the Senate that if Senator Hicks speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Hicks: Honourable senators, if no one else wishes to speak in this debate, I do not think it necessary for me to say very much about this bill. I thank Senator Nurgitz for the support he gave the bill in his remarks last evening.

I know that had he been here Senator Grosart would have commented on the long delay in the ratification of these treaties, and asked me as to the state of affairs in the interim since the treaties were signed and before they are ratified, so I will put the answer to that question on the record.

• (1450)

The Treaty with Malaysia was the first to be signed. It was signed at Ottawa on October 15, 1976. Three of the remaining treaties were signed in 1976, one in 1977, four in 1978, one in 1979, and the last one, that with Barbados, was signed on January 22, 1980.

If we look at the convention with Austria we see that Article XXIX, under the heading "Entry into Force," states:

> 1. This Convention shall be ratified and the instruments of ratification shall be exchanged at Ottawa.
>
> 2. The Convention shall enter into force 60 days after the exchange of the instruments of ratification and its provisions shall have effect:
>
> (a) in respect of tax withheld at the source on amounts paid on or after the first day of January in the calendar year in which the exchange of instruments of ratification takes place; and
>
> (b) in respect of other tax for taxation years beginning on or after the first day of January in the calendar year in which the exchange of instruments of ratification takes place.

All the other conventions or treaties contain, I believe, the same article, or one similar to it.

Therefore, honourable senators, as long as we pass this bill in time for the formal ratification to take place during the year 1980, the avoidance of double taxation will occur to the benefit of taxpayers from the beginning of this taxation year in 1980, but there will be no avoidance of double taxation for citizens of the treaty countries in relation to those treaties which were signed, let us say, in 1976 for the years 1976, 1977, 1978 and 1979. So the conventions will come into force only for the taxation year beginning in this year, 1980.

If there are no further questions, I will conclude by inviting support for the second reading of this bill.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Senator Hicks moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from Thursday, May 15, consideration of His Excellency the Governor General's Speech at the Opening of the First Session of the Thirty-second Parliament, and the motion of Senator Rousseau, seconded by Senator Hays, for an Address in reply thereto.

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, honour to whom honour is due. I want first to offer my compliments and my congratulations to our new Speaker. On the basis of a long friendship that was never broken since we started studying at the department of social sciences at Laval University at a time I will not identify with a specific date, as well as on the basis of the expertise he has acquired during an exceptional career, I am happy for him, and particularly for us, with the appointment of Jean Marchand to the highest and most prestigious office in this house.

In that tribute to our present Speaker, I want to include his predecessor, Senator Grosart, who unfortunately is not here this afternoon, but at least he will be able to read it in *Hansard*. During the too short period in which he presided over our debates, as a new member in this house I particularly appreciated his way of handling things which was both respectful of the rules and coloured with his own personal touch of humour.

To Honourable Senators Flynn and Perrault, I also offer my congratulations for their confirmation in their positions as leaders of the formations to which we belong. For both of them there is in that confirmation a continuance of the alternance that will continue in future, a not too distant future, hopefully, at least for us on this side of the house.

To the mover and seconder of the Address in reply to the Speech from the Throne, Senator Rousseau and Senator Hays, I express all my admiration for the presentation and the quality of their speeches at the beginning of this debate.

Honourable senators, on the day of the referendum, a day that already seems far away, not in calendar time but some sort of psychological time, the people of Quebec rendered the verdict we know, a verdict based on an unprecedented participation, at least in Quebec, of the electorate and which does not leave any doubt, Quebecers said NO to sovereignty-association but at the same time asked with a surprising and unexpected

majority, at least as far as I am concerned, for major changes in the Canadian federal system.

They did so as some sort of an act of faith in the assurances of constitutional reform that were repeated over and over again to them during the referendum period.

Indeed, the Speech from the Throne was already explicit about that, and I quote:

> Because my Government wants to strengthen the spirit of Canadian unity and nurture the seeds of renewal, it promises to interpret a vote of "no" to sovereignty-association as a vote for the rebuilding of the Canadian federation. My Government also promises to give effect to a "no" vote by mobilizing all the forces at its command in order to ensure the renewal of the Federation in a spirit of respect and justice for all.

In a spectacular and even dramatic way, in his speech on May 14, the Right Honourable Prime Minister of Canada solemnly reiterated that commitment to Quebecers and Canadians as a whole, even indicating to them that in a certain way he would put his future on the line in carrying out the meaning of a NO in the referendum for them and the country as a whole.

The Leader of the official Opposition expressed the same point of view when he addressed Quebecers on various occasions. The provincial premiers and so many other speakers both outside and within Quebec said the same thing.

A perhaps somewhat gloomy observation by a Quebecer in passing, is: "Never before had we witnessed such proliferation of refusals of the status quo and of intentions to renew the federation."

● (1500)

In fact, if only because of the commitments made and the promises that Quebecers were urged to believe, there is no doubt that they did not vote purely and simply against sovereignty-association; they voted for a true constitutional reform.

This is indeed the interpretation of the vote last May 20 from all quarters. So much so that the next day the solemn commitments and promises made during the referendum campaign were transformed into a sort of feverish precipitation of new ideas, a program of concrete measures the first of which will have been the spectacular whirlwind tour of the provincial capitals by the federal minister responsible for constitutional matters and the next, it would seem, a meeting of the premiers at the beginning of June.

Thus the process of constitutional reform is therefore already under way.

What will be the role of the Senate in this process? When and how should we get involved and what should our perspective be?

Senator Lamontagne mentioned these matters the other day in the last part of his pre-referendum intervention and, to a certain extent a little while ago, many of the questions Senator Asselin was asking the Leader of the Government had to do with this. These are the same matters that I would like to deal with today.

It seemed in fact that the pace which governments seemed to want to give to their constitutional work merits some exploration as soon as possible and that the decisions required from us should also be taken as soon as possible.

Whether it will take place in a wholesale way or in a piecemeal fashion the constitutional reform will necessarily involve the following steps.

First of all, there will be intergovernmental negotiations through conferences between civil servants or ministers or the first ministers' conference. The negotiations will give rise to proposals, on which, supposedly, the first ministers will have reached a consensus. Governments per se will then intervene to approve the project designed by the first ministers. Provincial legislatures will also be called upon to intervene and finally, in the last step of the process, the new Constitution project will be sent jointly by the Senate and the House of Commons to the Queen with a request that Her Majesty submit it to the Parliament of the United Kingdom.

One can easily imagine the diverse and difficult problems which such a process would raise and which must be resolved if the goal is to be met and if the result is to be a new federal agreement, a new Constitution, a brand new one as the Prime Minister said last week.

Among the numerous problems, there is one which concerns us directly and which holds more importance for us. The problem stems from the fact that in principle, the Senate must intervene in the process only at the final stage of the request to Her Majesty, whatever this request might be, whether it is purely and simply a repatriation of the current Constitution with or without an amending formula, whether it be to amend it or replace it by a new one. It is only at this stage of events that the Senate will be called upon to intervene. Its intervention will then consist of adopting, as is, or after amendment, the project already adopted by the House of Commons, in much the same way as it usually intervenes for federal legislation.

It seems to me our position then would be embarrassing, to say the least, in discharging our role under the current constitution.

How will we decently perform our duty as an upper chamber, once the proposed new Constitution has gone through all stages except ours?

Clearly we will be faced with a basic dilemma: either we deal with the bill as we deal with any legislation coming to us from the House of Commons, and any change of substance that we could then make would entail starting anew all the stages in a process that certainly would have been very strenuous, in what would appear to be some sort of unacceptable abuse of discretion, since we have been nominated rather than elected to this house, while all other assemblies, both federal and provincial, include elected representatives of the people; or again we rubberstamp the proposal, without analysis nor criticism, and certainly without any major change, be it by a vote

where the majority rule would play in this house as in the other, or be it by some sort of consensus of prior unanimity, which in either case would be unacceptable as a matter of principle from the standpoint of this house's role in our parliamentary system, which it must perform *in toto* as long as it is not abolished.

It is no doubt in order to help us find the way out of such a dilemma that Senator Lamontagne formulated the proposal he put before us two weeks ago. He suggested that we should not delay getting into the constitutional reform process nor that we wait until piecemeal proposals, as and when they are prepared, come before us, nor should we wait until the final stage of an Address to the Queen on a proposed new Constitution but we should act right now on our own and within our own institutional framework.

Must our constitutional work proceed in the shape of a first stage, as suggested by Senator Lamontagne, that of a subcommittee of the Standing Committee on Legal and Constitutional Affairs, and later a second stage, that of a special committee?

Should we even have a work schedule in two stages, the first of which would be:

> "restricted to a comparative and critical study of the reports and documents already published . . . in order to . . . focus on a few basic points"

The "overall reform of federalism" being reserved for the second change?

Personally, I see no need for these two stages, and no need either to create a subcommittee in the first place. On the other hand I would see only advantages in merging the two stages and establishing right now the special committee proposed by Senator Lamontagne.

These however are minor issues. The main thrust of Senator Lamontagne's proposal, if I grasped his true intent, is the institution of a purely Senate committee.

I am in total agreement with that approach, both for the immediate term and later on, for the following reason that is basic in my view. In the performance of our role as an upper chamber within the Canadian Parliament, we should maintain our independence in respect of the House of Commons in the usual Canadian legislative process; all the more so must we maintain it in the process of constitutional reform; all the more so must we maintain it as concerns the executive power. In any case, we must maintain it "against any combination of majorities in the assembly," as Sir John A. Macdonald once said.

● (1510)

In summary, whether it is to maintain the required distance between the Senate and House of Commons and the executive or else to go beyond the cleavage of political groups, I agree wholeheartedly with the proposal of Senator Lamontagne that the Senate should establish its own committee on constitutional reform, that this committee should be, and remain, exclusively of the Senate, and that its membership should take no account of the various political labels which identify us from each other.

By taking such steps to protect our independence, we shall however be accentuating the dilemma that I mentioned earlier. Indeed, whatever our objectives and our aspirations as far as our work is concerned, before putting our ideas to good use this time, and not only before undertaking anything or making any move, shall we have to wait for others to submit proposals?

I am supposing, rashly perhaps, that our studies will bear fruit and lead us to novel considerations which have eluded those who come before us in the official process of constitutional review, to the extent that we choose to keep to ourselves the results of our reflections without communicating them to the outside world before the last stage of the process, and to the same extent as we shall remain locked in the dilemma that I mentioned earlier.

Our work will not escape this dilemma and will only have a real significance if it can be communicated in some way to the other parties before the die is cast. I therefore believe that timely communication of the result of this work is a prerequisite if we want to have any real input in the evolution process.

How can we achieve this without jeopardizing the independence we cherish and without, by the same token, associating ourselves unduly with the decisions that other government or parliamentary bodies will have to make before us?

Perhaps we could meet our objective in this way:

First of all, supposing that our special committee is formed in the near future and that its terms of reference will be to prepare comprehensive constitutional recommendations, we could probably accept the suggestion of Senator Lamontagne and ask this committee to identify very rapidly a few major themes which we well know must be included in any new constitutional project. To give but one example of such themes, it is very obvious, at least it seems obvious to me, that a charter of basic rights and freedoms, including linguistic rights, must be included in the reformed Constitution.

I could give other examples, but I particularly wish to emphasize or describe the criterion we could use to identify those five or six themes—I do not believe there should necessarily be more than that, five or six would already be very significant—the five or six themes to be considered in priority. This criterion could be as follows: that each theme be related to a problem of which the Canadian community as a whole is aware, or, more colloquially, to a hot issue, and that it can be treated relatively independently from the Constitution as a whole without jeopardizing the general balance of this whole, whose purpose and final form will appear later on when certain decisions have been made on more fragmentary components.

Second, the special committee would be required to report to the Senate on each of the themes chosen while respecting the order of priorities established, and this report would have to include its constitutional proposals on the matter.

Third, a special debate could then be held, and I must emphasize in passing that some of the suggestions might not be in complete accordance with procedural rules. The fact that I

am a novice might explain certain oversights on my part concerning these rules. In essence, this is the idea.

Senator Frith: A debate after the committee has reported.

Senator Tremblay: Exactly, a special debate could be held in the Senate on each report.

In this case, the choice of the first debate theme will, of course, be a determining factor. It is on that choice that finally rests the challenge which the previous suggestions imply and on which they are based—the challenge that our proceedings reach all intervening parties in the process of constitutional reform, indeed the whole community. A challenge, in fact, on the way our proceedings will be treated in the mass media, which, I assume, should be different from what it is now, judging by the attendance in the press gallery!

If, for instance, the first theme chosen was the question of language rights, it is my conviction that we would thus open the door to ulterior debates on other themes, especially if we succeeded in dealing with it somewhat originally.

However complex and decisive our work could be, the problems I have just outlined are related to our integration into the process and evolution of constitutional reform. Those problems nonetheless remain matters that concern the operational logistics and the mechanics of our relations with other authorities concerned.

I consider as more important and more significant still the problems we will have to solve regarding our approach to the substance of the reform and our point of view, whether in analysing the projects likely to come before us, or in devising projects of our own.

Those problems already exist regarding the role the Senate plays in the present system in federal legislation; all the more will those problems occur regarding the role it will play in constitutional reform.

What indeed does the Senate mean in our federal system? From what intentions and what reasons did it originate?

This issue would probably have only a historical and speculative scope if we considered it only, as historians do, as a way to ascertain the intentions of the Fathers of Confederation on the matter at the time. But above and beyond its historical dimension it acquired a here and now importance when the Supreme Court set the intentions of the Fathers of Confederation in present day reality and ruled on the unconstitutionality of the provisions of Bill C-60 concerning the Senate. I will limit myself to what the Supreme Court itself invoked to base its judgment on the role of the Senate and on our role as members of this chamber.

The Supreme Court first of all quoted Sir John A. Macdonald:

> In order to protect local interests and to prevent sectional jealousies, it was found requisite that the three great divisions into which British North America is separated, should be represented in the Upper House on the principle of equality. There are three great sections, having different interests, in this proposed Confederation.

The difference was already recognized at that time!

> To the Upper House is to be confided the protection of sectional interests: therefore is it that the three great divisions are there equally represented for the purpose of defending such interests against the combinations of majorities in the Assembly.

• (1520)

The Supreme Court also quotes the Honourable George Brown:

> But the very essence of our compact is that the union shall be federal and not legislative. Our Lower Canada friends have agreed to give us representation by population.

You also know that in the course of some years preceding, major changes had occured in the equilibrium of the population of Upper and Lower Canada.

> Our Lower Canada friends have agreed to give us representation by population in the Lower House. On no other condition could we have advanced a step; and, for my part, I am quite willing they should have it. In maintaining the existing sectional boundaries and handing over the control of local matters to local bodies, we recognize, to a certain extent, a diversity of interests; and it is quite natural that the protection for those interests, by equality in the Upper Chamber, should be demanded by the less numerous provinces.

So as not to misinterpret the two quotations, I will refer to the Supreme Court itself as it expressed, last December, the way in which it currently views these authoritative and historical testimonies.

> A primary purpose of the creation of the Senate, as a part of the federal legislative process, was, therefore, to afford protection to the various sectional interests in Canada in relation to the enactment of federal legislation.

I will spare you the analysis made afterwards by the Supreme Court in its explanation of the motives which underlie its decision. May I only mention and underscore that on numerous occasions in the course of this explanation of its motives the expression "agency created to protect the interests of regions and provinces" in the federal legislative process often appears.

All things considered, it is on this basis of the role and the purpose of the Senate in our federal system that it declares unconstitutional the provisions of Bill C-60 concerning the Senate.

If such is our role in the ordinary course of events, what must it be in some extraordinary circumstances such as a constitutional reform?

It might be said that we do not have to worry, in this instance, about defending the interests of the provinces. They will certainly look into it themselves, each in its own right, since they are directly involved in the process right from the start of the negotiations and at all other subsequent steps except the one concerning the Canadian Parliament, of course.

On the contrary, I believe that we would be wrong if, in the course of constitutional revision and even in the present situation, we did not take into account the role assigned to us by the Fathers of Confederation which has just been confirmed by the Supreme Court.

The provisions of the Constitution now in force are clear and explicit in dealing with us. They do say that each one of us represents—and here the word "represent" is used—one or the other of the four Senate divisions and this one must also be represented in the Senate.

It does not use the same language when speaking of the members of the other place—they are elected for a province or a territory and they represent the voters in their respective ridings. In that sense, I agree entirely with the interpretation the Right Honourable Prime Minister gave the other day of the role of the Commons when he said that no member of the House of Commons represents a particular area and, on the contrary, they must be looked at in the context of the country as a whole. That seems to me quite an accurate description of the meaning of what we will call representation in the Commons. In the Senate, it seems to me this is fundamentally different, that we are in a system of regional representation.

If we approach the constitutional reform in the perspective of the divisions—to use the term of Sir John A. Macdonald—that we represent in this house, regardless of the fact that we were appointed by the central authority, we could perhaps make the case that a major objective of certain proposed reforms for the Senate is already partly achievable.

I am thinking among other things of the proposed House of the Provinces, instead of the Senate, or the House of Federation, so, paradoxically, a common link is to provide the provinces and the regions with a better presence in the central body. In the objective and the role we were given originally, that presence is already provided by the Senate. Of course, there is the difference in the process of appointment. Perhaps the difference in that process of appointment explains why everybody thinks the Senate fulfills a function purely of an upper house, that it is a pure instrument of improvement of the legislation coming from the Commons without reference to the regional dimension that can arise in each of those bills.

It seems to me this is an opportunity not to be missed, an opportunity to exercise first a role of vigilance should, for example, in the present climate of good will, there be a desire to take action symbolizing the Constitution era, actions like patriating the BNA Acts as they are, without the consent of all the provinces if necessary. I do say "without the consent," in the event that some of them would not give their consent even after prior consultation. The reference to patriation is perhaps not quite arbitrary on my part if you recall a recent event that happened in the other place. Then, the procedure I mentioned at the beginning should be followed. There would have to be an Address of Parliament, consequently of the Senate and the House of Commons. It seems to me if such a thing were to occur, we would have a duty of vigilance to carry out which we could carry out by placing ourselves in the perspective of our definition, at least the definition the Fathers of Confederation gave us, and that the Supreme Court just confirmed, of representing and protecting the interests of the regions and the provinces.

In short, we are being given an opportunity to restore a dimension of our function which for the Fathers of Confederation was at the very heart of the federative pact, a dimension the scope of which we may have ourselves minimized but which the proposed renewals now being suggested everywhere demand should become again one of our chief concerns.

On motion of Senator Godfrey, debate adjourned.

• (1530)

[*English*]

RETIREMENT AGE POLICIES

REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Retirement Age Policies, entitled: "Retirement Without Tears", tabled in the Senate on 15th April, 1980.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I yield to Senator Bosa.

Hon. Senators: Agreed.

Hon. Peter Bosa: Honourable senators, as a member of the Special Senate Committee on Retirement Age Policies, I am pleased to take part in this debate on the consideration of the report entitled "Retirement Without Tears," tabled in the Senate by Senator Croll on April 15, 1980.

This was the first time I had had the privilege of serving on a committee chaired by Senator Croll, and I can assure honourable senators that he is everything that has been said and written about him. What impressed me greatly was his insight with respect to social issues and his determination in dealing with those issues. Senator Croll is a great humanitarian but he is also a "no-nonsense" chairman, and he did not hesitate for a moment in bringing down the gavel when a member of the committee drifted too far from the subject at hand, which occurred quite frequently.

I may add also that this was a great opportunity to get to know the other members of the committee. It was a privilege to work with them.

When the committee was established on December 7, 1977, it was given five specific subjects to examine and report upon, as follows:

(a) existing retirement age policies;

(b) the social and economic implications of mandatory retirement;

(c) the feasibility of flexible voluntary retirement plans;

(d) age discrimination against those over 65; and

(e) the need to co-ordinate present and future retirement age policies among government, labour and business.

It is not my intention to review each of these five subjects, but only to present some thoughts respecting areas of the report which I believe to be important.

As honourable senators know, there was no provision in the terms of reference for the filing of a minority report, so participation in this debate enables one to present one's views on certain aspects of the report. By way of background, I would like to say that I have shared some of these thoughts with both Senator Croll, the chairman of the committee, and Senator Fournier (Madawaska-Restigouche), the deputy chairman, following the meeting at which the report was finalized.

Between the setting-up of the committee and the tabling of the report in this house, two federal general elections took place. It is my conviction that those happenings had a disruptive effect on the hearings and work of the committee, and may have influenced the committee to prepare its report prematurely.

Although the committee was appointed in the Third Session of the 30th Parliament, it did not begin public hearings until the following session. The committee was first briefed by the research staff of the Library of Parliament, who had prepared over two dozen papers on various aspects of retirement. From November 1978 to March 1979, the committee held twenty-four public meetings at which it received 46 invited briefs and questioned 124 witnesses. Testimony was received from several federal government departments and from two provincial governments. Testimony was also received from a wide variety of professional associations ranging from the Canadian Medical Association, the Canadian Association of Social Workers and associations directly involved in the pension field, to banks and businesses, and the Confederation of National Trade Unions.

I have mentioned some of these witnesses because, on closer examination, it would appear that there were two major omissions from the list. The first omission is that of the Canadian Labour Congress, an organization representing 2.3 million workers in 110 autonomous affiliates with 8,000 local unions. The CLC did not appear as a witness, nor did it present a brief.

The second omission is that of certain provincial governments. For instance, the Governments of Ontario and Quebec, where more than 60 per cent of the population over 65 years of age reside, did not send witnesses or submit briefs. Surely failure to obtain testimony from the CLC and from the two most populous provinces of Canada should be considered a significant oversight. I am convinced that it would have been of great benefit to the committee to have had the views of that institution and those governments.

One of the major concerns of the committee related to providing adequate income to a significant proportion of older Canadians. Demographic trends indicate that the number of Canadians over 65 is increasing. In 1978 there were 2.1 million Canadians over the age of 65 years, and it is estimated that this number will increase to 3.4 million by the year 2001. Therefore, the committee recommended that planning for the large increase in the 65-and-over group be undertaken now.

[Senator Bosa.]

There are, indeed, very sound grounds for this concern, since in 1978 half of the Canadian families whose heads were 65 years of age or older had annual incomes below $6,712, and half of the unattached individuals in the same age bracket had annual incomes below $4,003.

In response to this situation, one of the recommendations of the committee is that the contribution rate to the Canada/Quebec Pension Plan be increased from 3.6 per cent to 8 per cent of pensionable earnings, this increase to be phased in over a period of two years, and contributions to continue to be split 50:50 between employer and employee. While the committee did recommend that Canada/Quebec Pension Plan benefits be increased over a five-year phase-in period, it made no specific recommendation as to the amount of increase.

It has been assumed in many circles that a doubling of the contribution rate necessarily implies a doubling of the benefit rate. Reference to this assumption is found on page 67 of the committee's report, and in the remarks of Senator Croll as reported in *Debates of the Senate*, April 22, 1980, at page 82.

A closer examination of the functioning of the Canada/Quebec Pension Plan reveals that such an interpretation is unfounded. Any increase in the rate of contribution need not lead to an automatic increase in benefits to retired Canadians. The Canada/Quebec Pension Plan is only partially funded. The contribution of 3.6 per cent will become insufficient to meet current benefits by the mid-1980s. The Canada Pension Fund at the end of 1978 amounted to $14.5 billion, and the Quebec Pension Fund amounted to $5.2 billion. Both the Task Force on Retirement Policies and the Economic Council of Canada have concluded that this fund will be depleted gradually, until it disappears early in the next century, if the current contribution rate of 3.6 per cent is not increased.

In fact, early in the next century the contribution rate will have to be increased even beyond 8 per cent of pensionable earnings just to meet the requirements of a 25 per cent benefit rate in terms of the average industrial wage, and the rate will have to triple to 11 per cent of pensionable earnings within 50 years to meet the same requirement.

I feel that the committee should have considered this particular aspect of the plan further. Even if the recommended increase in the contribution rate, from 3.6 per cent of pensionable earnings to 8 per cent, were to provide a doubling of the benefit rate, it is doubtful whether it would do anything to alleviate poverty among retired Canadians.

● (1540)

Senator Croll pointed out on April 22 last, as reported at page 79 of *Hansard*, that two out of three Canadians who are 65 years of age or older do not have access to benefits from the Canada Pension Plan. This is further supported by an examination of the public pension benefits received by guaranteed income supplement recipients.

The 1979 report of Statistics Canada, *A Survey of Consumer Finances*, illustrates the fact that 30 per cent of male GIS

recipients received no benefits at all from the Canada/Quebec Pension Plan in 1978, and over 50 per cent received less than $900 in benefits. It is obvious that even a doubling of the Canada/Quebec Pension benefits would be of no advantage to the 30 per cent of retired Canadians who are in most need of assistance, and would provide only limited financial help—less than $150 a month—to over 50 per cent of GIS recipients, among whom is a large number of women.

The first two paragraphs of the introduction on page 1 of the committee's report read as follows:

> Retirement has many dimensions. For some, it is a welcome change and a new world opens up. The drudgery and the boredom of routine work vanish and new vistas of travel, recreation and freedom appear. For others, retirement is unwelcome and something to be feared. Any study must take account of the thousands of elderly people who are leading contented and well adjusted lives. But there is a darker side, for there are also thousands of old people whose lives are degraded by poverty, illness and confusion.
>
> It is understandable that attention should be focussed on the unfortunates for this is where the opportunity is for remedies and reforms. If there is an emphasis throughout this report on the dark side it is not because of a preoccupation with gloom but rather because it is the fertile area for improvement.

I should like to read another sentence, which appears at the bottom of the same page, before I make my point:

> The view that the solution to the social problems examined in this report lies in the application of large sums of government money is rejected, a point that will be emphasized a number of times.

In these two passages, honourable senators, lies the contradiction of one aspect of the report. The objective is to alleviate poverty among a large segment of retired Canadians—to zero in on those who need help most. However, the majority of those who need help most are unable to contribute to the Canada/Quebec Pension Plan. They include housewives and others who, even when they do work, do not work long enough to qualify for full benefits.

The reality of the situation is that government funds are needed to solve these social problems, and the most target-efficient way to assist low-income elderly people at this time is the guaranteed income supplement.

The Liberal Party recognized this need during the last election when it promised an increase of $35 per month per household to the recipients of the guaranteed income supplement, a promise that is now being implemented. I understand this was passed by the House of Commons last night, and is awaiting Senate approval.

The Canada/Quebec Pension Plan is partially a contributory plan. It is financed by a payroll tax levied on virtually all Canadian workers and self-employed individuals. The tax is a fixed rate—currently 3.6 per cent—applied to all earnings above $1,100 in 1979 and below the yearly maximum pensionable earnings. The exemption of the first $1,100 of income makes the tax burden very slightly progressive on incomes between $1,100 and $11,700. Once that maximum has been achieved, the contribution remains fixed while income rises. Beyond this level of income, the payroll tax, which finances the Canada/Quebec Pension Plan, becomes highly regressive with the tax rate disappearing as income increases. On the other side of the equation, the guaranteed income supplement is financed through progressive taxation because the funds come out of general revenue. I think this is an important distinction to be made.

On the lifting of the ceiling on mandatory retirement one area that ought to be explored in greater detail is alternative employment for those Canadians who, while not wishing to retire, would welcome a change from the routine of their occupations.

In conclusion, I should like to emphasize that while, in my opinion, the report, in some of its aspects, can be criticized, it does contain many important and innovative recommendations. This report, in my judgment, is a social document which serves to focus attention on several sensitive and crucial areas of retirement.

Several studies have been made on retirement recently, including the one entitled *The Retirement Income System in Canada*. The Province of Ontario has also just concluded a study on retirement. The Report of the Special Senate Committee on Retirement Age Policies is an important addition to these studies, and will make a valuable contribution towards solving the complex social problems of retirement.

On motion of Senator Macquarrie, debate adjourned.

AGRICULTURE

COMMITTEE AUTHORIZED TO STUDY CANADIAN LIVESTOCK INDUSTRY

Hon. Royce Frith (Deputy Leader of the Government), for Senator Hays, pursuant to notice of Tuesday, May 27, 1980, moved:

> That the Standing Senate Committee on Agriculture be authorized to examine and report upon any aspect of the Canadian livestock industry;
>
> That the papers and evidence received and taken on the subject of the Canadian beef industry in the Second, Third and Fourth Sessions of the Thirtieth Parliament be referred to the committee; and
>
> That the committee, or any subcommittee so authorized by the committee, may adjourn from place to place in Canada for the purpose of such examination.

Motion agreed to.

COMMITTEE AUTHORIZED TO STUDY PRODUCTION AND EXPORTATION OF GRAINS

Hon. Royce Frith (Deputy Leader of the Government), for Senator Hays, pursuant to notice of Tuesday, May 27, 1980, moved:

That the Standing Senate Committee on Agriculture be authorized to examine and report upon Canada's long-term prospects for the production and exportation of wheat and other grains, including the international co-operative mechanisms required to assure adequacy of supply and reasonable returns to producers; and

That the committee, or any subcommittee so authorized by the committee, may adjourn from place to place in Canada and the United States for the purpose of such examination.

Motion agreed to.

COMMITTEE AUTHORIZED TO INQUIRE INTO THE IMPLEMENTATION OF RECOMMENDATIONS CONTAINED IN ITS REPORT "KENT COUNTY CAN BE SAVED"

Hon. Royce Frith (Deputy Leader of the Government), for Senator Hays, pursuant to notice of Tuesday, May 27, 1980, moved:

That the Standing Senate Committee on Agriculture be authorized to inquire into the implementation of the recommendations contained in the report entitled *Kent County Can Be Saved*, a study into the agricultural potential of eastern New Brunswick, of the Standing Senate Committee on Agriculture, tabled in the Senate on November 16, 1976; and

That the committee, or any subcommittee so authorized by the committee, be authorized to travel to the maritimes for the purpose of such inquiry.

Motion agreed to.

COMMITTEE AUTHORIZED TO STUDY CANADIAN POTATO INDUSTRY

Hon. Royce Frith (Deputy Leader of the Government), for Senator Hays, pursuant to notice of Tuesday, May 27, 1980, moved:

That the Standing Senate Committee on Agriculture be authorized to examine and report upon any aspect of the Canadian potato industry; and

That the committee, or any subcommittee so authorized by the committee, may adjourn from place to place in Canada for the purpose of such examination.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, May 29, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Privacy Commissioner under the *Canadian Human Rights Act*, for the year ended December 31, 1979, pursuant to section 60 of the said Act, Chapter 33, Statutes of Canada, 1976-77.

Telexes from the Prime Minister of Canada to the Premiers of the Provinces concerning the meeting of First Ministers to be held June 9, 1980.

Senator Flynn: What was the last item that the Leader of the Government tabled?

Senator Perrault: I tabled telexes from the Right Honourable the Prime Minister to the premiers.

Senator Flynn: Do they say anything about an agenda?

Senator Perrault: Yes. I am going to speak to that later.

[*Translation*]

LEGAL AND CONSTITUTIONAL AFFAIRS

MOTION TO AUTHORIZE COMMITTEE TO STUDY CERTAIN ASPECTS OF THE CONSTITUTION—DEBATE ADJOURNED

Hon. Maurice Lamontagne, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to consider and report upon constitutional provisions regarding individual and collective rights and upon the future role and composition of the Canadian Senate and alternative constitutional arrangements compatible with true federalism;

That the membership of the committee be increased to thirty members and that rule 67(1)(j) be suspended in relation to the membership of the committee;

That the committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purposes of its examination and consideration of such legislation and other matters as may be referred to it; and

That the committee have power to sit during adjournments of the Senate.

The Hon. the Speaker: Honourable senators, is leave granted?

• (1405)

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, for the introduction of the motion only.

The Hon. the Speaker: It is moved by Honourable Senator Lamontagne, seconded by Honourable Senator Frith:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to consider and report upon constitutional provisions regarding individual and collective rights and upon the future role—

Some Hon. Senators: Dispense.

The Hon. the Speaker: So, is it your pleasure, honourable senators—

Hon. Martial Asselin: No, excuse me, Your Honour, there is a sentence I missed when the motion was moved. Could you please read it *in extenso*?

The Hon. the Speaker: You still want me to read it, because I was just dispensed from doing so? All right, I will read it all then.

It is moved by Honourable Senator Lamontagne, with leave of the Senate and notwithstanding rule 45(1)(e):

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to consider and report upon constitutional provisions regarding individual and collective rights and upon the future role and composition of the Canadian Senate and alternative constitutional arrangements compatible with true federalism;

That the membership of the committee be increased to thirty members and that rule 67(1)(j) be suspended in relation to the membership of the committee;

That the committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such legislation and other matters as may be referred to it; and

That the committee have power to sit during adjournments of the Senate.

Is it your pleasure, honourable senators, to adopt the motion?

Senator Flynn: Well, honourable senators, if the mover does not wish to comment on his motion, I have to tell him at this time that we on this side have objections, as I already mentioned to him as well as to Senators Frith and Perrault.

Our main concern on this side of the house is to enlarge the mandate of the committee so as to include all issues related to the constitutional reform.

I do not like the idea of restricting this mandate to only two subjects: that of collective and individual rights and that of the Senate, or a second legislative or consultative house or whatever.

I regard both subjects as important but on this side of the house we believe that the most significant issue as far as the reform of the constitution is concerned is the distribution of powers. But the committee would not be entitled to tackle this subject.

This is the main objection I expressed to Senator Lamontagne and to the others with whom I spoke on this subject. That is why, in order to allow honourable senators on both sides of the house to dwell on the subject raised by this motion, I intend to move that the debate be adjourned. By next Tuesday we will see if it is possible to reconcile our differences and to take a united stand. I therefore move the adjournment of the debate.

On motion of Senator Flynn, debate adjourned.

• (1410)

[*English*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved that when the Senate adjourns today it do stand adjourned until Tuesday next, June 3, 1980, at 8 o'clock in the evening.

Motion agreed to.

THE CONSTITUTION

FEDERAL-PROVINCIAL CONFERENCE OF FIRST MINISTERS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, may I say that in the documents I tabled today, the telex communications from the Right Honourable the Prime Minister to the premiers, the Prime Minister indicates that the one-day private session on June 9 is for laying future plans for constitutional renewal, broadly conceived in the light of new ideas and the public's desire for change.

• (1415)

He expresses the hope that first ministers can agree on June 9 on both the principles and the process which will lead them to the broad renewal of the federation.

QUESTION PERIOD

[*English*]

AGRICULTURE

DROUGHT IN PRAIRIE PROVINCES

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to address a question to the Minister of State for the Canadian Wheat Board in respect of the drought situation in western Canada. The minister was on the prairies over last weekend and I believe made a survey of the situation on behalf of the government. Is the government now ready to announce the assistance policy that it may have in mind, either for individuals or for the provinces?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): As Senator Roblin has said, I was in Saskatchewan over the weekend and I have some information on the drought situation, which is generally available to all senators in any case.

A large part of Alberta has received some very welcome and beneficial rains; there have been some scattered showers in Saskatchewan. Some local areas have received quite a good rainfall, but Saskatchewan generally is still very dry; Manitoba is indeed very dry. That is the information I have, so it is a critical situation.

The attitude of the federal government is that it will help in every way possible. It wishes to help in an imaginative and generous way. However, as the Honourable Senator Roblin will know, when you are formulating a policy it has to go through the various stages of consultation and deliberation. Initially, on my own initiative I think I can say, through others—it was not my responsibility but it was my initiative—the federal Task Force on Drought, which had been in existence since 1977, was activated some weeks ago. Last Sunday a cabinet minister was presented with draft proposals, or a series of draft suggestions that they had to make. On Tuesday of this week there was a meeting of officials in Ottawa to consider specific recommendations on this particular question. Today I believe there is a meeting at the deputy minister level on this question. The policy, I believe, will be before the Economic Development Committee, of which Senator Olson is chairman, next Tuesday.

Senator Roblin: Careful.

Senator Argue: He gets questions every day. I do not think it is because you don't know his exceedingly important role in the cabinet. The matter will be before Senator Olson's committee. I am sure it will receive most sympathetic consideration, and probably some suggestions for improvements. I am sure it will be expedited, so I would hope and anticipate that by next week a formal policy will be announced. It is perfectly clear that the federal government is prepared to take action, and in fact some action has already been taken, but those are the plans.

Senator Roblin: I have one or two supplementary questions I should like to ask, if I may. In the course of recent events, has the minister had an opportunity to visit with the agricultural ministers or the Premiers of Manitoba and Saskatchewan to concert his policy with theirs?

• (1420)

Senator Argue: I have not visited with any of them. I have been engaged in other matters.

Senator Roblin: Has anybody visited with them?

Senator Argue: The Honourable Lloyd Axworthy, I believe, met with the Premier of Manitoba. That discussion dealt mainly with forest fires, but I would imagine this came up.

The discussion that has taken place to date has been at the official level between officials of various levels of government. I believe the Deputy Minister of Agriculture for Canada met with the deputy ministers of agriculture from the three prairie provinces on this question, but policies did not come out of those meetings.

Senator Roblin: I will not conceal my view that I would have been happier if my friend, who knows something about western agricultural problems, had been the one to meet with the western premiers rather than his colleague. However that may be, I would urge my honourable friend to make haste, because he is undoubtedly aware that in the livestock industry there is some threat to the stability of breeding stock. I have received reports that a considerable number of breeding stock cattle had moved to market. In fact, there is a serious slump in prices for these cattle as a result of that. Obviously, if this is taking place on a large scale, the effect in two or three years will be serious with respect to prices in Canada, so far as the consumer is concerned, to say nothing of the fact that it erodes the farmer's capital. So, I urge my honourable friend to get some kind of policy out to us on Monday at the latest.

Senator Argue: The policy will be out next week. One can almost state, in general terms, what the policy will be. There will be assistance for community wells, as well as assistance in transportation of water by PFRA, and so forth. The precise policy, or possible cost that may be attributed to this policy, will be forthcoming.

I have treated this matter urgently. The western cabinet ministers have been out west and have surveyed the situation. I have been in daily contact with the stock growers and their leaders to gather information. The PFRA officials have travelled from one community pasture to another to meet with the cattle ranchers and owners who use the community facilities. So I think this matter is being treated on an urgent basis.

As far as the provincial governments are concerned, I believe each one agrees in principle that it will support the program. The federal government agrees in principle, and action will be forthcoming rapidly.

The information received on Sunday by the authorities in the livestock businesses to the effect that while there may have been some minor increase in slaughtering, that increase was caused by the slaughter of dry cows, and not the foundation. This is the opinion given to us by the livestock authorities. I agree with Senator Roblin that it is exceedingly important that this foundation cow herd be maintained. I think when the program is in public view, it will be clear that there are steps that can be taken, in spite of the hay shortage. Those steps could be to obtain grain, put particular supplements into the grain, and move concentrates to the pastures. This will supplement the food supply for the cows and ensure that they are sufficiently healthy to produce calves next year.

Senator Roblin: I hope my honourable friend is right about the cattle industry.

I have a final supplementary question. The minister has said that he thinks the provinces will go along with the federal government's relief policy. The provinces have their own policies. What is the attitude of the federal government with respect to those policies? Could the minister give us a statement on that?

Senator Argue: Having had discussions with my colleagues, I can say that I am positive that the federal government will agree in principle with the policies that have been put forth by the provincial government. It is simply a matter of co-ordination. I honestly do not anticipate difficulty in any way whatsoever.

Senator Roblin: Will money follow the agreement in principle?

Senator Argue: Yes.

• (1425)

CANADIAN WHEAT BOARD

MINISTERIAL RESPONSIBILITY

Hon. R. James Balfour: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board. Is the honourable minister, as a member of the government, the Minister of State responsible for the Canadian Wheat Board, or does he merely assist the Minister of Transport who remains in charge of the Wheat Board—a board which is of such importance to western Canadians?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I imagine I know what forms the basis of my honourable friend's question. When I first saw the passage to which my honourable friend has reference, my reaction was: What kind of a setup is that?

The explanation given to me is that every minister of state must have some legal basis for operation, and for that basis he is, in a legal sense, part of the operation of another department, and, in a technical sense, he is in that department. But the authority that has been given to me is that of minister responsible for the Canadian Wheat Board, and that stands four-square on its own and in no way with regard to that jurisdiction am I subservient to any other minister.

Senator Balfour: I thank my honourable friend for that explanation. My question arose out of an almost accidental examination of the order in council appointing the honourable senator to that capacity. It seems to me the order in council is unfortunately worded. We on this side would much prefer that the minister's responsibilities be absolutely clear-cut.

By its language the order in council clearly states that Senator Argue is a minister of state to assist the Minister of Transport in carrying out the latter's responsibilities in respect of the Canadian Wheat Board. Without wishing to be legalistic about it, I think that on the basis of that he is placed,

legally and factually, in the unfortunate position of being an assistant to the responsible minister.

Senator Argue: I deny that completely. It is simply not true. While the order in council may seem to read that way, it has been made perfectly clear to me that I am the minister responsible for the Canadian Wheat Board. As far as any minister of state is concerned, including a minister of state in the former administration, this is the avenue by which such a minister accepts his responsibilities.

GRAIN

RAPESEED—SPREAD BETWEEN CURRENT PRICE AND FUTURES MARKET PRICE

Hon. R. James Balfour: Honourable senators, accepting the minister's explanation for the time being, I should like to address a question to him that is perhaps more relevant to the work he is carrying out. My question relates to the rapeseed price spread.

Can the minister explain why the price spread between the futures market and the price which farmers are receiving for rapeseed at country elevators has been abnormally high at various times this year—at times as much as $1.50, which, in comparison with the long-term average, is twice as high as normal.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I have wondered about that too, and I have had explanations provided to me. I think it can probably be labelled as a criticism of the futures market and of that particular system. I am told that another factor—and it may be just a complicating factor—is that there are no switching arrangements for the transfer of rapeseed from one elevator company to another, with the result that the rapeseed gets out in very small quantities.

There have been major complaints about this matter. The Canadian Wheat Board feels that if it were in charge of rapeseed marketing, that kind of abnormal spread could be reduced.

I am perfectly willing to make further inquiries in an effort to obtain additional technical information on this question, but that is the information that has been given to me by people in the trade whom I respect.

MARKETING OF OATS

Hon. R. James Balfour: Honourable senators, I have one final supplementary question on the subject of grain. Recognizing that the legislative mandate of the Canadian Wheat Board includes the orderly marketing of oats, will the minister explain why the Canadian Wheat Board has not been actively marketing oats since the crop year 1976-77, and why the producers have not received final payments for oats since 1976-77?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, this is something that is of some concern to the Canadian Wheat Board. Of the various grades of oats, high quality oats have moved very well. In fact, there is a shortage of high quality oats, and that is a problem that needs to be dealt with. There have been some oats available within the system, but they are of a low quality and the Canadian Wheat Board has had difficulty in moving them. I am informed that the board has experienced difficulty to the point where it has not been able to close out the crop years from 1976-77, and that is not an ordinary way to do business.

I am pleased this question has been raised. It is an important question. This whole situation is an anomaly and one which should be cleared up as quickly as possible, and I should be pleased to bring the honourable senator's remarks to the attention of the Canadian Wheat Board.

GRAINS TRANSPORT CO-ORDINATOR—REPORTING AUTHORITY

Hon. Lowell Murray: Honourable senators, I have a supplementary question for the Minister of State responsible for the Canadian Wheat Board respecting ministerial responsibility. My question is: To whom does Dr. Horner, the Grains Transport Co-ordinator, report? Does he report to a minister of the Crown directly, and, if so, to which one, or to some other agency?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I would say he reports to a minister of the Crown directly, that minister being the Minister of Transport.

Senator Flynn: Are you authorized to divulge that information?

COUNTRY ELEVATOR SYSTEM—GRADE PROMOTION

Hon. Martha P. Bielish: Honourable senators, I have a question for the Minister of State responsible for the Canadian Wheat Board. Could the minister inform the house and the farmers of western Canada whether he has investigated grade promotion or upgrading practised by the country elevator system and, if so, have the results of his investigation led to the assurance that the producer is receiving full value for his grains?

● (1430)

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I am sorry, I did not quite understand the question. Are you asking why grains are upgraded, why certain producers get high grades, or whether elevator facilities should be upgraded? I am sorry I did not quite understand the question.

Senator Bielish: I will put the question again. Could the minister inform the house and the farmers of western Canada whether he has investigated grade promotion or upgrading practised by the country elevator system.

That simply means that an elevator will have in storage a quantity of, perhaps, No. 1 wheat. The operator also buys wheat that is almost No. 1, grades it to No. 2, mixes it with No. 1, and sells it as Grade No. 1.

Senator Argue: It is certainly not a proper practice.

Senator Flynn: It is a blended price!

Senator Argue: As long as you are talking about blended prices, and not blended something else.

I think producers sometimes feel that some local elevator agents may at times give them a lower grade, in fact, than the grade to which they are entitled. Under those circumstances a producer has the right under the Canada Grain Act to send a sample to the chief grade inspector in Winnipeg, and have it officially graded. If the grade he was given was, in fact, too low then he is entitled—and this is the way his legal position is established—to the higher grade and therefore to the higher price.

Very often a good elevator manager has, let us say, in these particular circumstances, a large quantity of No. 1 grain in his elevator, and he has some farmer who is bringing No. 2 grain. He may well be able to give that farmer, for what should be in a normal way No. 2 wheat, a No. 1 grade and put the No. 2 into the No. 1 bin. That is not only proper but it is welcome and that is the kind of thing—some mixing in the country elevators—that should be going on in the interests of the producers.

Senator Bielish: Will the minister table as soon as possible a report detailing the rationale behind the system of grade promotion or upgrading by the country elevator system which costs the producers and the Canadian Wheat Board millions of dollars per year?

• (1435)

Senator Argue: Honourable senators, I am prepared to obtain expert opinion on this question. I believe that what I have said is accurate, but I shall be pleased to refer the matter to the authorities and see what they have to say.

GRAIN—REDUCTION OF SALES TO U.S.S.R.

Hon. Sidney L. Buckwold: Honourable senators, I have a question for the minister in charge of the Wheat Board. This happens to be his day to go through the threshing machine.

Senator Flynn: It will take more than a threshing machine to stop him.

An Hon. Senator: He is pretty sturdy.

Senator Buckwold: Perhaps we can get on with our ploughing.

The Government of Canada, at the request of the United States, complied with the limit on wheat sales—literally an embargo on sales of grain above average or normal sales to the Soviet Union following the Afghanistan incident. I believe that Canadian farmers were prepared to accept that embargo. The result has been a drop in future potential sales to that country. Certainly the sales that are under contract are being carried out and the grain delivered. However, there has been a drop in price, and the government, as well as the minister, has made commitments that farmers in western Canada would not have to pay the price for this particular action, in which they are, in fact, the innocent victims.

Would the minister bring us up to date in respect of what plans are being made to recompense western farmers for the loss of those markets and the drop in prices?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I thank my aggressive friend for his aggressive question. It is perfectly true that the former administration, the Clark administration, at the time the unfortunate Afghanistan incident occurred, was prepared to go along with and, indeed, did go along with the United States policy of reducing sales to the Soviet Union. The Americans did not place anything approaching a full embargo, but only a partial embargo. The crop year was shorter than normal and it has resulted in large deliveries of American grain to the Soviet Union. The Argentine circumvented the system and has had larger sales. The Canadian government at that time agreed to restrict sales and exports to what would be considered normal and traditional quantities.

The new administration, the present administration, has continued that policy. It is probably accurate to say that there has been a somewhat more generous interpretation of the policy in recent weeks than was the case earlier. This is not criticism; it is just the way the situation evolved. So Canada may have foregone some sales that might otherwise have been made under what might be considered to be a more normal set of circumstances.

However, our general exports this year—that is, world exports—will be either at a record level or near record level. It is too early yet to determine whether or not it will be a complete or near record.

The former administration felt, as I believe this administration does, that producers should not have to bear the full burden of the losses that could be directly attributed to this policy. I believe it is correct to say that when the policy was established on January 4 this year, the Wheat Board's asking price for 1 CW 13.5 per cent protein out of Thunder Bay was $227.66 per ton. The information I have is that that might not have been a hard price, because it was really an asking or negotiating price, and that the actual price, if the sales had been made at about that time, might, in fact, have been somewhat under $227.66. That is the figure you start from. The prices since then have gone down to about $191 a ton, and the most recent prices I have seen—though I have not checked today's paper—have gone back up to about $204 or $205 a ton.

• (1440)

I think it is true to say that nobody—just nobody—can attribute any particular loss or any particular increase in the world market for wheat to one factor only, because there are many factors playing on that market every day, such as availability of transport and prospects for crops. In terms of the world's big grain producers, Canada, although a relatively big exporter, is quite a small producer of grain in the total picture.

I have heard people who should know something about commodity markets say that the very high interest rates had a

depressing effect in this regard, but all I can say to my honourable friend is that this whole thing is being looked at, and we are endeavouring now to arrive at a realistic and honest assessment of what the loss resulting from this policy might have been.

Senator Buckwold: I have a supplementary question.

I appreciate the detailed reply that the minister has just given, and I am delighted to know that the situation is being reviewed, but he did not indicate whether, in fact, there were any plans afoot to reimburse farmers financially for their potential loss.

Perhaps I may ask a second question at this point. Would the minister indicate whether, in fact, we have actually turned down business with the Soviet Union? I am thinking of cases where their trade missions may have come over with the idea of buying grain, and we have said, "No, we will not sell it."

Senator Argue: As far as I know the answer to the second supplementary question is that there has been no turning down of sales to the Soviet Union because of this policy.

As far as the earlier part of the question is concerned, I think, before any administration gets financial plans in place to deal with something, there should be, first of all, an assessment of what they may, in fact, have to deal with, and so this assessment of what may be involved is now under way. Not only is it under way with the authorities in Ottawa, but the Canadian Wheat Board itself is looking into this question.

ENERGY

REFINING OF BLACK RESIDUAL OIL

Hon. Orville H. Phillips: Honourable senators, I have a question for the Minister of State for Economic Development. My question is based on a speech delivered by the Minister of Energy, Mines and Resources to the Canadian Manufacturers' Association. In order that the minister may be familiar with the part of the speech on which I base my question I will quote the exact words of the "Ayatollah" Lalonde.

> —the Government is determined to end the waste that is implicit in burning or exporting the heavy fuel oil that now represents about half the final output of most eastern refineries. We want that black residual oil further refined to gasoline and other light petroleum products for use in Canada. That means that manufacturing and other industrial establishments now using heavy industrial fuel oils are going to have to find other sources of energy.

The government, by the Prime Minister's own admission in the House of Commons, has lost 50,000 barrels of imported oil in the Mexican fiasco, and Venezuela is reducing its exports from 240,000 barrels a day in the first quarter of 1980 to 150,000 barrels a day in the last quarter. Where will the manufacturers and other industrial establishments obtain other sources of energy?

This is especially important, honourable senators, in view of the fact that the government has reversed its decision on a reversible pipeline to Atlantic Canada, and has eliminated the maritime section of the Q & M pipeline.

Hon. H. A. Olson (Minister of State for Economic Development): Well, honourable senators, I cannot, of course, agree with the conclusions stated as facts in the honourable senators interpretation of what the minister has said, but, to set my honourable friend's mind at ease, I should say that it is the national policy that the supply of crude oil is going to be shared all over Canada. One area is not going to be starved of supplies, and if we are unable to obtain sufficient supplies, by going through the traditional routes, from our suppliers overseas, obviously there will be some movement from those areas where the supply may be tight but adequate, so that the whole country will share in whatever supplies we have.

Senator Phillips: I have a supplementary question, honourable senators.

I would ask the minister if the refineries in eastern Canada are equipped and able to further refine the heavy residual oil to gasoline and other light petroleum products.

Senator Olson: Honourable senators, I am not sure that they are at the moment, but I think there is a slightly different interpretation that can be put on what the honourable senator read, and that is that the minister is saying we ought to make use of these products rather than sending them out of Canada, because we are unable to refine them into the kind of products that we use here. It seems to me that that is a highly desirable objective.

Senator Phillips: Will the minister give us some indication of the economics involved here? It seems rather strange to me that the oil companies have been neglecting an opportunity to refine these products, if this is economically feasible.

Senator Olson: I do not think I should attempt to give the honourable senator a lesson in the technical economics of this matter because, first of all, I am not briefed to do so,—and that is the most important reason—but it seems to me, if he is talking about objectives, that the Minister of Energy, Mines and Resources was saying that some effort ought to be made to make use of this fuel, rather than export it, because it is actually in a geographical location where it is needed.

Senator Phillips: I am sorry; I do not wish to give the impression that I am cross-examining the minister, but I do feel he avoided one part of my question, which is: What are the other sources that the "Ayatollah" Lalonde had in mind when he said that these industries would have to find other sources?

Senator Olson: If there is a question there I will take it as notice and try to find out, without in any way agreeing to the rather discourteous preamble to the question.

POST OFFICE

SETTLEMENT WITH CANADIAN UNION OF POSTAL WORKERS

Hon. Robert Muir: Honourable senators, I would like to direct a question to the Leader of the Government in the Senate, who has had a rather relaxing day.

Would the leader please find out for the members of the Senate the total cost to the Canadian taxpayer of the settlement that has been offered to the postal workers by the government?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I know that all members of the Senate, generally, share the view that it is fortunate that a settlement was achieved in this area without the dislocation of a strike. I am certainly prepared to bring a statement to this chamber on the subject of the impacts of the wage settlement. I may say, however, that some of the media reports about the size of the settlement are quite inaccurate.

Senator Muir: I thank the leader for his very courteous reply. I wonder if he could assure me and the other members of this house that he will carry out some investigation, in view of what he has said about media reports, and attempt to confirm to the Senate that the proposed settlement, if accepted, will widen the gap between wages paid to inside workers and those paid to the letter carriers, which then becomes another problem?

● (1450)

Senator Perrault: Honourable senators, I shall attempt to bring a fairly comprehensive statement on the settlement before the Senate. It should be pointed out, first of all, that the wage settlement does not exceed 20 per cent. Some reports have placed it at 20 per cent or higher. Secondly, there is a productivity factor in the settlement which is of substantial importance and has implications, I suggest, for future settlements made in not only the private but also the public sector.

TRANSPORT

TORONTO AND MIRABEL AIRPORTS—INTERNATIONAL AIR SERVICES

Hon. G. I. Smith: Honourable senators, I should like to direct a question to the Leader of the Government which, I suppose, it would be reasonable to expect he will have to take as notice. Is the Department of Transport reviewing the feasibility of providing additional landing rights for foreign airlines at Toronto International Airport?

Hon. Raymond J. Perrault (Leader of the Government): The question of providing additional landing rights for various airline companies is under continuing review by the Ministry of Transport. Of great importance to Canadian airline companies, of course, is the matter of reciprocal rights in other countries. The process of negotiation is a continuing one.

If the honourable senator has the name of a specific airline or a specific nation's air carrier in mind, I would be pleased to initiate a specific inquiry on that point.

Senator Smith (Colchester): I shall try to respond to the leader's invitation by posing another question. Is it true that some airlines have withdrawn or given notice of withdrawal, from Mirabel Airport? Is it also true that other airlines are known to be considering that possibility? The airlines that I have particularly in mind are Aer Lingus, Olympic and SAS. This withdrawal is expected to be effective sometime in July. I should also like to mention Iberia Airlines and one or two others that may be considering the possibility of withdrawing from Mirabel.

Naturally the withdrawal from Mirabel raises the question: Are they withdrawing their services from Canada, or are they being accommodated somewhere else such as Toronto and, if so, what is being done to handle this increased capacity at Toronto?

Perhaps the Leader of the Government might be kind enough to answer a further question on the same subject. There will be some adverse impact on Mirabel if this happens, and I should like to know whether the government has in mind any steps to reduce this adverse impact on Mirabel.

Senator Perrault: Honourable senators, these are important questions and, because of their detailed nature, I feel they must be taken as notice. Inquiries will go forward immediately.

AIRPORTS—LANDING FEES

Hon. G. I. Smith: I should like to ask one more question of the Leader of the Government which relates to the Department of Transport. Is it correct that the government or the Ministry of Transport is considering, at the present time, any specific substantial increases in user and landing fees at MOT-owned and MOT-operated airports and, if so, what increases and when are they likely to be effective?

I may say, in amplification, that there is considerable reason to believe that landing fees for all piston-engined aircraft will be increased from $1.65 to $5 at Vancouver, Dorval, Mirabel and perhaps other airports.

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice.

LABOUR RELATIONS

NEGOTIATIONS WITH PUBLIC SERVICE UNIONS

Hon. C. William Doody: My question is directed to the Leader of the Government and is supplementary to Senator Muir's question on the postal workers' settlement. Would the Leader of the Government indicate whether it is the government's intention to offer, as an opening package, the same set of terms and conditions to the federal public service as it has to the postal workers? Is that the Treasury Board's plan in this case?

Hon. Raymond J. Perrault (Leader of the Government): I know that the honourable senator, with his extensive background in government, is aware of the fact that when it comes to labour-management negotiations, various facts are placed on the table by both sides in an attempt to achieve agreement. These include working conditions, tenure, pension rights, catch-up fringe benefits, and so on. In most wage negotiations there is a good deal of comprehensive detail. I can say, however, that no statement has been made by the government

that it intends to impose or negotiate a similar package with other sectors of the government work force. Every negotiation is undertaken on its own merits.

Senator Doody: Since the honourable senator has mentioned my background in a provincial treasury board, I might mention the fact that it was only two years ago that the then President of the federal Treasury Board, Mr. Andras, brought the various provincial presidents together and impressed upon them the importance of not starting a series of escalating steps which would once again create a race between the various governments in Canada and set off another spiral of inflation. I assume that the Government of Canada is still carrying on this consultative process with the various provinces, and we need have no worry about that in the postal workers' settlement.

I should also like to ask the Leader of the Government if the 37½-hour week is now to be the accepted work week for the public service.

Senator Perrault: Honourable senators, a statement with respect to the postal settlement will be made, as I have said, in the next two or three days. I do not now want to get into the details of that package at this hour. I think it is worth reiterating, however, that it is the government's concern that wage settlements are of such an order that they do not cause an escalation in inflation. When the details of the postal workers' settlement are made known, the contract will be found to be not out of line with the principles which have been espoused in the past and enunciated by the government.

Senator Doody: I can take it from that that we can be assured the public sector is not outstripping the private sector in this regard. However, as the Leader of the Government suggests, we will wait and see the details of the package.

PUBLIC SERVICE

INDEXING OF PENSIONS

Hon. C. William Doody: My question is for the Minister of State for Economic Development. I understand the minister indicated that he had answered all the questions directed to him. However, there may have been one or two which inadvertently failed to come to his notice, and I should like to bring them to the minister's attention.

On May 7, I asked the minister to give us some information on the indexing of civil service pensions and the funding of the plan. I think I directed the question, in the minister's absence, to the government leader, and perhaps it was lost in the shuffle. Would the minister make note of the question asked on that day.

Hon. H. A. Olson (Minister of State for Economic Development): Yes.

FISHERIES

ASSISTANCE TO FISHERMEN

Hon. C. William Doody: On May 7, I also asked that specific programs to help fishermen be brought to the attention of the Senate. In the Speech from the Throne, as I remember, the government viewed with great concern the problems facing small businessmen and farmers, and undertook to bring programs to the fore to help remedy the situation. I asked if fishermen were to be included, and was assured that they would be, and that these specific programs would be brought forward by the Minister of State for Economic Development.

I have also asked several other questions which have not yet been answered, but I will leave them for now.

Hon. H. A. Olson (Minister of State for Economic Development): Those matters will be looked into.

FOREIGN AFFAIRS

CARIBBEAN INSTABILITY—CIDA INVOLVEMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the Leader of the Government in the Senate has asked me to answer a question by Senator Macquarrie, dealing with, as he put it, "gunboat diplomacy" in the Caribbean.

• (1500)

Senator Macquarrie asked for clarification of an article by Mr. Douglas Small that appeared in the Ottawa *Journal* on May 24 suggesting that External Affairs was advocating that CIDA provide gunboats and other types of security assistance to the small islands on the Caribbean.

As I promised, I endeavoured to track down that story and to seek further information. I am happy to say that I am able to give the answer that both Senator Macquarrie and I hoped I would be able to give. I can assure Senator Macquarrie that no consideration is being given to using development assistance funds for gunboats or police training assistance.

On March 29 last, the Secretary of State for External Affairs announced that the government was reviewing its policy towards the Caribbean, where its interest is profound and growing. This review is now well advanced and various options for enhanced co-operation are being examined with Caribbean states. One proposal under consideration is that several small unarmed harbour craft, each costing less than $25,000, be provided to states of the eastern Caribbean for such coastguard activities as fisheries control, environmental protection, anti-smuggling and search and rescue. Small launches of this type have been provided in the past.

Senator Flynn: Unarmed?

Senator Frith: Unarmed.

Senator Flynn: What do they do, if they are fired upon?

An Hon. Senator: Yes, what if they meet with some resistance?

Senator Perrault: Gentle persuasion!

Senator Frith: Perhaps. In any event, that is the information with which I have been provided.

TWO-PRICE WHEAT ACT

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Argue, P.C., seconded by the Honourable Senator Perrault, P.C., for the second reading of the Bill S-6, intituled: "An Act to Amend the Two-Price Wheat Act".—(*Honourable Senator Argue, P.C.*).

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators—

The Hon. the Speaker: I should like to draw to the attention of honourable senators that if the Honourable Senator Argue speaks now his speech will have the effect of closing the debate.

Senator Argue: Honourable senators, during the debate on the second reading, Senator Roblin asked a number of questions, and I would now like to reply to them.

Senator Roblin asked if the government had a legal opinion to inform us of our position with regard to the abolition of the subsidy. The answer is that a legal opinion was obtained, and there is an obligation on the government to pay should producers take legal action. The purpose of Bill S-6, which contains the same wording as the bill introduced by the previous administration, is to remove that legal obligation.

I would suggest to honourable senators that producers have not taken action because they have been able to obtain the maximum price which they would have obtained—that is, $5 per bushel—had the government continued the program as outlined in the Two-Price Wheat Act.

The second question Senator Roblin raised concerned whether or not the advisory committee of the Canadian Wheat Board had been consulted when the change was made in late 1978. I have made inquiries and I am informed that the advisory committee was not asked in a formal way to pass judgment on or to state its opinion about this policy, but that in the normal course of Wheat Board meetings with the advisory committee, which take place regularly once a month, the question of this general policy had been discussed. With regard to the present policy, the new policy, the advisory committee to the Wheat Board has considered this policy.

Senator Roblin's third question also had made reference to whether or not the government will be doing something to increase the ceiling under the policy. As honourable senators know, in Regina on Monday of this week I announced the two-price wheat policy and the basis on which it will be continuing.

Senator Roblin further asked whether or not the government was giving consideration to reimbursing producers for the income they had foregone when the export price exceeded the $5 ceiling. Well, I do not think that that is a question that the government is now considering or, in fact, should have to consider, because in setting forth the policy, it is obviously something of a risk to producers or to consumers—certainly a risk to producers—to have a fixed price. If they are going to get the benefit of the price, then, if it goes above the ceiling of course that is something they have to pay themselves; if it goes below the floor, then that is something the national treasury pays. So there is some risk on the high side to the producers and on the low side to the federal treasury. Those are the considerations that resulted in the program in the first place.

Another question Senator Roblin asked was whether or not as required by section 5(3) of the Two-Price Wheat Act, ministers had reviewed the legislation on an annual basis. Ministers have considered the two-price policy on an ongoing basis since the passage of this legislation. For example, in the 1977-78 crop year, world prices fell below the floor of $3.25. The government provided supplementary payments to bring the return to producers from the domestic market up to $3.55 per bushel.

In 1978, of course, the changes which we are discussing today were decided upon.

In 1979, legislation was introduced by the previous government, and, as honourable senators know, on Monday I announced a policy change for the next two years.

The policy that has been announced, which will go into effect August 1, will be first of all, to remove the necessity for western producers to pay a subsidy—in this case a subsidy to the consumers of Canada. I think everyone has agreed, including the consumers, that a policy that is put in place should not require a subsidy from the wheat producers. It is one thing for the national treasury to pay a subsidy. That may be in order at times. It is fair, I would think, for the consumer under ordinary circumstances to bear the cost of the price of grain going into a loaf of bread. In this instance now in the new policy there will be a floor established of $5 per bushel, and a ceiling established of $7 per bushel, basis 1 CW 13½ per cent protein wheat at Thunder Bay.

The price that will be paid into the Wheat Board's fund at any given time by Canadian millers will be the export price for 13½ per cent protein, so that wheat producers can look forward in the next two years to a price for wheat sold to the millers for domestic consumption ranging between $5 and $7 a bushel.

I have discussed this question widely with farm organizations, and I can say that as far as I have been able to ascertain to date, they are unanimously in support of this policy.

It is fair to the producer because after August 1 it allows him to receive the export price for domestic wheat and because it puts a floor under wheat for domestic consumption of $5 a bushel. We think it is also reasonable to the consumer, because it sets a ceiling of $7 per bushel over a period of two years. It is estimated, and I think it is accurate to say, that the cost of wheat going into the production of a loaf of bread rises by one cent per loaf for each forty cents per bushel increase in the price of wheat. I would therefore anticipate that when this policy goes into effect, if there is no change in world prices or if world prices are approximately the same on August 1 as they now are, the range of increase should be in the neighbourhood of some three cents a bushel.

• (1510)

In any event, I think when we look at increases in incomes, wages and salaries that have gone to others, for the wheat producers this is a very modest increase indeed. It will result in an increase on August 1 of perhaps some ten per cent in his return, and I think that is a very modest amount. I read in a recent issue of the *Financial Post* that the salaries being received by some chief executive officers of some of our major corporations, who always lecture us on government restraint, the need to be cautious and the need to be careful with welfare payments, have gone up in the magnitude of 29 per cent, and some over 50 per cent. However, they are still behind their American friends.

Senator Flynn: You should never read that publication for information.

Senator Argue: I can scarcely afford to buy it. It is going up in price much faster than the price of wheat. Our chief executive officers are getting only about half the return of comparable executive officers handling bigger corporations in the United States, so perhaps we should not be too critical.

I think it is a good policy. Generally speaking the trade has been relatively favourable to it. Of course, there are variations of opinion when you bring a group of people together, but I think they have generally been quite satisfied. The millers are anxious that there be in place a pricing policy that does not allow the price of wheat going to Canadian millers to vary and to fluctuate on a day-to-day basis. They do not like those fluctuations any more than the producer likes the fluctuations.

I think it is now agreed that the pricing policy for the future in this program will be something like the pricing policy that is in place now, namely on February 15, say, it is agreed what the price of wheat shall be to the millers for the next two following months; then two months from that date, on April 15, they will meet again and the price for the following two months will be set on the basis of the Thunder Bay experience in the previous two months. Really for the millers it is not a day-to-day fluctuation, but is something of a two-month price, which will go up and down in accordance with the wheat export selling price. What it will do over this period of time will be to return to the producers for domestic wheat an amount of money equivalent to what they would have received for this wheat on the international market.

This, of course, is second reading of the bill. It is a technical bill. It does not contain the new policy, which will be provided for under regulations of the Canadian Wheat Board Act. The authority is there, so it will be the Canadian Wheat Board Act that provides the legal basis for the structure of the new wheat policy.

The government is anxious, as I know the previous administration was, that this bill be given royal assent before the end of June, when the act would otherwise expire, so I would think there is some urgency. It is not that I think the Senate will delay it unduly, but it should be in the other place so that they have adequate time to deal with it. I would therefore appreciate its passage being expedited in this chamber.

[Senator Argue.]

I understand that senators opposite are quite willing to give it second reading today. If any senator on either side of the house would like the subject matter of the new pricing policy for domestic wheat referred to the Standing Senate Committee on Agriculture, for whatever my support is worth I would be prepared to support that suggestion, and have appear before the committee any officials who could give information on the policy, and the committee, in its discretion, might wish to call witnesses from any section of the trade that may be affected.

Hon. Henry D. Hicks: Honourable senators, before the Speaker puts the question, may I say that the minister may have made a slip of the tongue in referring to the increase as three cents per bushel. I think what he meant was three cents per loaf. Later on the minister said that this might amount to something like ten per cent per bushel. Is that the correct interpretation?

Senator Argue: That was obviously a mistake. It is forecast that this is likely to increase the price of bread to the consumer by three cents per loaf.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Argue: With leave of the Senate, I move that the bill be now read the third time.

Hon. Jacques Flynn (Leader of the Opposition): I have no strong objection to that, but I doubt it would make much difference if we were to give the bill third reading on Tuesday night. My idea is that Senator Roblin, who has a special interest in this bill, might wish to read the minister's remarks, and he may have something to say on Tuesday night, unless the minister is sure that the matter will be expedited by the other place in the meantime. Somehow I doubt that, and I would therefore suggest we deal with it on Tuesday.

Senator Argue: The expiry date is the end of June, so there is a month involved. It is the right of the Leader of the Opposition to prevent third reading today. However, I am happy with the way in which he couched his remarks. Certainly that is agreeable to me. I may on Tuesday night be at an interprovincial conference that I was told to get busy on by the deputy leader, who has said he will smile if one of my colleagues moves third reading then.

Senator Flynn: It is your turn to go.

Senator Argue moved that the bill be placed on the Orders of the Day for third reading on Tuesday next.

Motion agreed to.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from yesterday, consideration of His Excellency the Governor General's Speech at the Opening of the First Session of the Thirty-second Parliament, and the

motion of Senator Rousseau, seconded by Senator Hays, for an Address in reply thereto.

Hon. John Morrow Godfrey: Honourable senators, it seems to be a tradition in this chamber that participants in the debate on the Speech from the Throne congratulate the former Speaker, the present Speaker, and the mover and the seconder of the Address in reply. Rather than going through all that ritual this afternoon and saying essentially the same thing, I will just say that I join in the voicing of those nice remarks that have been made about those senators—

Senator Flynn: Bravo!

Senator Godfrey: —including the Leader of the Opposition.

Most people in English-speaking Canada, both before and after the referendum, have been talking, with varying degrees of enthusiasm, in favour of renewed federalism. They talk in generalities or criticize specific proposals, but are very short on specific proposals themselves. I think it is time that we started being more specific, and today I would like to discuss certain aspects of Mr. Claude Ryan's beige paper.

I can well recall having lunch, shortly after Mr. Ryan had been made Leader of the Liberal Party in Quebec, with one of Ottawa's highly respected political columnists. He told me that he thought the Liberal Party had made a very serious mistake in choosing Mr. Ryan. He felt that Mr. Ryan would turn out ultimately to be just as difficult for Ottawa and the rest of the country to deal with as Mr. Lévesque, because he was a man of fixed ideas, essentially a Quebec nationalist who would find it impossible to compromise, and would eventually lead Quebec out of Confederation unless he got his way in everything. With this in mind, it was with considerable apprehension that I awaited Mr. Ryan's beige paper, particularly as I have always been in favour of a strong central government in Canada because I have felt that it could deal more effectively with what I perceived as national problems.

• (1520)

This apprehension was somewhat increased by the way the document was reported in the Toronto press, and by some of the editorial comments. The very next day after the document was made public, the Toronto *Star* ran a lead editorial in which it stated that it is "an honest, serious document that bears the mark of careful thought." However, it goes on to say that "Ryan proposes under the guise of federalism to emasculate the central government to a degree that could make Canada ungovernable."

Richard Gwyn of the Toronto *Star* likewise did not think that he needed to reflect on the document for very long, because the same day he too devoted his column to it. He started off by saying that the document "is informed, intelligent, well-written, dispassionate, humane and scrupulously honest." In spite of all that, he concludes that it is "half-baked and bad news."

I must say that my curiosity was piqued as to how a document could deserve all the compliments Richard Gwyn lavished on it and yet, at the same time, could be half-baked and bad news. I decided to read the whole of the document myself. When I had finished with it, I thoroughly agreed with Gwyn's compliments, but not his criticisms. My previous apprehensions about Mr. Ryan, and about the document itself, largely vanished and I felt greatly encouraged. I must also say at this time that the way Mr. Ryan has conducted himself has reinforced the very favourable impression I had of him after reading the beige paper. He certainly does not come through to me in the television interviews I have watched as an inflexible and uncompromising man.

I wonder how many people outside Quebec have actually taken time to read the whole of the document. Not very many, judging by the people I have talked to. They have not even read too carefully the newspaper summaries, because I repeatedly hear misstatements of fact about what the document says, and when I correct them some just will not believe me, obviously because they do not want to.

Let us take as an example the proposed Federal Council. It is frequently stated that it is to replace the Senate, and that it has the power to veto any federal legislation. Nothing could be further from the truth. True, it is proposed that the Senate be abolished. The paper says explicitly that the Parliament of Canada shall consist of one chamber only, namely, the House of Commons. The Federal Council is not, in any sense, a legislating body. The main function of the Federal Council is to provide the provinces with formal machinery whereby they can prevent the federal Parliament from encroaching on the powers of the provincial governments under the guise of an emergency, or by using their spending powers.

I do not consider myself to be an expert on constitutional law. However, I have some experience in this field and did spend a considerable amount of time as a member of the Special Senate Committee on the Constitution considering Bill C-60 and the question of Senate reform. While constitutional experts can undoubtedly be useful as advisers, the essential decisions have to be made by politicians making political judgments as to what is best for the country, taking all factors into consideration and not just what is the most efficient form of government from a theoretical point of view.

Let us consider the practicability of a percentage of the provinces having a veto power over the use of the federal government's emergency power in order to encroach on provincial jurisdiction. Is that not actually what happens now? Would the federal government have ever proclaimed the War Measures Act in 1970 in Quebec without the consent of the Quebec government? In fact, they did so on the basis of three letters asking them to declare the act—one from the Premier of Quebec, one from the Mayor of Montreal, and one from the Montreal Chief of Police.

It is interesting to note that we got along quite happily in Canada for 76 years without the federal government's knowing that it had the right to enact legislation in peacetime under the so-called emergency powers. There is no express mention of emergency powers in the British North America Act; only peace, order and good government. Chief Justice Laskin, in the anti-inflation case, said:

> The Fort Frances case is the first of the Privy Council cases in which the word "emergency" is used. Related to war, the Privy Council had no doubt that it gave a new aspect to the business of government rising above anything in the provincial catalogue of powers.

The Fort Frances case was decided in 1923, so that that doctrine has only been with us for 57 out of the 113 years of Confederation.

Furthermore, until the anti-inflation case, the emergency doctrine has only, with one exception, been used in wartime and the continuance on a temporary basis of wartime measures into time of peace. The exception was the Energy Supplies Emergency Act, 1973-74, enacted after the 1973 Yom Kippur War when there was a threat of an oil shortage.

In the Japanese Canadian case, in the Privy Council in 1949, Lord Wright stated:

> But very clear evidence that an emergency has not arisen, or that the emergency no longer exists, is required to justify the judiciary, even though the question is one of *ultra vires*, in overruling the decision of the Parliament of the Dominion that exceptional measures were required or were still required.

This doctrine was followed in the anti-inflation case, which is the only strictly peacetime case where the emergency doctrine was invoked to support the validity of federal legislation. This was clearly otherwise unconstitutional because it infringed on provincial rights. In that case, Mr. Justice Ritchie stated that a "judgment declaring the act to be *ultra vires* could only be justified by reliance on very clear evidence that an emergency had not arisen when the statute was enacted."

Peter Hogg, in his recent book, *Constitutional Law in Canada*, has this to say about the case:

> —the formulations in the Anti-Inflation Reference, especially when read in the light of the persuasive factual material before the Court which denied the existence of an emergency, makes it almost impossible to challenge federal legislation on the ground there is no emergency. This means that the Federal Parliament can use its emergency power almost at will.

In view of this fairly recent development in Canadian constitutional law by our courts, is it unreasonable for the provinces to insist that they have some say as to whether or not the federal Parliament can use the emergency powers?

What are the practicalities of the matter. In wartime, there surely will be no difficulty whatsoever in getting the necessary consent. The federal government might have more difficulty in getting provincial consent to carry these emergency wartime enactments on into peacetime. But what is wrong with that? If the federal government has a good case, the provinces will co-operate. Look what happened in the only strictly peacetime emergency powers act, the Anti-Inflation Act. After it was enacted, every single provincial government entered into an agreement with the federal government extending the provisions of the act to apply to the public service in that province.

In my opinion, the beige paper is justified in insisting that there should be some formal machinery in place whereby the approval of a certain percentage of the provinces would be required before the federal Parliament can encroach on provincial jurisdiction under the guise of an emergency. The Federal Council would not be exactly overworked considering these matters in peacetime because, judging by past experience, they would only have to meet twice during a 52-year period for this purpose, and could go for as long as 50 years in peacetime without meeting at all.

Now let me turn to the question of the spending power. If federal funds are given to a province for a program lying strictly within provincial jurisdiction on condition that the province spends the money in accordance with certain stipulations, then the federal government is effectively controlling matters that are outside its jurisdiction and are within provincial legislative responsibility.

In effect, the federal government, by the use of its spending powers, can materially alter the division of powers under the B.N.A. Act, and can effectively encroach on provincial responsibility by giving the provinces an offer that they cannot refuse or, as is so often the case, cannot refuse for very long.

● (1530)

Let me take the case of hospitals. Under section 92(7) of the B.N.A. Act, the "establishment, maintenance and management of hospitals" is an exclusive provincial responsibility. Yet the federal government, under the Hospital Insurance and Diagnostic Services Act of 1957, provided for a hospital insurance scheme for all the provinces. However, the federal government of the day was somewhat cognizant of the sensitivities of the provincial governments, because section 6(2) of that act provided:

> No contributions shall be paid under this Act until at least six provinces, containing at least one-half the population of Canada, have entered into an agreement, and the provincial law in relation to those provinces is in force.

The program was supposed to start on July 1, 1958, but by that time only five provinces had entered into the required agreement. The new Diefenbaker government was anxious to get the program going, so they repealed the section requiring six provinces containing at least one-half the population of Canada to agree, and the program started on schedule, with the last province joining on January 1, 1961.

Was there anything wrong in insisting, as the Liberal government of the day originally had, that at least six provinces having 50 per cent of the population must agree? The program would have been held up for a short time had that provision not been repealed, but that, I suggest, is preferable to ramming something down the provinces' throats in an area that is in their exclusive jurisdiction. The proposal in the beige paper follows the same general principle as that contained in the original provision in the Hospital Insurance and Diagnostic Services Act.

The act providing for the Canada Pension Plan also has a similar provision in that section 115(4) provides that no ma-

terial change can be made in the provisions of that act without the approval of two-thirds of the included provinces having, in the aggregate, not less than two-thirds of the population of all included provinces.

As we all know, the federal government has moved in the last several years from the practice of making conditional grants to block funding. Block funding is really an unconditional grant given with a specific purpose in mind. In other words, block grants that were given for the purpose of social services may be used by a province for an entirely different purpose—for example, highway construction.

The federal government, in other words, is not imposing its views on provincial governments in areas of provincial jurisdiction through conditional grants; rather, it is now trusting the provinces to decide for themselves what their priorities should be and how they should spend the money given to them by the federal government. The spending power of the federal government is, therefore, much less important in imposing its will on provincial governments. Furthermore, in today's climate, I cannot imagine the federal government using its spending power in areas of provincial jurisdiction without substantial agreement of the provinces.

From a practical point of view, therefore, the proposal in the beige paper that a percentage of a Federal Council must approve the use of such spending power does not really alter the present realities of the situation. For that reason, I am really amazed at some of the comments from academics on these proposals. For example, Professor Ramsay Cook, in an article appearing in the April issue of *Saturday Night*, says:

> Taken together with other recommendations in the area of the division of powers, the Federal Council idea may lead to a weakening of the central government beyond all recognition. Particularly doubtful is the suggestion that not only would certain federal initiatives require a two-thirds vote for approval but, even after that, opting out would still remain an alternative for dissenters.

Further on he says:

> It is also important to remember that an institution like the Federal Council contains the potential for creating a deadlocked central government.

He also states:

> Even more serious is the lack of any representative from the central government in the Federal Council.

Why the central government should be represented on a body that is in no way legislative, and is mainly concerned with approving encroachments on provincial jurisdictions by the federal government, is beyond me. Furthermore, why would the federal government be weakened beyond recognition because its rarely used emergency powers would have to be approved by a body representing the provinces—or, likewise, with its spending powers.

It appears to me that, in view of the history of the use of the emergency powers that I have detailed, and the recent practices of the federal government in respect of its spending powers, Professor Cook's concerns are more theoretical than practical.

In fairness to Professor Cook, I should mention that he is not alone in the halls of academe in raising fundamental objections to the proposed Federal Council's control of the federal government's emergency and spending powers. Professor Edward McWhinney—like Professor Cook, a very distinguished man indeed in this field—also is highly critical. I might say that Professor McWhinney does not sound very scholarly when he says that the Federal Council is a replacement for the Senate. For the reasons I have pointed out, it is no such thing. Because their functions are completely different, we could have both a Senate and a Federal Council. Professor McWhinney does draw a comparison between the Federal Council and the German Bundesrat which, he points out, has been held by the German courts not to be a federal upper house.

Professor McWhinney also asks: Can one ever limit the application of emergency powers in advance of the event? Apparently, he is unaware of the sequence of events and the three letters received by the federal government, which I have mentioned, in connection with the invocation of the War Measures Act in 1970.

Professor Cook also has support from Senator Forsey. In some notes on the proposals in the beige paper which he has circulated, Senator Forsey states that the Federal Council "would have immense power of veto over much legislation" and that "the stated purpose for creating the Council is scarcely less than revolutionary."

To say that, in my opinion, Senator Forsey is somewhat overstating the case is to put it as mildly as I can. It is only my great personal affection and admiration for Senator Forsey which restrains me from replying to him in the same forceful fashion for which he is so famous.

While I favour the control of the federal government's use of emergency and spending powers when they intervene in provincial spheres of competence, I must say I have very serious reservations as to the desirability or need of setting up the proposed Federal Council for this purpose. Surely there could be a simple provision in the Constitution requiring the consent of a percentage of the governments of the provinces without having to go through the machinery of a Federal Council. The consent of the provinces could be obtained, no matter what the machinery or body is to give it, after prior negotiation between the federal government and the provinces, either individually, collectively, or both.

That is what, in fact, will actually happen, and the Federal Council would just be a rubber stamp for something that had previously been negotiated. If a collective meeting is considered necessary or desirable, why not call a federal-provincial meeting of first ministers, which could perform exactly the same function in this area as the proposed Federal Council.

The next matter I should like to discuss is the proposal in the beige paper for the composition of the Supreme Court of

Canada when considering constitutional cases. Briefly, the court would consist of an even number of judges from Quebec and the rest of Canada, plus the Chief Justice of Canada. It is proposed that the Chief Justice will be alternated between Quebec and the other provinces so that the majority will be alternated between Quebec and the other provinces. It is stated in the beige paper:

> In constitutional matters, the Supreme Court arbitrates those fundamental disputes which are likely to affect the balance of power within the federation. For this reason Quebec, a minority province, but the principal home of French Canadians, must be able to protect its vital interests when such disputes are before the Court.

The present Supreme Court of Canada dates from 1950, when appeals to the Privy Council were abolished and the court was increased from seven to nine members, three of whom must be from Quebec. When I read these proposals, I recalled the proposals in Bill C-60, which provided that only judges from Quebec on the Supreme Court could sit when appeals from Quebec considering the Civil Code of that province were being heard.

● (1540)

The Report of the Special Senate Committee on the Constitution referred to some research done by Professor David Kwavnick of Carleton University and Jeffrey Lawrence of the Research Branch of the Library of Parliament, that research being analyses of civil law cases decided by the Supreme Court between 1960 and 1978. The committee report stated:

> The analyses demonstrate that the vast majority of cases (over 90% in the 1967-78 period) were decided in the manner proposed by a majority of the civil law judges on the Court. In no case did a Quebec judge not participate in the majority decision. In the very small percentage of cases in which a common law judge or judges were decisive as to the outcome of the case, the questions although technically arising under the Civil Code, involved matters of interpretation of the language used in a contract, the application of facts to the law and questions other than questions of civil law theory or doctrine.

The Senate committee recommended in its report:

> While it is obviously desirable that the Quebec judges participate in civil law cases, your committee considers that there should be no requirement that questions of civil law must be decided exclusively by them.

It is interesting to note that the beige paper does not recommend any special composition of the Supreme Court when considering appeals from Quebec involving the Civil Code and, in fact, specifically states that the Supreme Court as presently constituted is acceptable for that purpose. I would presume that the recommendations of the Senate committee, particularly the research upon which it was based, had some influence upon Mr. Ryan and his advisers when they were preparing the beige paper.

[Senator Godfrey.]

In order to determine whether or not the judgments of the Supreme Court since it was reconstituted in 1950 would indicate a need that a dualist bench be constituted when considering constitutional cases, I asked Mr. David Johansen of the Research Branch of the Library of Parliament to do a study for me "to ascertain how often the judgments of civil law judges sitting on the Supreme Court of Canada have differed from the overall majority on constitutional issues."

All Supreme Court cases in which constitutional issues were decided were examined from 1950 to the present to determine the composition of the majority and the minority with respect to these questions regardless of the holding of the court on other matters. A total of 97 such cases were located for this period. Of these cases unanimity was achieved on the constitutional issue on 63 occasions. The other 34 cases resulted in a split decision on the constitutional issue.

Honourable senators, I am going to ask that these tables in the study, together with the footnotes, showing the composition of the court and the majorities for each of the cases examined, be printed as an appendix to the *Hansard* report of today's proceedings.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For tables see appendix, p. 361*)

Senator Godfrey: These tables show that in two instances where three civil judges sat (*footnote 11*) and in one case where two civil judges sat (*footnote 5*) were they in a unanimous minority, and in the latter case they were joined by one common law judge. There was one case (*footnote 12*) where two out of three civil judges sitting were in a minority.

In six cases where the common law judges were split evenly (*footnotes 8, 13 and 16*), a majority of the civil law judges decided the case.

There were four cases (*footnotes 9 and 15*) where a majority of the common law judges were in a minority, and the majority of the civil law judges decided the case.

Of the two cases where there was a split of six common law judges on one side and three Quebec judges on the other, the only important case was the one denying provincial authority over cable television, and in that case they supported the unanimous judgment of the Quebec Court of Appeal. It is also interesting to note that the beige paper proposals would not have changed the results in these two cases because Chief Justice Laskin would have been presiding, and would have had the casting vote.

It is my submission that the decisions of the court since it was reconstituted in 1950, as disclosed in Mr. Johansen's analysis, show that there is no evidence to support a change in the composition of the Court as proposed in the green paper when considering constitutional cases.

Honourable senators, I had prepared my speech up to this point when I received a long letter from Raynold Langlois, a distinguished Montreal lawyer, and the son of our colleague, Senator Langlois, who chaired the Constitutional Commission

which was responsible for drafting the beige paper. Mr. Langlois makes the point that when the Supreme Court arbitrates constitutional issues it is deeply involved in the political process; that the resolution of a constitutional question is often not only a question of the strict application of rules of construction. There is a high degree of subjectivity involved in many of these decisions. Mr. Langlois personally has a very high opinion of the court. He says in his letter:

> I have learnt from personal experience over my 17 years of practice, that the Court deals very seriously with all the issues put to it and that justice is rendered by that Court. I am not, therefore, one of those who criticize the Supreme Court and will certainly object to anyone who would impute political motivation to any of the judgments rendered by that Court. I have developed too much respect for the integrity, the intelligence and the competence of those who sat on that Court over my years of practice.

Having said all that, Mr. Langlois continues:

> There is no doubt in my mind that the Supreme Court of Canada has lost a great deal of credibility as an arbiter of major constitutional conflicts in Quebec. Whether this loss of confidence is justified or not is rather irrelevant in any political context.

If the Supreme Court has lost a great deal of credibility in Quebec, then that, of course, is relevant. I would not agree with him that the question of whether this loss of confidence is justified is rather irrelevant. I would say it is very relevant indeed, and will be considered to be relevant by the other provinces. Mr. Langlois, of course, refers to the cable television case. He then goes on to say, "Many other cases presenting similar problems could also be identified."

I telephoned Mr. Langlois and questioned him about this. He did refer to cases involving provincial rights generally which have been criticized in Quebec. He couldn't give me any case offhand where there had been the split between the anglophone and Quebec judges as there had been in the cable television case, and, if Mr. Johansen's analysis is correct, there was only the one other case of a highly technical nature, which Mr. Langlois conceded was not the type of case he had in mind.

I am prepared to accept Mr. Langlois' statement that the Supreme Court as presently composed has lost credibility among some people in Quebec. I would suggest, however, that unless it can be shown that there is at least some justification for this opinion based upon the court's record since 1950, then it is going to be difficult to get support outside Quebec for the proposals in the beige paper with respect to the composition of the court when considering constitutional cases. The cable television case cannot be used as an example of non-Quebec bias because it did support the previous unanimous judgment of the Quebec Court of Appeal.

Senator Lang, in his speech on May 6, referred to an article by Peter Hogg, whom I have already referred to, appearing in the December issue of the *Canadian Bar Review* entitled: "Is the Supreme Court of Canada Biased in Constitutional Cases?" I will make the same quotation from it as Senator Lang:

> My conclusion is that the Supreme Court of Canada has generally adhered to the doctrine laid down by the Privy Council precedents; and that where the court has departed from those precedents, or has been without close precedents, the choices between competing lines of reasoning have favoured the provincial interest at least as often as they have favoured the federal interest. There is no basis for the claim that the court has been biased in favour of the federal interest in constitutional litigation.

I would like to have discussed in detail the beige paper recommendations with respect to the division of powers. While I personally would favour the federal government's retaining control of some of these, no great harm will be done by transferring the jurisdiction to the provinces. The provinces can surely run penitentiaries just as well as they now run reformatories. Three provinces, namely, Quebec, Ontario and British Columbia, have recently set up their own parole systems. Appointment of judges, marriage and divorce laws, labour relations, control of Bell Telephone and B.C. Telephone, prosecution in narcotics and food and drug cases can all be handled by the provinces. There are other matters more controversial which can be negotiated if there is a spirit of compromise on both sides.

Senator Lang, in his speech, referred to Dr. J. A. Corry. Dr. Corry is Principal Emeritus of Queen's University, and very famous and respected in the field of constitutional law. Dr. Corry and I served together for some years on the Canada Council, and he was regarded by all council members with great admiration and respect as the sage of the council.

• (1550)

On February 8, 1980, Dr. Corry invited about 50 prominent Canadians from across the country in business, labour, the media, and public life for a two-day conference at Queen's designed to explore and develop a sympathetic response to the beige paper. In his letter to the provincial premiers advising them of the conference, he said:

> These proposals, whatever one's reservations on specific points, are a satisfactory basis for negotiation. Moreover, if English Canada does not respond with some generosity to Mr. Ryan's overture, we may have lost our last chance. At any rate, this civilized and carefully phrased document deserves something better of us than churlish rejection or wooden silence.

In his letter to conference invitees, he stated:

> Briefly, the merits of Ryan's proposal are that it is moderate in tone, conciliatory in spirit, and not phrased as a truculent demand. It recognizes the need for a strong central government and is quite remarkably like the Task Force proposal in essentials on that question. It invites comment from all of Canada. Above all, it is not present-

ed as a take-it-or-leave-it proposition. I have not found anyone here who would be willing to buy it all: everybody will have some reservations. Ryan acknowledges that some adjustments and compromises may well be called for.

The very distinguished conference invitees did meet and did support Dr. Corry's views. Like Dr. Corry and other participants in the conference, I have some reservations on the proposals, some of which I have pointed out in this speech. Likewise I—and I am again quoting from Dr. Corry—"want to stimulate a warm, sympathetic English Canadian response to the aspirations of Quebec as represented by the Ryan proposals, and give Quebecers reasons to think that these aspirations can best be realized by full participation in Canada after negotiations on the Ryan proposals."

On motion of Senator Petten, debate adjourned.

[*Translation*]

CLERK'S ACCOUNTS

STATEMENT TABLED PURSUANT TO RULE 112

The Hon. the Speaker: Honourable senators, under rule 112 of the Rules of the Senate, the Clerk of the Senate must lay before the Senate on or before the thirty-first day of May a detailed statement of his receipts and disbursements for each fiscal year.

I have the honour to inform the Senate that the Clerk of the Senate has laid this statement on the Table.

He has asked me to apologize on his behalf if the French version is not yet available. He was to receive it before the adjournment of the sitting. It will be tabled at the next sitting of the Senate.

[*English*]

The Senate adjourned until Tuesday, June 3, at 8 p.m.

APPENDIX

(*See p. 358*)

ANALYSIS OF CONSTITUTIONAL DECISIONS RENDERED BY THE SUPREME COURT OF CANADA FOR THE YEARS 1950 TO MARCH 5, 1980

Tables Showing the Composition of the Court and Of the Majorities for Each of the Cases Examined

Non-Split Decisions

Composition of Panel	Composition of Majority	Number of Cases
1 civil 4 common	unanimous	1
1 civil 6 common	unanimous	5
2 civil 4 common	unanimous	1
2 civil 5 common	unanimous	14
2 civil 6 common	unanimous	3
3 civil 3 common	unanimous	1
3 civil 4 common	unanimous	5
3 civil 5 common	unanimous	6
3 civil 6 common	unanimous	27[3]
	Total:	63

Split Decisions

Composition of Panel	Composition of Majority	Number of Cases
1 civil 6 common	0 civil 3 common	2[4]
2 civil 5 common	0 civil 4 common	1[5]
	1 civil 5 common	2[6]
	2 civil 3 common	3[7]
	2 civil 4 common	1
3 civil 4 common	2 civil 2 common	1[8]
	2 civil 3 common	1
	3 civil 3 common	1
3 civil 5 common	3 civil 2 common	1[9]
	3 civil 4 common	1[10]
3 civil 6 common	0 civil 6 common	2[11]
	1 civil 6 common	1[12]
	2 civil 3 common	2[13]
	2 civil 4 common	1[14]
	2 civil 5 common	2
	2 civil 6 common	3
	3 civil 2 common	3[15]
	3 civil 3 common	3[16]
	3 civil 4 common	3
	Total:	34

FOOTNOTES

(1) The cases comprise all constitutional decisions of which I am aware from the beginning of 1950 up to January 29, 1980. This includes the cases reported in the Supreme Court Reports up to the end of Part IV of [1979] 2 S.C.R. together with those cases decided but unreported in S.C.R. at that time, namely *A.-G. Man.* v. *G. Forest,* December 13, 1979; *Dominion Stores* v. *A.-G. Ont.,* December 13, 1979; *A.-G Que.* v. *Blaikie, Durand, Goldstein & A.-G. Can.,* December 13, 1979; *In the Matter of S. 55 of the Supreme Court Act,* December 21, 1979; *Labatt Breweries of Canada* v. *A.-G. Can. & A.-G. Que.,* December 21, 1979.

(2) The term "unanimity" is used here to mean that all members of the Court reached the same decision concerning the constitutional issue, although the grounds on which they reached the decision may vary.

(3) The case of *P.E.I. Potato Marketing Board* v. *H.B. Willis Inc.* [1952] 2 S.C.R. 392 has been included in this category for statistical purposes.

Likewise, the case of *Capital Cities Comm. Inc.* v. *C.R.T.C.* [1978] 2 S.C.R. 141 has also been included in this category. The case affirms federal regulatory authority over cable television. The six common law Judges who addressed the constitutional issue held that the Broadcasting Act was *intra vires* the Federal Government insofar as it conferred jurisdiction on the C.R.T.C. to regulate cable distribution systems which receive and distribute television signals. The three civil law Judges made their decision on the basis of the statutory jurisdiction conferred on the C.R.T.C.

(4) In the two cases included in this category, the Supreme Court of Canada was evenly split on the constitutional issue.

In *Johnson* v. *A.-G. of Alta.* [1954] S.C.R. 127, three Supreme Court Judges took the view that Alberta legislation providing for the confiscation of slot machines was *ultra vires;* three Judges, including the civil law Judge, were of the opinion the legislation was *intra vires;* and another Judge held the provincial law inoperative under the paramountry doctrine without deciding the constitutional question.

Similarly in *De Ware* v. *The Queen* [1954] S.C.R. 182, three Judges held that the Slot Machine Act of New Brunswick was *ultra vires;* three Judges, including the civil law Judge, were of the opinion that the legislation was *intra vires;* and one Judge reached his decision without considering this point.

(5) *Interprovincial Co-ops* v. The Queen [1976] 1 S.C.R. 477. On the constitutional issue; the Supreme Court decided, by a four to three majority, that the Fishermen's Assistance and Polluter's Liability Act of Manitoba was *intra vires.*

(6) In the case of *Batary* v. *A.-G. for Sask. et al.* [1965] S.C.R. 465, the majority (6-1) ruled that s. 15 of the Saskatchewan Coroners Act was *ultra vires.* The dissenting Judge, however, reached his conclusions without considering the constitutionality of the impugned section.

(7) The case of *Ross* v. *Registrar of Motor Vehicles* [1975] 1 S.C.R. 5, has been included in this category although there was only a partial dissent in that case. All members of the Court held that s. 21 of the Ontario Highway Traffic Act and s. 238 of the Canadian Criminal Code were both valid legislation, and five of the seven Judges agreed that s. 21 of the Highway Traffic Act was operative legislation notwithstanding s. 238(1) of the C.C.C.

(8) *Oil, Chemical and Atomic Workers International Union, Local 16-601* v. *Imperial Oil Ltd. and A.-G. of B.C.* [1963] S.C.R. 584. The Supreme Court of Canada, by a majority of four to three, dismissed an appeal from the B.C. Court of Appeal, and upheld the validity of certain provisions of the B.C. Labour Relations Act as being in relation to property and civil rights under s. 92(13) of the B.N.A. Act.

(9) *Validity of S. 92(4) of the Vehicles Act, 1957 (Sask.)* [1958] S.C.R. 608. The Supreme Court of Canada, by a five to three decision, dismissed an

appeal from the Saskatchewan Court of Appeal, and upheld the validity of s. 92(4) of the Saskatchewan Vehicles Act.

(10) The case of *Reference Re in the Farm Products Marketing Act (Ont.)* [1957] S.C.R. 198, in which a number of constitutional questions were raised, has been included in this category for statistical purposes.

(11) *R.* v. *Zelensky* [1978] 2 S.C.R. 940. There was a partial dissent in this case. The Court upheld the validity of s. 653 of the Canadian Criminal Code with the three civil law Judges dissenting as to ss. 653(1) and (2).

Public Service Board et al. v. *Dionne et al.* [1978] 2 S.C.R. 191. The Supreme Court of Canada, by a majority of six to three, dismissed an appeal from the Quebec Court of Appeal and denied provincial authority over cable television.

(12) *Reference Re the Anti-Inflation Act* [1976] 2 S.C.R. 373.

(13) *A.-G. Ont.* v. *Policy-holders of Wentworth Insurance Co.* [1969] S.C.R. 779. In this case of the Court, by a majority of five to four, dismissed an appeal from the Ontario Court of Appeal, and upheld a federal law applicable to insolvent insurance companies.

Robinson v. *Countrywide Factors* [1978] 1 S.C.R. 753. In allowing an appeal from the Saskatchewan Court of Appeal, the Supreme Court of Canada, by a majority of five to four, held that the Fraudulent Conveyances Act of Saskatchewan was not *ultra vires* and ss. 3 and 4 of the Act were not in conflict with the provisions of the federal Bankruptcy Act.

(14) *Labatt Breweries of Canada* v. *A.-G. Can. & A.-G. Que.* (as yet unreported; judgment was pronounced by the Supreme Court on December 21, 1979). The Supreme Court of Canada, by a majority of six to three, allowed an appeal from the Federal Court of Appeal, and held that ss. 6 and 25(1)(c) of the Food and Drugs Act and certain regulations made thereunder were *ultra vires* Parliament insofar as they related to malt liquors.

(15) *Saumur* v. *Quebec and A.-G. Que.* [1953] 2 S.C.R. 299. This case concerned the constitutionality of a Quebec city by-law made under provincial legislative authority which forbade the distribution of books or pamphlets in the streets without the permission of the Chief of Police. The Supreme Court of Canada, by a majority of five to four, found the by-law to be *intra vires.*

Nova Scotia Board of Censors v. *McNeil* [1978] 2 S.C.R. 662. The Supreme Court, by a five to four decision, allowed an appeal from the Nova Scotia Court of Appeal, and held that the Nova Scotia Theatres and Amusements Act was *intra vires* the province as the legislation was not concerned with the criminality but rather its purpose was the regulation of a local trade.

Dominion Stores Ltd. v. *The Queen* (as yet unreported; the appeal to the Supreme Court of Canada was heard on March 15, 1979, and judgment was pronounced on December 13, 1979). In this case the constitutional validity of certain provisions of the Canada Agricultural Products Standards Act were challenged insofar as they purported to regulate transactions taking place wholly within the province of Ontario. The Ontario Court of Appeal had held the provisions to be *intra vires* Parliament. On appeal to the Supreme Court of Canada, a majority of the Court, in allowing the appeal, held that the disputed provisions had no validity in relation to purely intraprovincial transactions and were in that respect *ultra vires.*

(16) *Lyle Smith* v. *The Queen* [1960] S.C.R. 776. The constitutional issue to be resolved in this case was whether s. 63 of the Ontario Securities Act was *intra vires* the province or whether it trespassed on Parliament's criminal law power under s. 91(27) of the B.N.A. Act. A majority of the Court (6-3), in dismissing the appeal from the Ontario Court of Appeal, held that the provision was *intra vires* the province.

Attorney-General (Que) v. *Kellogg's Co. et al.* [1978] 2 S.C.R. 211. In this case, the Government of Quebec had adopted a regulation, passed under the province's consumer protection legislation, aimed at regulating advertising intended for children. The Supreme Court of Canada, by a six to three decision, allowed an appeal from the Quebec Court of Appeal where the majority had taken the view that the regulation in question was an attempt to legislate on the content of broadcasting, a matter falling within federal jurisdiction. The Supreme Court, however, held the regulation to be valid on the ground that the province had a general power to exercise control over advertising in Quebec for children under ss. 92(13) and (16) of the B.N.A. Act.

Attorney-General (Canada) and Dupond v. *Montreal* [1978] 2 S.C.R. 770. In this case, the constitutional validity of certain sections of a Montreal city by-law and an ordinance passed under the by-law were challenged. The Supreme Court of Canada, in dismissing an appeal from the Quebec Court of Appeal, upheld the constitutional validity of the by-law and ordinance as being enactments dealing with matters of a local and private nature in the province under s. 92(16) of the B.N.A. Act.

THE SENATE

Tuesday, June 3, 1980

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

HIS EXCELLENCY JOSE LOPEZ PORTILLO, PRESIDENT OF MEXICO

ADDRESS TO MEMBERS OF BOTH HOUSES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, before we proceed with the business of the day, may I ask that the address of His Excellency the President of Mexico, delivered on May 26, 1980, to both Houses of Parliament, and the introductory speech by the Right Honourable the Prime Minister of Canada, and the speeches of the Speaker of the Senate and the Speaker of the House of Commons, be printed as an appendix to the *Debates of the Senate* of this day.

Hon. Senators: Agreed.

(*For text of addresses, see appendix, p. 380.*)

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Minister of Finance respecting Olympic coins for the period ending March 31, 1980, pursuant to sections 17(1) and 17(3) of the *Olympic (1976) Act,* as amended, Chapter 68, Statutes of Canada, 1974-75-76.

Report on the operations of the Exchange Fund Account, together with the Auditor General's report on the audit of the Account, for the year ended December 31, 1979, pursuant to sections 17 and 18(2) of the *Currency and Exchange Act,* Chapter C-39, R.S.C., 1970.

Copies of Agreement between the Government of Canada and the Government of the United Mexican States on industrial and energy co-operation. Done at Ottawa May 27, 1980.

Capital and Operating Budgets of the Canadian National Railways for the year ending December 31, 1980, pursuant to section 37(2) of the *Canadian National Railways Act,* Chapter C-10 and section 70(2) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1980-1377, dated May 22, 1980, approving same.

Report of the Canadian Commission for the International Year of the Child 1979, entitled "For Canada's Children".

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FIRST REPORT OF COMMITTEE PRESENTED

Hon. John Morrow Godfrey, Joint Chairman of the Standing Joint Committee of the Senate and the House of Commons on Regulations and other Statutory Instruments, presented the following report:

Tuesday, June 3, 1980

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its first report as follows:

(STATUTORY INSTRUMENTS NO. 9)

Your committee submits again to both Houses of Parliament the criteria it will use for the review and scrutiny of statutory instruments:

Whether any regulation or other statutory instrument within its terms of reference, in the judgement of the committee:

1. (a) is not authorized by the terms of the enabling statute, or, if it is made pursuant to the prerogative, its terms are not in conformity with the common law; or

(b) does not clearly state therein the precise authority for the making of the instrument;

2. has not complied with the provisions of the *Statutory Instruments Act* with respect to transmittal, recording, numbering or publication;

3. (a) has not complied with any tabling provision or other condition set forth in the enabling statute; or

(b) does not clearly state therein the time and manner of compliance with any such condition;

4. makes some unusual or unexpected use of the powers conferred by the enabling statute or by the prerogative;

5. trespasses unduly on the rights and liberties of the subject;

6. (a) tends directly or indirectly to exclude the jurisdiction of the courts without explicit authorization therefor in the enabling statute; or

(b) makes the rights and liberties of the subject dependent on administrative discretion rather than on the judicial process;

7. purports to have retroactive effect where the enabling statute confers no express authority so to provide

or, where such authority is so provided, the retroactive effect appears to be oppressive, harsh or unnecessary;

8. appears for any reason to infringe the rule of law or the rules of natural justice;

9. provides without good and sufficient reason that it shall come into force before registration by the Clerk of the Privy Council;

10. in the absence of express authority to that effect in the enabling statute or prerogative, appears to amount to the exercise of a substantive legislative power properly the subject of direct parliamentary enactment, and not merely to the formulation of subordinate provisions of a technical or administrative character properly the subject of delegated legislation;

11. without express provision to the effect having been made in the enabling statute or prerogative, imposes a fine, imprisonment or other penalty, or shifts the onus of proof of innocence to the person accused of an offence;

12. imposes a charge on the public revenues or contains provisions requiring payment to be made to the Crown or to any other authority in consideration of any license or service to be rendered, or prescribes the amount of any such charge or payment, without express authority to that effect having been provided in the enabling statute or prerogative;

13. is not in conformity with the *Canadian Bill of Rights*;

14. is unclear in its meaning or otherwise defective in its drafting;

15. for any other reason requires elucidation as to its form or purport.

Your committee also reports that in relation to its permanent reference, section 26 of the *Statutory Instruments Act*, 1970-71-72, c. 38, it was empowered during the Fourth Session of the Thirtieth Parliament and during the First Session of the Thirty-first Parliament "to conduct a comprehensive study of the means by which Parliament can better oversee the government regulatory process and in particular to enquire into and report upon:

1. the appropriate principles and practices to be observed,

(a) in the drafting of powers enabling delegates of Parliament to make subordinate laws;

(b) in the enactment of statutory instruments;

(c) in the use of executive regulation—including delegated powers and subordinate laws;

and the manner in which Parliamentary control should be effected in respect of the same;

2. the role, functions and powers of the Standing Joint Committee on Regulations and other Statutory Instruments."

Your committee was unable to complete its study and therefore recommends that the same order of reference together with the evidence adduced thereon during the last two Parliaments be again referred to it.

Finally, your committee recommends: That its quorum be fixed at five (5) members, provided that both Houses are represented, whenever a vote, resolution or other decision is taken, and that the joint chairmen be authorized to hold meetings to receive and authorize the printing of evidence so long as three (3) members are present, provided that both Houses are represented:

That the committee have power to engage the services of such expert staff, and such stenographic and clerical staff as may be required; and

Your committee further recommends that it be empowered to sit during sittings and adjournments of the Senate.

Respectfully submitted,

John M. Godfrey,
Joint Chairman.

Senator Godfrey moved that the report be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

INCOME TAX CONVENTIONS BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Tuesday, June 3, 1980

The Standing Senate Committee on Banking, Trade and Commerce to which was referred Bill S-2, intituled: "An Act to implement conventions between Canada and Spain, Canada and the Republic of Liberia, Canada and the Republic of Austria, Canada and Italy, Canada and the Republic of Korea, Canada and the Socialist Republic of Romania and Canada and the Republic of Indonesia and agreements between Canada and Malaysia, Canada and Jamaica and Canada and Barbados and a convention between Canada and the United Kingdom of Great Britain and Northern Ireland for the avoidance of double taxation with respect to income tax", has, in obedience to the order of reference of Wednesday, May 28, 1980, examined the said bill and now reports the same without amendment.

Respectfully submitted,

Salter A. Hayden,
Chairman

Senator Hayden moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

CLERK'S ACCOUNTS

The Clerk of the Senate laid on the Table a detailed statement of his receipts and disbursements for the fiscal year 1979-80 (*French text*).

REFERRED TO COMMITTEE

Hon. William J. Petten moved:

That the Clerk's Accounts be referred to the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to.

QUESTION PERIOD

[*English*]

FOREIGN AFFAIRS

UNITED STATES FOREIGN POLICY—REPORTED CRITICISM BY SECRETARY OF STATE FOR EXTERNAL AFFAIRS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I had a question for the Chairman of the Standing Senate Committee on Foreign Affairs, but in his absence I suppose I should put it to the Leader of the Government.

I would have asked the chairman whether it was his intention to invite the Secretary of State for External Affairs to appear before his committee, which is currently dealing with Canada-U.S. relations, to explain the criticism he recently levied against U.S. foreign policy. But maybe I should ask the Leader of the Government if it is his intention, because I understand that Mr. MacGuigan was expressing the government's opinion and views, to invite the chairman to call Mr. MacGuigan before his committee.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the distinguished chairman of the Foreign Affairs Committee is not in the chamber at this moment. He may arrive momentarily. I know he is in the building. May I take this opportunity to clarify, insofar as I am able, certain accounts pertaining to the television interview given a few days ago by the Secretary of State for Foreign Affairs.

During that interview the minister was replying to a quick question at the end of the long television appearance and, had there been more time, without question, he would have expanded on his views. It is saddening to hear the cynical laughter of the opposition, the cynicism of the opposition.

Senator Flynn: You should see the smiles behind you.

Senator Perrault: In any event, the government's position is that the west needs the leadership of the United States. We only become concerned when that leadership is lacking. We have always stressed as well that we want to be consulted about matters affecting our vital interests. While we have to try, of course, to limit disagreement to matters of real substance, a certain amount of it is normal and even healthy—indeed, I am sure the opposition will admit this is a good thing. The New England poet, Robert Frost, once said that honest fences make honest neighbours. There must be honest differences of opinion from time to time.

Senator Flynn: There is a difference between being honest and being stupid.

Senator Perrault: Well, the Leader of the Opposition can say that that view is stupid, but opinions held strongly by two nations are not necessarily always in concert. There are divergences.

● (2015)

The Leader of the Opposition has not made reference to statements made regarding the French government during that interview. I presume his reason for wanting to hear the Secretary of State for External Affairs on foreign policy relates mostly to the statements which were supposed to have been made with respect to the relationship between Canada and the United States.

Senator Flynn: It would be interesting to compare the statement made by the Leader of the Government with that made in the other place yesterday by the Prime Minister, because it seems to me that he was endorsing what the Honourable Mark MacGuigan had said practically in every respect.

In any event, I think that if Mr. MacGuigan feels that he should correct, explain, clarify or expand upon his statements, possibly he should appear before the Senate committee chaired by Senator van Roggen. My suggestion to the Leader of the Government would be that he recommend to that committee that they invite Mr. MacGuigan to explain his statements.

Senator Perrault: I know, that as an *ex officio* member of that distinguished Senate committee, the Leader of the Opposition may well wish to advance this proposal at the next meeting of the committee.

Senator Flynn: Yes.

Senator Perrault: If he is able to enlist the support of enough allies in that committee, they will undoubtedly issue an invitation to the minister to appear.

Senator Flynn: Because the Leader of the Government can enlist so many allies, I suggest that he do it. I am willing to do it, but if the Leader of the Government tells his troops not to support my suggestion, it will not go very far.

Senator Perrault: I think the Leader of the Opposition underestimates his persuasive and eloquent abilities.

Senator Flynn: I don't underestimate the strength of your directives.

CANADA-UNITED STATES RELATIONS

FISHERIES—EAST COAST BOUNDARY CONTROVERSY

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government. Would he produce to this chamber a report on the Canada-U.S. east coast boundary controversy, and would he do so as soon as possible so that a problem which is very detrimental to Canada-U.S. relations might be resolved at the earliest opportunity?

Hon. Raymond J. Perrault (Leader of the Government): That question will be taken as notice.

FINANCE

STATEMENT BY DEPUTY MINISTER TO NATIONAL FINANCE COMMITTEE

Hon. Guy Charbonneau: I have a question for the Minister of State for Economic Development. The Deputy Minister of Finance appeared before the Standing Senate Committee on National Finance last week. At that meeting he stated:

> Indeed, the deficit problem is going to have to be solved by generalized tax increases ultimately across the board.

Does the Minister of State for Economic Development associate himself with this expression of government policy?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I must say that that is a novel way of putting the question, and I commend my honourable friend's ingenuity for putting it that way. My reply to him is, when statements of that kind are made for and on behalf of the government, they usually are made by the Minister of Finance and not by the Deputy Minister of Finance. He may have been expressing a personal opinion rather than government policy. I am sure my friend would recognize that he has a right to do so.

Senator Flynn: There is no answer yet.

Senator Charbonneau: The deputy minister went on to state that it was his belief that the deficit problem was not going to be solved by major reductions in federal expenditures. Assuming, perhaps incorrectly, that reducing the deficit is a priority of the government, would the minister please tell us what particular tax increases are being considered, given that no major reductions in federal expenditures are envisaged?

● (2020)

Senator Olson: Honourable senators will recognize that the deputy minister said, as I understood the previous quotation, that it would be a broad range of tax increases. In expressing his opinion on that matter, I think it is fairly simple and quite straightforward to suggest that if the deficit problem is to be reduced, obviously there is a need for some increased revenue. I do not think he was any more specific than he could be, in that he looked at the revenue side, and in matters of taxation that is obviously important. If the honourable senator wants to draw me into a more specific definition of which taxes, by how much and that sort of thing, I should caution him that that would be a rather futile exercise.

Senator Flynn: We tried that during the election campaign.

Senator Olson: The Minister of Finance will be making those announcements if and when such announcements are to be made.

Senator Charbonneau: I was not asking the minister to tell us of any particular taxes or any particular points. I was wondering whether he associates himself with that policy, which is completely new to all of us on this side.

Senator Olson: Only to the extent that there is only one of two ways to reduce the deficit, and that is either to cut spending or to increase revenue, so it is not hard to be associated with that very simple approach to dealing with the problem that the deputy minister was dealing with. He may have come down more on one side, to increase revenue rather than reduce expenditures. I do not think that is anything new in this respect, in that we announced before we were elected, and have maintained since, that a policy of restraint on expenditures would be part of our program.

Senator Asselin: When will that be?

Senator Olson: But we were not going to have that as such a high priority that we forgot there were some people out there who needed help. We stand by our position that we are going to help those who need it most, and that is why Parliament has before it now an increase in the guaranteed income supplement, and so on.

Senator Flynn: We will see that in due course.

Senator Charbonneau: Am I to interpret the minister as saying that he disassociates himself from what was said as far as cutting expenditures is concerned? That is exactly what the deputy minister said the other day, that nobody was suggesting that government expenditures should be cut.

Senator Olson: That is an interpretation the honourable senator can put on it. I don't know exactly the context in which that reply was made, but the honourable senator will remember the passage in the Speech from the Throne in which we said we are advocating not less government but more efficient government than we had prior to February 18.

Senator Flynn: Great praise of the Speech from the Throne.

Senator Roblin: I should like to follow up on the question my honourable friend has just asked. The minister has made it quite clear to us that we are probably going to have higher expenditures, a larger deficit and higher taxes, all three.

Senator Olson: That is a wrong interpretation.

Senator Roblin: I think I will hang my hat on that one until I know something better. In view of the fact that the minister is reluctant, and indeed I suggest unable, to tell us what the government policy is on this matter, would he inquire of his

colleague the Minister of Finance when he expects to present the country with a budget?

• (2025)

Senator Olson: Yes, honourable senators, I shall give that undertaking, but I shall not give any guarantee as to a specific answer coming back, because normally the Minister of Finance, when he is ready to announce the date of a budget, does so whether he is asked a question or not.

Senator Roblin: Could my honourable friend tell us what answer the minister does give him, whatever that answer may be?

Senator Olson: Yes, I will give that undertaking.

FOREIGN AFFAIRS

MIDDLE EAST—CANADIAN PEACE INITIATIVES

Hon. Heath Macquarrie: Honourable senators, I would like to direct a question to the Leader of the Government, and I must confess disappointment in him for the first time in the many years I have known him.

Senator Flynn: You are lucky.

Senator Macquarrie: He seemed not to be sufficiently defensive of the Secretary of State for External Affairs in this government whose statement on Sunday struck me, as a long-time internationalist, as one of the finest and most articulate utterances of any Canadian minister in charge of our external affairs. Apparently that view is not shared by the leader opposite.

I would like to say as one who believes that, despite our high regard for the United States, we do not have to sing "Yankee Doodle Dandy" at every mistake they make. I would like to ask the leader if he can say in the terrible, urgent, painful exigencies in the Middle East at the present time, where mayors of important cities on the West Bank are being the victims of bombs, the victims almost of murder—

Senator Hays: What is the question?

Senator Macquarrie: My dear friend, I remember you in the House of Commons and the greatest claim you had to fame was that you were rarely there. I would suggest that if you know much about parliamentary assemblies, and if you will contain your rudeness and crudeness, the usual thing is to listen to people who are on their feet and then you get to your feet and make whatever comment you wish to make.

Senator Hays: What is the question?

Senator Macquarrie: You are obviously not sensitive enough to know what I am saying. So I would like to ask the government leader—

An Hon. Senator: Get to the question.

Senator Macquarrie: If these people want to make light of a very serious international situation, that is fine by me. If you feel that the Speaker should ask me to sit down and you two gabble away between yourselves, that is fine.

Senator Hays: What is the question?

Senator Macquarrie: You are not listening. I never thought you did listen.

Senator Hays: But this is the Question Period.

Senator Macquarrie: You are not an expert on this. I prefer to listen to the Speaker. I am asking a question about a problem that could engulf the whole world. You can drink your syllabub any time you like. You are very rarely in these parliamentary chambers. You can do what you like. I would like to direct my question to the Leader of the Government who is a man of compassion and understanding. I would like to ask him if in these very, very trying circumstances, in an area so crucial to the whole future peace of the world, and when the turmoil is increasing not only by the day but by the hour, he can tell me as a man who has assessed the whole world situation what Canada is doing, since it is in close relationship with the State of Israel, to try to ameliorate the tensions and to diminish the terrible animosity which could bring upon us what he as a great Christian scholar believes could be Armageddon in our time.

• (2030)

Senator Hays: What is your question?

Senator Macquarrie: You would be smart to keep quiet, Senator Hays. I never heard you say much in the other place, and I do not think you say much in this house.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I would like to launch a personal peace initiative at this moment in the Senate. Certainly, I shall use my good offices to achieve understanding among the dissident factors here.

I would say at the outset, honourable senators, that I agree with Senator Macquarrie's view that the Secretary of State for External Affairs made a very eloquent statement on television the other evening. My admiration for the Minister of State for External Affairs has always been of the highest order ever since we were both first elected to the other place in 1968.

Certainly, differences do occur from time to time between neighbours. That is normal. Honest differences form part of our history and our relations with the United States. For example, the fact that we have a fisheries disagreement with the United States does not in any way diminish our fundamental friendship with that country. Yet the lack of an agreement in the fisheries area continues, as Senator Marshall mentioned earlier, to be an outstanding source of difficulty between our two countries.

I think most Canadians, regardless of party affiliation, admire the forthright statement made the other evening by the Secretary of State for External Affairs with respect to our relationship with the United States and other nations. He also made statements relating to one of the leading aspirants for the office of the Presidency of the United States and other matters. Many of his statements were franker and considerably more candid, perhaps, than has been the case, at times, in the past.

So in no sense did I intend to extend only faint-hearted support for the Secretary of State for External Affairs.

As far as the Middle East is concerned, Canada, as Senator Macquarrie, having studied this problem for many years, is aware, has a long history of attempting to ameliorate the situation in that area. Senator Macquarrie himself has made an important contribution to the Canadian dialogue with respect to the difficult problems there. In addition to our efforts through the diplomatic channels, we have been paramount in our efforts to provide peacekeeping forces for the Middle East, and that is something of which all Canadians can be proud. As well, I think most Canadians are unaware of the fact that Canada, of over 150 nations in the world, for many years has been among the top dozen contributors to Palestinian refugee relief. This is something not known to many Canadians. Canada has been unsparing in its generosity and its efforts to alleviate the misery of these people, who find themselves in very difficult circumstances. That same approach has been taken by this nation in many other of the world's trouble areas. Canadians can take pride in that fact.

I know honourable senators will understand that, because of the fast-moving situation in that area of the world, it will be necessary for me to take the essence of that question as notice. Hopefully, an answer can be provided tomorrow.

Senator Macquarrie: Honourable senators, I rarely ask a supplementary question—and I do not want any rude interjection from Senator Hays—but I would like it to be clear that the Government of Canada does not regard the candid utterances of the Secretary of State for External Affairs to the people of Canada as being improper or inappropriate at this very critical time in our history—a time when, as that great and distinguished American, Harrison Salisbury, said, perhaps the best thing that America's allies can do is to speak frankly to it.

Senator Flynn: That is a new kind of supplementary.

Senator Macquarrie: It is my kind.

Senator Flynn: Yes, and you can have it.

THE CABINET

SENATORS WITH MINISTERIAL RESPONSIBILITIES—APPEARANCE BEFORE HOUSE OF COMMONS COMMITTEES

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate relating to a motion put pursuant to Standing Order 43 of the other place. By this motion, a member of Parliament requested that the Prime Minister of Canada consider the possibility of having members of the cabinet who are also members of this house appear before appropriate committees of the House of Commons in respect of the actions they take in connection with their respective responsibilities. I wonder if any consideration has been given to that problem.

● (2035)

The motion I refer to brings to mind the possibility of members of the cabinet in the House of Commons appearing before committees of this house for a discussion of how they are carrying out their responsibilities to the people of Canada, so that we can determine the direction our efforts should take.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, if I recall correctly, that matter was dealt with during the time when the distinguished Leader of the Opposition was the government leader in this chamber. The question arose, as I recall, with regard to the same matter; that is to say, whether or not ministers from the Senate might appear before committees of the House of Commons. It may be recalled that an understanding was reached and a solution was found to that particular question, which may well be enshrined in the revised rules of this chamber. The honourable senator, of course, may not have been in the chamber at that time.

There has never been any difficulty as far as members of Parliament or members of the cabinet from the other place testifying here is concerned. They have spoken in committee of the whole, and have certainly spoken before Senate committees from time to time, on invitation from the Senate. Therefore, I do not consider that there are any real impediments in either chamber of Parliament.

There have been opinions offered that from time to time ministers from the Senate should be called upon to answer questions during Question Period in the other place. I have sought some legal opinions on this subject. It would be a rather unusual and exotic procedure, perhaps, but there may be circumstances under which it could be desirable.

GRAIN

CANADIAN GRAINS COUNCIL—STATEMENT BY SECRETARY-GENERAL

Hon. Martha P. Bielish: Honourable senators, my question is addressed to the minister responsible for the Canadian Wheat Board. I regret that he is not here today, but perhaps the Leader of the Government can take the message to him, or give me the appropriate response himself.

In an article in the Toronto *Globe and Mail*, the Secretary-General of the Canadian Grains Council, Donald A. Dever, is reported as having announced that the Canadian Grains Council seeks the abolition of the Crowsnest Pass rate. Would the minister responsible for the Canadian Wheat Board, or, in this case, the leader, please comment on this statement. This is a matter of great concern to Canadian farmers.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I would not presume to offer a personal opinion on this subject, which is complicated and very controversial. I would be very pleased, however, to convey the question to the minister, who because of his responsibilities cannot be here this evening.

FOREIGN AFFAIRS

CUBAN REFUGEES—CANADIAN INVOLVEMENT

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate.

It is my understanding that 32 of the 70 Cuban persons who have been able to get out of their country, and who have applied for and received permission to come to Canada, have indeed arrived today. Would the Leader of the Government please undertake to confirm for us that only 70 people out of the quota of 300 have in fact applied to come.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I checked approximately thirty minutes ago with regard to the current count. The information, however, was not available, though I think it should be available by now, and I hope we can have an adequate reply tomorrow.

Senator Nurgitz: I have a supplementary question. Would the Leader of the Government also inform this chamber as to whether the policy is that Canada is limiting its acceptance out of only the approximately 10,000 who applied for refugee status—that is, those who applied to the Peruvian embassy in Havana—or is Canada also prepared to accept some of the many thousands who have been attempting to flee by ship from Cuba?

• (2040)

Senator Perrault: Honourable senators, I understand that the normal criteria applied to refugees will apply in the case of these refugees from Cuba. It is a continuing challenge to our immigration authorities to determine who from any nation constitutes a valid refugee; who among them would face imprisonment or political persecution should they return to their country of origin. So the normal criteria are being applied to those people from Cuba.

There have been a number of statements in the United States that at least a portion of those refugees have been turned out of Cuban prisons, have been forced to leave Cuba, and are, in effect, being shipped out. It is alleged that the refugee flow includes certain mental incompetents and others. Whether these reports are true, I believe the honourable senator would agree that we should apply our standard Canadian criteria to those refugees who wish to come to Canada.

GRAIN

TRANSPORTATION FACILITIES AT PRINCE RUPERT, BRITISH COLUMBIA

Hon. Lowell Murray: Honourable senators, my question is for the Leader of the Government arising out of his kind invitation to us some time ago to attend the opening, when it takes place, of the Prince Rupert grain terminal.

In view of that invitation, could the leader inform us as to the status of that project, in light of the statement by the project manager to the effect that procrastination by the federal Treasury Board is making it difficult to meet the completion date for the grain terminal?

He says that delays in awarding contracts for site preparation are throwing the construction schedule for the terminal out by some months, and that if there are any more delays the bad weather season will cause construction to be set back by a full year. Could the Leader of the Government give us a report tonight on the status of the project; if not, could he give us one later in the week?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the government remains optimistic about the project. The major negotiations have been completed.

I wish to say that those interested in the project should still plan to be present at the opening. With respect to delays, I understand that a principal delay in the project was caused when the Minister of Transport under the previous government delayed the project many months in order to review the project. I suggest that had it not been for that unfortunate eight-month delay, an opening ceremony might already have taken place.

Senator Flynn: Shall we have a report tomorrow?

Hon. Duff Roblin (Deputy Leader of the Opposition): I am tempted to get into the Prince Rupert debate, because I believe the impression my honourable friend has left is quite inaccurate, in that the reason for the delay was hiking the amount of money that was to be spent by two or three times. If the Leader of the Government checks the record he will find that that was the reasonable and acceptable excuse for the delay.

TRANSPORT

CHURCHILL, MANITOBA—RAILWAYS INTERCHANGE AGREEMENT—ICEBREAKING FACILITIES

Hon. Duff Roblin (Deputy Leader of the Opposition): I rise to ask the Leader of the Government a more regional question affecting my part of the world. It has to do with the progress that may or may not have been made in respect of an interchange agreement between the Canadian National and the Canadian Pacific Railway on the Churchill grain subdivision to northern Manitoba.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that question will be taken as notice. I have no reply at my desk at this moment.

Senator Roblin: I quite understand. It is a detailed matter.

While my honourable friend is looking into the interchange agreement, would he be so kind as to ascertain when the first federal icebreaker will arrive at Churchill. I believe that the motor vessel *Arctic* has been nominated for this task. There is some disappointment because of the fact that it does not appear to be arriving as early as it did last season, with the obvious result on the length of the shipping period in Churchill. I would appreciate knowing what the plan was with respect to that.

Senator Perrault: Honourable senators, that information will be included in the reply to be given to the previous question.

OLD AGE SECURITY ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Florence B. Bird moved the second reading of Bill C-16, to amend to Old Age Security Act.

She said: Honourable senators, it gives me great satisfaction to introduce Bill C-16, to amend the Old Age Security Act. It will increase the guaranteed income supplement by $35 a month for every "household".

This is essential legislation because it will help to alleviate the suffering of many Canadians who are the victims of the cruel pinch of poverty as well as the passage of time. Because it deals with an immediate and crushing need, this bill quickly received unanimous approval in the other place. I hope that will also happen here.

Honourable senators, as we all know, the ravages of inflation inflict the greatest hardship on the old and the poor—those who are least able to take care of themselves.

Our responsibility, as members of this house, is clear and undeniable. We must do what we can to help them. At the same time, our efforts to provide increased financial help must be guided by our equal responsibility to manage Canada's limited economic resources wisely and prudently. Bill C-16 meets both of those national objectives.

The history of Canada's old age security legislation is relatively brief, but it is impressive because we have moved forward so quickly in such a short time. The bill before us today is one of many progressive steps taken by the federal government during the last 30 years.

An Hon. Senator: Which government?

Senator Bird: The Liberal government. In 1927 the first Old Age Pension Act provided a means-tested benefit of up to $20 a month for long-term Canadian residents who had reached the age of 70. The cost was shared by the federal and provincial governments. That princely sum was better than nothing during the dirty thirties.

However, it was not until after the Second World War that any drastic change took place. During the post-war period Canada became a rich, industrialized nation, and so we could afford to listen to the dictates of conscience. Even so, it was not until 1952 that a new Old Age Security Act raised the benefit to $40 a month. Every Canadian who had reached the age of 70, and who had met the residence requirements, was entitled to receive an OAS pension as a matter of right.

In 1957, the act was changed again to reduce the residence requirements, and later on, in 1960, provision was made for the payment of benefits outside of the country.

Since then the amount of the OAS benefits has been raised steadily over the years. By 1965, the pension level had increased to $75 a month. After that, there were really dramatic improvements in our social security system. In 1966, the retirement age for an OAS pensioner began to be reduced, one year at a time, so that by 1970 the pensionable age had been reduced from 70 to 65.

[Senator Roblin.]

The major break-through in the mid-sixties came with the introduction of the Canada Pension Plan and the guaranteed income supplement. The Canada Pension Plan is a social insurance program designed to provide workers and their families with a basic level of earnings-related protection against the contingencies of retirement, disability and death. The GIS provides an income-tested supplement to OAS pensioners who have little or no income apart from their basic pension.

In 1968, provisions for adjusting benefits in accordance with the consumer price index were introduced, in order to protect pensioners from the escalation in the cost of living. Less than a decade later, the spouse's allowance, the SPA program, was introduced. Its indexed benefits are equal to the basic OAS and an amount equivalent to the maximum GIS at the married rate, and are given to the spouse aged between 60 and 65 years of a pensioner who is in receipt of the GIS.

● (2050)

More recently, we gave our approval to several amendments to the Old Age Security Act. In the fall of 1978 provision was made for the continued payment of the spouse's benefit for up to six months following the death of the pensioner spouse. The GIS benefit level was increased by $20 a month, effective January 1979.

Last year we approved the extension of the allowance even further. An SPA recipient, whose spouse has died, now continues to receive a benefit until the age of 65 when he or she becomes eligible for the OAS pension and the GIS. Furthermore, allowance recipients who have been widowed prior to this date become eligible to apply for the reinstatement of benefits.

What, in detail, does Bill C-16 do? It proposes an increase of $35 a month for each household. If both a man and wife are receiving the guaranteed income supplement, or if one is receiving the GIS and the other is receiving the spouse's allowance, each will receive a cheque for $17.50 extra a month. All GIS recipients who are single, divorced, separated or widowed, or who are married to persons who are not yet eligible for OAS or SPA benefits, will receive an increase of $35 in their pension cheque. This increase will be added to the regular quarterly cost of living increase in July.

Approximately 1.3 million elderly Canadians will be eligible to receive these income-tested benefits in July. Of that number, an estimated 740,000 persons, 60 per cent of them women, will receive a benefit at the single rate; 595,000 persons will receive a benefit at the married rate. Honourable senators, these are shocking statistics, especially when we stop to consider that this represents over half of all Canadians over the age of 65 who are eligible for OAS benefits.

Even though benefits are indexed every three months to ensure that their purchasing power will not be eroded by inflation, GIS and SPA recipients are still having a very tough time.

All those unattached, old people are having the worst time because the combined OAS-GIS income level comes to less than 80 per cent of the Statistics Canada revised low-income cut-off level. In other words, in spite of all the progress we have made, our social security program still does not guarantee single persons an income adequate to maintain a comfortable, healthy way of life. Concern over the plight of these people has been mentioned a number of times on both sides of the Senate. This is, of course, not a matter of party politics but of simple human decency and compassion.

Let me focus for a minute on the situation of the single, divorced, separated or widowed GIS pensioners, since it is they who will benefit most from this bill. At the present time, it is estimated that they are guaranteed an annual income in combined OAS and GIS benefits of $4,240 in the 1980-81 fiscal year. The $35 a month provided in Bill C-16 will increase the guaranteed income to $4,564, or about 83 per cent of the Statistics Canada low-income cut-off level during the fiscal year 1980-81. In 1981-82, when the increase will have been payable for a full 12 months, this percentage will rise to approximately 85 per cent of the cut-off level.

Honourable senators, the Statistics Canada low-income cut-off level is the poverty measure being used at the present time. It is possible that some more appropriate measure may be adopted in the future, but right now this is the yardstick being used.

Some of those pensioners may have an income slightly above the poverty level because, if they have some income from savings or can do a small amount of work, they keep $1 of the GIS for every $2 that they earn. Even so, with the $35 increase, 680,000 of these single pensioners will be living below the poverty level.

Married couples who are both receiving the GIS or the GIS plus the spouse's allowances are slightly better off than single persons. They are guaranteed an annual income of about $7,840 in the 1980-81 fiscal year, which is about 100 per cent of the low-income level. With the increase of $35 in the GIS, the yearly income of an eligible couple will go up to $8,162, which is about 3 per cent over the Statistics Canada low-income level. This is why Bill C-16 proposes a proportionately greater increase for single, unattached GIS pensioners than for pension couples.

We know that the basic living costs for people living alone are close to two-thirds of those of a couple. In order to provide extra assistance in the most equitable way possible, Bill C-16 has taken this proportional factor directly into account.

We have come a long way from the first pension of $20 a month. Even so, the statistics tell a story of old people and poverty that is intolerable in Canada today. That is why I am asking honourable senators to give their unanimous approval to Bill C-16. I assure them that the government would like to provide a guaranteed income above the poverty level for all of those poor people. Unfortunately, right now our limited economic resources do not make it possible for us to do that. Certainly we all look forward to the day when it can be done.

What about the cost of Bill C-16? For the balance of this fiscal year 1980-81, the cost of implementing the $35 GIS increase will be about $345 million. In 1981-82, the first full fiscal year for which the increase will be in effect, the additional costs are estimated at $525 million. This is in addition to the regular, ongoing costs of the OAS-GIS program. This is a substantial sum of money, and we are most anxious that it reach the hands of those eligible to receive it as quickly as possible.

In order for this increase to be passed on directly to pensioners, some provincial financial assistance programs must be modified. The Minister of National Health and Welfare has written to her provincial counterparts to enlist their support. In provinces which have so-called "top-up" payment programs, the minister has asked that the full $35 increase be passed on. She has also urged that, whenever feasible, the full increase be added to the comforts allowance available to pensioners in institutions. We are hoping for co-operation from all provincial governments, but so far, only Nova Scotia and British Columbia have agreed not to deprive pensioners of this necessary increase.

Bill C-16 is designed to provide immediate short-term relief to elderly Canadians facing economic hardship today. At the same time, the government is looking beyond short-term answers to the well-documented problems apparent in Canada's retirement income system. The Minister of National Health and Welfare hopes that a national conference on pensions may be convened this autumn which would focus national attention on the options for fundamental change in the long term, and lead to necessary improvement in our whole system of private and public pensions.

Honourable senators, in conclusion, let me remind you about what life is like for the people which Bill C-16 is trying to help. Up until two years ago I lived in a large apartment in an old apartment house which was built in 1912. Along the corridors outside the big apartments a row of small rooms was reserved for staff—the cooks and maids which many people employed before World War I. Those rooms have been turned into apartments. Seventeen years ago, they rented for $50 a month; today they are renting for between $175 and $200 a month. There is a refrigerator in each small room and a cupboard which contains a couple of hot plates. There is a small oven in the more expensive apartments. There is a separate bathroom with a shower. Most of these small apartments are occupied by elderly women.

From time to time, on my way home from work, I used to drop in to say hello, because the days are very long and lonely for the old and poor. At around 6 o'clock I would find a pensioner sitting at a small table covered with a clean cloth having her evening meal of tea, toast and jam. I hope that this bill will give them an "egg to their tea," or perhaps a slice of fish or chicken. In that way, they may get a bit of protein into

their bodies, which may keep them out of a nursing home or a hospital bed from which there is no return.

• (2100)

It is because of these poor people, honourable senators, that I hope you will give prompt and unanimous approval to Bill C-16.

Senator Marshall: Honourable senators, before Senator Croll speaks may I ask if Senator Bird is taking into consideration the fact that, despite the $35 increase per household and despite the fact that the government has introduced legislation to allow widows of married pensioners to take advantage of the increases in old age assistance, there are still thousands of widows, single widows, who have not been able to take advantage of the increases in the GIS, and who are still restricted and not able to get any benefits—single widows who did not come into their own as a result of legislation which was passed by governments in the past; single widows who have to bring up families and who are not able to take advantage of the increases in old age security under the GIS, and who are still relegated to getting benefits under social assistance. Isn't it time that we in the Senate stood our ground and said to the government, "Let us protect those single widows who are discriminated against under human rights and any other type of legislation." Let us stand our ground and say that we want those people protected. Isn't it time that we stood our ground and presented that to the government?

Senator Bird: I think Senator Marshall is alluding to widows under 60 who are not eligible for the widows' allowance. I suppose there is no such thing as perfect legislation and, of course, the government is well seized of the importance of looking after all the old widows. The government would certainly like to make it easier for them not to be put on public assistance, but if you are not going to realize that at the moment we do not have the funds we would like to have, and that we cannot at the moment reduce the entire amount by another five years, where will it end? But certainly I take their plight into consideration and I am always concerned about the plight of the poor.

Senator Denis: I have a short question to the honourable senator. Do I understand that the $35 increase is for a household, and that if there is only one who is entitled to it, he or she will receive only $17.50 per month?

Senator Bird: If there is a husband and wife living together, they will get $35 a month; but if there is a person living alone, he or she will get $35 a month.

Senator Thompson: Was there any rationale for deciding on the amount of $35. Was that the most the minister was able to get from treasury, or was it based on a percentage of the rise in the cost of living, or was there any rationale at all for choosing $35?

Senator Bird: There was certainly a rationale and that was the money that was available at the time. As the Minister of State for Economic Development answered earlier, we are trying to give as much as we can to those who need it most but, of course, our funds are limited.

• (2110)

Senator Thompson: Is it computed on any basis? Can we see a principle in it, apart from the fact that it is the only money available? Is it based on the cost of living for so many years?

Senator Donahoe: It is computed on the need for votes.

Senator Bird: I will take notice of the question.

Hon. David A. Croll: Honourable senators, I have spoken so often on this subject that I have started talking to myself about it—and the way I explained the proposition to myself was very interesting. But I had little thought in 1927, when I was active in support of the original bill, that I would find myself on this occasion and in these circumstances. The only thing that I can say about what is being done today, of course, is that I support it, because it is the only ball game in town. It is a matter of choices, and this is it. However, I do not agree that it is the answer to the problem.

Starting with a pension of $20 at the age of 70, with a means test which was a real mean one, we now have a pension of $186 a month, payable to everyone in Canada, 65 years of age, who meets residency requirements. We have a guaranteed income supplement, and sometimes I wish that the country would remember where that came from and the part the Senate played in bringing it about.

Senator Haidasz: That came from the Liberals.

Senator Croll: We also have the Canada Pension Plan.

Senator Haidasz: That came from the Liberals, too.

Senator Croll: In addition to that, we have special provision for our veterans.

Senator Haidasz: That came from the Liberals, too.

Senator Croll: Our senior citizens, for the most part, are still living below the poverty line, no matter which line you use, and we are not content with that. What we are offering today still does not improve their situation to any extent.

It is hard for me to stand up here and say what I am saying, because sometimes I can hardly believe what I am saying. To be more specific, our senior citizens, a great number of whom are single, are all below the poverty line. It is hard to believe that most of the older people are living below the poverty line in this country.

Senator Marshall: Are you prepared to hold up this bill because of that?

Senator Croll: So we have to do something about that. That is particularly applicable to those who live in metropolitan areas. They do a little better than that in the rural areas.

We are here applying a kind of a band-aid. We have been doing this from time to time, never wanting to really come to grips with the problem. We somehow do not realize that the supplementary assistance list grows and grows and grows. It is now one half the size of the old age security list. That leaves approximately 2.2 million persons in receipt of old age secu-

rity, and 1.1 million in receipt of the supplement. That is a large number of people. This will perhaps permit it to grow a little slower, but it does not solve any problem.

We presented to this Parliament a method of dealing with this problem in order to try to do away with supplementary assistance, and I intend to enlarge on that because it is the only course of action that I can possibly see, and because no one else has suggested anything better. The older people in our country are no longer a small homogeneous group. They are now divided into the young-old, those between the ages of 65 and 70, and the old-old, those who are over the age of 75. They represent the fastest growing group in the entire population. When you realize that women are living 18 years beyond 65, and men are living 14 to 15 years beyond 65, according to statistics, we are adding a whole new generation of living people. That is a social achievement on our part. It is not a deficit of any kind.

The new generation of elderly Canadians also presents opportunities. Perhaps for the first time most people will know their grandparents, and even their great grandparents. With the gift of time and good health, older people now have more of a chance to change jobs, learn new skills and take up new interests. Life for many of those people really begins at age 60. So we have to do whatever we possibly can to make sure that the terms of "pension" and "retirement" are not interchangeable.

Let me say just one more thing, because there has been some misunderstanding. Has it ever occurred to you that we presented a report to this house recommending the imposition of taxes. This is not the most popular legislative chamber in the country, I am told, and sometimes some people do not think too much of us, but we have not heard a word from a worker protesting that. I have not heard a word of protest on that, and you have not either. Give that a thought. A non-elected body asks for the imposition of a tax, with no fooling around about it, and the small business groups have not said anything. We usually hear from them. Just try to put a tax on them and you will hear from them. Some members questioned that group regarding a pension plan and they said that they could not possibly afford it. That is a matter of record. They spoke not a word.

● (2120)

You have to reach some conclusion about that. There is some reason for it. The reason is that they realized there was a lot to the suggestions that we made, that something needs to be done. Perhaps we have got the best possible solution that they can foresee at the present time. It is worth a thought. Some of the contributions that have been made by members of the Senate—and others will be made in the future—are excellent, and they are going across the country and being thought about. However, there has been some misunderstanding, and I should like to take another minute or two to point it out.

A report made by a committee presents ideas, concepts and principles in general terms. The simpler it is, the better. If a report can be written that is suitable for discussion at the dinner table you have got it made. If a 10-year old sitting around the table questions his or her father or mother, or both, about this report or this news, then you have got people who are interested. They may not understand it perfectly, but they are interested and concerned enough to talk about it.

The second stage is different. The matter comes before Parliament. Parliament deals with it; it spells it out, and it must be specific. It can be rejected, accepted or improved upon, and the recommendations may or may not go down well. What I say is that the report points the direction. The bill has the details in it.

Some objection was taken in this chamber to compulsory retirement, which is a necessary part of the bill. The recommendation made by our committee was for flexible compulsory retirement—retire at 65, retire after 65, retire before 65; it doesn't matter. Something had to be done about it.

In 1898, compulsory retirement was first brought in, and it has remained since then. It has been accepted. In 1934, the Americans incorporated it into their Social Security Act. They wanted age 70. At that time, in the light of unemployment, the only way they could get it through Congress, the record shows, was by taking the age of 65. They regretted it then and have regretted it ever since. However, they brought an end to it in 1979, when they did away with it because it was a discrimination according to age. Dismissal by the calendar was something that was resented and not acceptable. It did not give a person an opportunity to rebut; he had to accept it whether he wanted to or not.

In the main, the opposition comes from the personnel directors and the public relations people whom they have been able to interest in this matter. However, if you read the House of Commons debate on this subject last week you will see that the Liberal government is in favour of flexible compulsory retirement, the Conservatives are in favour of it, and the NDP are in favour of it. Everyone has agreed with it.

We have done as much as we can possibly do at the present time. We have now tossed the ball into the other court. It is up to the other place to do what they ought to do. They can do it. I think we ought to make it clear to the people who are concerned that the House of Commons now has the matter before them, and they ought to do what is necessary as quickly as possible. We have done our share, and we will do our share when we get it back.

Another thing that was somewhat misunderstood was the question whether raising the premiums doubles the benefit. This was a matter that was raised earlier. With respect to raising the premiums, the Economic Council of Canada in its latest report, and every other report, has talked about raising them. As to doubling the benefits, what we said was not quite what we were alleged to have said. On page 67 of *Retirement Without Tears* we said:

> If no other changes were made in the structure of the Canada/Quebec Pension Plan it may be assumed that the approximate doubling of the contribution levels would yield a pension of roughly twice the size of present levels, or about $450 a month.

We were giving a general impression. We did not have actuarial figures. It would have been very hard to have injected an actuary into producing this report, which was being made by laymen. The ordinary man does not know who an actuary is, and I presume that 90 per cent of those in this house don't know what an actuary does anyway.

Senator Marshall: He doesn't know himself.

Senator Croll: One might say he is one of the fellows who fiddles with figures, and when you get the answer you always find you are on the wrong end of the answer. There is something that has to be taken into consideration. It is true that the economists have views, but their views have not been accepted, because there are human values involved. Consequently, what we said was said to the best of our ability, and it is for the people who deal with it to come to the conclusion finally on what the actual figures involved are.

One honourable senator said he had discussed the matter with the vice-chairman of the committee and myself, which was quite true, and he left an inference that he wanted to write a minority report but there was no provision for that. There is no provision for a minority report, but it is the practice and it is well known, and if he had asked me or anybody else he would have been told that all he had to do was to write a letter to the Clerk or to me and it would become part of the record. I have never seen it done in this house although I saw it done in the House of Commons on one occasion. But I have sat on a lot of committees in my lifetime, and I cannot remember one occasion when I agreed with everything that was said by the committee, and many times I disagreed, but it never occurred to me that it was a case for a minority report. That may appeal to some, but it is something that is not often practised.

● (2130)

There was another observation that troubled me somewhat. The honourable senator mentioned some major omissions from the list of witnesses. The first omission was the Canadian Congress of Labour, and then he mentioned the Ontario government and the Quebec government. The Canadian Congress of Labour was invited on June 15 and accepted. Then came the election, and after the election they called up and said they did not want to appear. It appeared there was some difference amongst the members as to compulsory retirement and whether or not they could support it totally.

The Province of Ontario was invited, but they replied that they had just ordered an inquiry into pensions and that it was just going on at that time. It is not finished yet. The report is due in a couple of days or a couple of weeks. The Quebec government said the very same thing, that they had just finished such an inquiry.

To indicate how the people are searching for an answer to this problem that is confronting us today, and on which we are still putting band-aids, I will point out that there are eight separate studies being done in this country today. Some of them have been completed already on this very subject.

There is the one by the Department of Finance Task Force under the chairmanship of Harvey Lazar—and he is a brilliant man. The second one was done by the Economic Council of Canada, and you have all seen that. The Province of Quebec had one and the report of the Ontario Royal Commission on the Status of Pensions is still in the making. The New Brunswick Commission on Mandatory Retirement is just about finished. Then there are the Conference Board in Canada study, the insurance companies' portability pension study, and the Senate study. There are eight of them, all trying to find some solution to the problem we are faced with at the present time.

I have drawn up a comparison between the Canada Pension Plan and the private pension plans and I have asked that copies be delivered to each one of you. At the outset I have something here which will take a minute or two to read but it is worth reading. I am reading from the Toronto *Star* of May 29, and the heading is "Industry told it may lose pensions trade."

> Insurance companies must move quickly to improve private pension plans or the federal government will take over more of the pension field, says David Pretty, retiring chairman of the Canadian Life Insurance Association.
>
> "If we don't want to see this (pension) segment of the insurance business change for the worse, we are going to have to offer some bold and innovative solutions," Pretty told delegates to the association's annual meeting.
>
> Many pension plans offered by private companies are not adjusted to reflect increases in the cost of living and are not portable, meaning that employees lose their private pension benefits when they change jobs, said Pretty, President of North American Life Assurance Co.
>
> "We all know the serious implications of further government funding to the capital market and therefore our economic system," he said. "Without an adequate supply of private capital, the market as we know it cannot function adequately."
>
> The coverage of the federal government's Canada Pension Plan—a maximum of 25 per cent of previous earnings—was designed to preserve a place for the private pension industry. Pretty said if private plans don't improve, the Canada Pension Plan might be expanded.

There are three witnesses in the chamber at the present time—Senator Flynn was there, Senator Denis was there, and I was there when the plan was deliberately kept at a low premium and low repayment in order that the private pension plans would come in and fill in the vacuum. Here we are 14 years later and they admit that nothing has been done. I read on:

> "Various reports that have been published recently have brought out forcibly the inadequacies of the private pension system."
>
> Pretty said private companies have resisted improvements that will cost them money and, as a result, the federal government will probably pass laws to make improvements compulsory.

"Our industry does not like compulsion, but I question if business will act quickly enough to improve pensions without legislation."

Pretty said the industry must live with the reality of inflation and "this means responding to the needs of the aged, the main victims of inflation."

While Pretty said he isn't advocating that private pensions go up with every increase in the cost of living index, there should be some form of adjustment.

Then we come to Donald Coxe, a member of the Royal Commission on the Status of Pensions in Ontario, who said:

—private companies should make their benefits more equitable—"there is a growing awareness that women are losers under the current plan design"—and should also disclose more information to policyholders.

"The stonewalling about investments, performance and funding that has been characteristic of many private plans will have to disappear," said Coxe, who is Vice-President of Mu-Cana Investment Counselling, a pension fund counselling group.

There you have it. You have in your hands at the moment a comparison table. I drew it up and I ask permission to put it on the record. I will take the responsibility for it.

The Hon. the Speaker: Is it agreed; honourable senators?

Hon. Senators: Agreed.

EXISTING PENSION PLANS—A COMPARISON

Essential Elements	Canada Pension Plan	Private Pension Plans
1. Liberal Vesting Rules	Yes	No
2. Universality or Non-Discrimination	Yes	No
3. Complete Portability	Yes	No
4. Tax Deductibility	Yes	Yes
5. Indexing and Other Protection Against Inflation	Yes	No
6. Mandatory Survivors' Benefits	Yes	No

(Compiled by Senator David A. Croll, June 3, 1980)

Senator Croll: The first part I have there is "Liberal Vesting Rules." I tried to avoid the use of the word "Liberal" because here it has no political connotation; it is meant to designate "adequate" and I could not think of another word. Anyway, Liberal vesting rules—at the present time the vesting rule in most provinces is 10-40 years old. In Canada, of course, many workers change their jobs four or five times during their working lives. In those instances where an employee quits before vesting takes place, all he gets is the return of his contributions. The result is that at the end of his working life he has very little if any private pension benefits. The Canada Pension Plan, of course, is different. We have made a suggestion as to how this should be remedied, and it is vital that it be remedied.

• (2140)

The other requirements are universality and non-discrimination, and of course the Canada Pension Plan is available to all workers. The fact that the contributor is a man or a woman makes no difference; colour makes no difference. The only requirement is that one be a worker. The principle of universality is a valuable part of any pension scheme—

Senator Thompson: I wonder if I might ask a question of the honourable senator in respect of pensions and their portability.

Senator Croll: Certainly.

Senator Thompson: You have said that in the private sector there is no portability of pensions. What is the situation as far as persons employed in the public sector are concerned? I am thinking, for example, of an employee of a provincial government who decides to join the federal government. Does that individual have pension portability?

Senator Croll: Yes, a person moving from provincial government employ to federal government employ does have pension portability.

Senator Thompson: And is that true as far as every province is concerned?

Senator Croll: I cannot say definitely, but I believe that to be the case. I can recall going through that problem years ago when I was with the provincial government. It was a bit of a problem then but I do not believe it is today.

Senator Everett: Might I ask a question of the honourable senator? In speaking of the universality and non-discriminatory aspects of the Canada Pension Plan, I believe you mentioned that there was no discrimination on the grounds of sex or race, and you may also have included religion. Do you know of any major private pension plan that discriminates on those grounds?

Senator Croll: As between males and females, of course I do—they all do. Try to get the same rate for a woman that you get for a man and you will find that it is altogether different. They discriminate on the basis that women, on average, live longer than men, as well as for various other reasons.

Senator Everett: Would you mind enlarging on that?

Senator Croll: I would rather not enlarge on it until I have finished. However, the answer I have given you is correct.

Senator Everett: I am sorry you will not enlarge on it, because I think—

Senator Croll: In what respect do you want me to enlarge on it? What else can I say except that there is a difference?

Senator Everett: With respect, I do not think there is any difference in the benefits paid. I do not know of any difference. There may be differences in the rates, but those—

Senator Croll: Of course there are differences in the rates.

Senator Everett: Those are differences in the rates that are paid within the pension plan. The benefits, I think, are the

same. I really do not know of any discrimination that exists in a major pension plan.

Senator Croll: Women pay higher rates than do men in similar circumstances.

An Hon. Senator: And they get lower benefits.

Senator Croll: That may be. I am not sure as to that, but certainly I know that they do pay higher rates.

Insofar as portability is concerned, there is complete portability under the Canada Pension Plan. Outside the Canada Pension Plan, there is not much portability. For the most part, pensions cannot be carried from job to job.

The provisions relating to tax deductibility of pension contributions are available to private pension plans, as is indexing. While there is indexing under the Canada Pension Plan, only about 2 or 3 per cent of private pension plans are indexed. There is no indexing in a meaningful sense, and that is one of the things that is very important, particularly to those people who draw pensions.

Senator Marshall: Honourable senators, might I ask a question of Senator Croll? In light of the fact that Bill C-16 deals with an increase in the guaranteed income supplement under the Old Age Security Act, how does the Canada Pension Plan or the question of discrimination relate?

Senator Croll: You are the last one who should ask that question. I am simply putting this forward as a better way of achieving this than that suggested by the mover of the bill. The better way of doing it is through the pension system, and I thought it very appropriate that I should bring that to the attention of this house. Obviously, the House of Commons, having discussed this thoroughly, thought it appropriate, too.

Senator Marshall: Why do we need concern ourselves with the House of Commons?

Senator Croll: Dealing next with mandatory survivors' benefits, that, to my mind, is very vital. It is particularly vital to female spouses, who are often times left without survivors' benefits.

While I am at it, I might indicate that insofar as the investment in the Canada Pension Plan is concerned, it is a much better investment from the point of view of the individual than is the RRSP. In addition to the fact that an RRSP has front loading on it, the funds are not tied in. Unlike contributions to the Canada Pension Plan, moneys put into an RRSP can be taken out for a nice trip to the Caribbean. In addition, RRSPs are not indexed.

In all of these matters, honourable senators, I think I have indicated that there is a better way of doing it than the way in which the government is going about it at the present time.

Senator Choquette: Is it your intention to propose an amendment to this bill? I take it from all of your remarks that you are not satisfied with this bill in terms of its wording and its purpose and that you have an amendment to present. Is that the situation?

[Senator Everett.]

Senator Croll: You are perfectly right when you say that I am not satisfied, but this is not the time for amendment. I am simply indicating a better course of action that can be taken, and that is to expand the Canada Pension Plan to take in these people, thereby providing them with their own pensions rather than relying upon an increase of $35 or $25 or $15. That is the purpose of the exercise. That is what I am talking about.

Senator Marshall: Honourable senators, I would like to ask a further question of the honourable senator. Would he be prepared to recommend to the sponsor of this bill that the bill be referred to the Standing Senate Committee on Health, Welfare and Science where he can direct his attention to the changes he recommends and we in the Senate can finally stand on our bloody feet and ensure that legislation is passed for the benefit of the people he supports and to whom he had reference in his report *Retirement Without Tears?* Is the honourable senator prepared to do that?

Senator Croll: Honourable senators, I am in support of this bill and I would vote for it. If the honourable senator wishes to move that it be referred to committee, that's fine, but I am prepared to accept it now. I am merely suggesting that there is a better way of doing it than the course of action being taken at the present time—a much better way, and I thought it would be of interest to the Senate if I indicated exactly what it was I had in mind. I wanted to share with the Senate my views in this regard and to point out that we have a problem here that we have not been able to solve, and we have to do something about it other than what is proposed in this bill—a measure which I described as a band-aid treatment. When they are likely to do anything about it, I don't know. The government has said that it will appoint a pension commission to study the matter.

Senator Marshall: Let's get rid of the bloody problem. Let's stand on our feet in the Senate and do something about it, for cripes sake! Stand on your feet and don't kowtow to the government.

• (2150)

Senator McElman: Honourable senators, on a point of order, I don't think anybody should be asking Senator Croll to stand up and be counted. He has stood up and been counted for fifty years.

Senator Marshall: And I stood up and was counted for ten years in the House of Commons. Instead of being a bunch of phonies, it's bloody time—and I don't have to listen to you or anybody else—to stand up here and be counted, to protest legislation that is of no benefit to the people we represent. Don't give me that baloney.

Senator McElman: If you want to harass someone, harass someone like me, a partisan, but don't harass a Canadian like this one.

Senator Marshall: I represent as many people as Senator Croll or you, and I'll stand on my feet to protect the individual rights of the people I represent.

Senator Croll: If you were getting an increase in your pension you would accept it, the same as anyone else would. The people would rather have that than one band-aid approach, and you would not object if you thought about it a second time. But that's up to you.

Senator Marshall: We're going to be thrown out anyway, because we're pussyfooting.

Senator Croll: I have said what I originally set out to say in connection with this, and I have indicated that the government is taking up the question of a commission on pensions very shortly. When we went around talking about poverty, the answer we got half the time was, "Well, this has been studied to death. Why another study?" I indicated to you that there were already eight studies in existence on this very point, demonstrating, in spite of what some of you may think, that this is a vital and important problem. I cannot remember anything that has been so frequently studied in all the years I have been around.

The government intends to go on with this, and go on with it as quickly as possible. What I am suggesting is that we make sure that the government proceeds with respect to the question of pensions, which have been the most neglected aspect of our social security over the years. The pension we recommended is at no cost to the government. It is paid for by the people themselves. As long as people pay for it, we ought to encourage it and welcome it. I hope that the government will get the study—

Senator Marshall: Study be damned!

Senator Croll: —going as quickly as possible, and see that something is done about, first, compulsory retirement, which they are all in agreement with, and, second, the necessity for having a meaningful pension. Any member of Parliament, whether here or any other place, who can sit by and say that $248 is a pension worth considering or talking about—

Senator Marshall: Then stand up on your feet and block the bill.

Senator Croll: Quit gabbling, will you? All we are suggesting is that they double the $248 to $450 or $500 on top of the old age security, which would give a couple another $400 for a total of $900 to $1,000 a month. It is little enough for a man who has worked all his life—

Senator Marshall: Veto the bill.

Senator Croll: —to have at the end of his days.

Senator Marshall: Veto the bill.

Senator Croll: That is my suggestion, and I hope you can see some sense in it. I tell you this: no one has come up with a better solution that I can find. If you look at the American report that just came out last week, you will find they are going in the direction of doubling their social security to give their people some return, in one way or another, rather than starting out on a new course.

It is all very well to say that this is no good, but what else is? I have not heard any suggestions from anybody else for looking after these people—a million of them—that the senator spoke of that are poor and need help. How can you give them help until you set up a system that will work? Well, you can get this system, and it is paid for. I know of no better system, and until such time as someone comes out with a better one we ought to support this bill, which as I have said is merely a band-aid measure—and then do anything else we can to bring comfort and dignity to the vast number of working people in this country.

Senator Godfrey: Will the honourable senator permit a question? I gather from what he has said that he is recommending, instead of the GIS, this extra $35 a month, which would improve the Canada Pension Plan. How would that benefit people who are now over 65 and who do not qualify in any way for the CPP? Under the proposal of your committee it is going to take five years for these increased benefits to come into effect, in any event. How are these people who are now in need going to benefit while they are waiting for that five-year period to elapse?

Senator Croll: I started out by saying that I support the present bill entirely for what it does at the present time, but what I am suggesting is something else that will build for the future. We cannot do it overnight. It will take some time.

Senator Buckwold: I wonder if I could ask a question, not of Senator Croll—although I support everything that he has said—but of the mover of the bill.

The mover glossed over rather quickly the situation with regard to the provincial governments and their supplemental payments under their own laws and regulations. I am not sure whether the question can be answered by Senator Bird, but I would like to know why it is that only two provinces have agreed not to cut down on their payments. I presume that is what Senator Bird meant by what she said. I believe the two provinces in question are Nova Scotia and Prince Edward Island.

Senator Bird: No, Nova Scotia and British Columbia.

Senator Buckwold: I am sorry. Those two provinces have said that they will not cut down on what they pay for supplemental old age security, but the other provinces have not responded. It would be a shameful thing if the federal government turned around and paid the absolutely necessary and minimum $35 a month, at a cost of some hundreds of millions of dollars, only to find it taken away by the provinces. I wonder whether we could get some detail with regard to where this matter stands, as to what is the position of the provinces, as to what kind of correspondence or negotiations are going on, and whether it is likely that what we think will be going to old age pensioners, who need it so desperately, will end up in the treasuries of the provincial governments.

Senator Bird: I will certainly take notice of this. As far as I can find out—and I have been asked this question a number of times—the minister has written to his counterparts in the provinces and has had replies from only two. There is no way of knowing what the other provinces are going to do, but I will try to find out. I tried to find out this morning, but so far there

have been no more replies. One cannot force people to answer, of course. I can only hope that public opinion is so strong that the provinces will not deprive these poor people of these benefits.

Senator Buckwold: I appreciate the difficulty of obtaining responses, but I would hope there would be more than just discussions. If we cannot be assured that this benefit will end up in the pockets of those who need it, we should take a very careful look at the legislation with respect to those provinces who are not going to co-operate.

Senator Bird: I don't know yet whether they are not going to co-operate, but I will do my best to find out.

• (2200)

Senator Deschatelets: Honourable senators, may I ask a supplementary question on this matter? Would it be possible before conclusion of the debate for us to know the terms of the letter from the minister, the Honourable Monique Bégin, to the various provincial governments?

Senator Bird: I shall try to find that out, senator.

Senator Everett: Honourable senators, before debate on second reading of the bill is adjourned, may I say that earlier this evening I had an argument with Senator Croll with regard to the universality and non-discrimination of private pension plans. I am informed by Senator Godfrey that in respect of money purchase plans, where an annuity has to be purchased, there is indeed a discrimination against women in the amount of the payment, in the purchase of the annuity itself. Therefore, I apologize to Senator Croll, and take it that I have lost the argument.

On motion of Senator Macdonald, debate adjourned.

TWO-PRICE WHEAT ACT

BILL TO AMEND—THIRD READING

On the Order:

> Third reading of the Bill S-6, intituled: "An Act to amend the Two-Price Wheat Act".—(*Honourable Senator Argue, P.C.*).

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Argue is not here this evening, and he has concluded his remarks with respect to the bill. If it is the view of honourable senators, I would move, seconded by Senator Petten, that the bill be now read the third time.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I must seek your indulgence to detain the house briefly on this bill. I have had an opportunity of reading the minister's statement on closing the debate on second reading, and I must say that he leaves me up in the air on a few points. While he is not here tonight, I had better put my views on the record, and perhaps he will find an opportunity at some time to let me know what his reply might be.

One of the questions that I put to him during the debate was as to referring the bill, and matters connected with it, to the Canadian Wheat Board Advisory Committee. I asked him whether that board had considered this policy.

I notice that in his speech he said that they had considered the policy. That really begs the question: What did they say, what did they decide? I leave that question for him to consider at his leisure.

I also asked about the review called for by section 5(3) of the Two-Price Wheat Act. This provides for an annual review by the minister. Again he said at the last sitting that they did review it, but my question really was: What did they say; what was the finding of the review? I would be obliged if that information could be given.

I also referred to the fact that a new set of parameters was announced recently by the minister with respect to the two-price system on bread wheat as being a floor of $5 per bushel and a ceiling of $7 per bushel for basis 1 CW 13.5 per cent protein wheat at Thunder Bay. That constitutes a distinct advance over what we had before, but it leaves open two matters. First, I notice that in connection with Durum wheat, on which the same system applied in the past, the new arrangements do not specify any ceiling. So, in effect, the possibility of subsidy by the farmers to the consumers in respect of Durum wheat is eliminated.

I should like to know what is the difference. Why did we eliminate it on Durum wheat and why did we retain the ceiling in connection with bread wheat? It would strike one as being reasonable to suppose that if it was a sound policy in connection with one kind of food, namely bread wheat, it was equally sound policy in connection with another kind of food, namely, Durum wheat. Perhaps too much Durum gets into the cake, and perhaps the minister has a rooted objection to cake as opposed to bread. But, in any case, I would like to know what is his rationale in that respect.

The most important point I have to make is the last one—the question as to the date on which this new policy comes into effect. I notice that it is August 1 next. When the matter was first raised in the house, the minister expressed great sympathy with the plight of the western farmer who had been subsidizing consumers to the tune of about $25 million up to this date, according to one set of figures which I believe is reasonably accurate.

I gathered from what he said that he would like to remedy this injustice. In fact, I suppose that is what his announcement is supposed to do. In that case, why did he wait until August 1. There was the new crop year, to be sure; but why not start on June 1, because otherwise we are going to have the farmers in a position of continuing the subsidy, which is worth from $5 million to $8 million a month, for an unnecessary two months. It could have been made effective on June 1 and not August 1.

I would very much like to know the reasoning for the 60 days' delay. It becomes particularly pertinent these days because I think we may all look forward to a less than average crop in many parts of western Canada this year. That I fear will certainly be the case in my own province of Manitoba.

So it seems to me that it would have been an act of justice, prudence, equity—however you want to say it—that if you recognize the undesirability of continuing this farm subsidy to the consumer, then the sooner you put an end to it the better. There was an opportunity to put an end to it on June 1 of this year and we find that it is going to be ignored and that the actual date will be August 1.

I hope the minister has a rationale for this action that may convince me, but I shall be rather surprised if he has. I certainly hope that in the course of our proceedings he will be able to justify the reason for this failure to rise to what I think is a reasonable opportunity to act in an equitable manner toward the wheat producers of the country.

I do not intend to oppose third reading, but I did wish to place those comments on the record.

Motion agreed to and bill read third time and passed.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 363.*)

ADDRESS
of
HIS EXCELLENCY JOSE LOPEZ PORTILLO
President of Mexico
to
Both Houses of Parliament
in the
HOUSE OF COMMONS CHAMBER, OTTAWA
on
Monday, May 26, 1980

The President was welcomed by the Right Honourable P. E. Trudeau, Prime Minister of Canada, and thanked by the Honourable Jean Marchand, Speaker of the Senate, and the Honourable Jeanne Sauvé, Speaker of the House of Commons.

[*Translation*]

Hon. Jeanne Sauvé (Speaker of the House of Commons): Hon. members of the Senate and House of Commons are happy to welcome His Excellency Jose Lopez Portillo, President of Mexico.

[*English*]

Excellency, we are deeply moved by the honour you do us of addressing this joint meeting of members of the Senate and of the House of Commons.

[*Translation*]

I call upon the Right Honourable the Prime Minister of Canada to introduce our distinguished guest.

Right Hon. P. E. Trudeau (Prime Minister): Your Excellency, Mr. President of the Republic of Mexico, Mr. President of the Chamber of Deputies of Mexico, Mr. President of the Senate of Mexico,

Madam Speaker of the House of Commons, distinguished members of the Parliament of Canada.

On behalf of the people of Canada and of their parliamentary representatives, I have the honour to extend a heartfelt welcome to you, Mr. President, to the Heads of the Mexican Chamber of Deputies and Senate, and to the Ministers and other high representatives of your Government who accompany you on this visit.

Since our meeting in Mexico City in January, 1976, Mr. President, I have been greatly impressed by your country's growing stature in the global community of nations, a growth which Mexico's many Canadian friends had both desired and predicted.

Canada welcomes your country's determination to use its stature to contribute effectively to the enhancement of global stability, which has been seriously disturbed in recent months.

In response to such dangerous threats to world order as the invasion of Afghanistan by the Soviet Union, and the violation of the immunity of diplomatic persons and premises by Iran, Canada believes it is essential for other countries to give firm, practical and united expression to their opposition to such serious transgressions of international law.

[*English*]

Mexico and Canada agree that the goal of global peace with justice must be approached by other paths as well and especially by responding more effectively to the needs of the world's developing countries. I therefore look forward, Mr. President, to discussing with you the critical issue of greater co-operation between the groups of nations which have come to be known as the north and the south.

We acknowledge Mexico's earned status as one of the leaders of the Third World and as a country which has helped to focus attention on the urgency of international development. The wide ranging proposals which you yourself, Mr. President, put forward at the United Nations General Assembly last autumn were a particularly valuable contribution.

The problems of the least developed countries are especially compelling. There can be no real solution until the world community finds the will and the way to replace sterile rhetorical confrontation with a united and practical response to the poverty, hunger and stunted economies which oppress so many of the world's peoples. We look forward to working with the Government of Mexico to help find the will and the way.

Mr. President, we discussed this morning with our ministers ways in which our two countries might enrich our bilateral relations. It is true, of course, that our relations do go back hundreds of years. You may know that one of Canada's most illustrious explorers, Samuel de Champlain, visited Mexico City in 1599 when your capital was a thriving community of

some 100,000 Spanish and aboriginal souls. He was so taken with the beauty of your country, sir, that he did not come to our country until a few years later as a sort of second choice.

Happily, in recent years there has been more frequent travel between our countries. It has resulted from a growing awareness of how we can meet many of each other's needs and a growing consciousness of how many things we have in common, not the least of which is a friendly neighbour with whom we share a border.

We also share similar aspirations for industrial and economic development. We have long enjoyed a mutually beneficial trading relationship, and Canada has been an important source of financing for Mexican development. I note that while Canadian imports from Mexico are still dominated by agricultural products, the pattern of trade has broadened to the point where Canada now purchases a more diverse range of products from Mexico than from any other Latin American country.

World conditions have now brought us to a moment of full potential for closer economic relations in the future. Canada looks to Mexico as a secure supply of oil for our eastern provinces. Mexico looks to Canada as a supplier of the industrial equipment and technology which you need in order to fulfil your goal of economic diversification.

There can be no doubt that your visit has produced considerable progress toward agreement which will help satisfy the needs of both countries.

[*Translation*]

Mexico and Canada share a rich and varied cultural heritage which took root far back in our history, at the time when the original people of North America were its only inhabitants. The later contributions of European civilization have resulted in a lively cultural sharing, of which both countries are justly proud.

Twelve years ago, Mexico and Canada began their formal cultural relations with an exchange of notes. There followed in 1973 an agreement on annual exchange visits by young specialists and technicians. More recently, in 1976, I had the great pleasure and honour of signing in Mexico City, with your predecessor, a cultural agreement covering a wide range of activities in the fields of information, fine arts, theatre and telecommunications.

Mr. President, your visit is the occasion of a new meeting between two countries, both of whom are eager to contribute to peace and international justice. I am confident that, together, Mexico and Canada can make a greater contribution to our hemisphere and to the world. For all these reasons, sir, we welcome you.

His Excellency Jose Lopez Portillo (President of Mexico): Your Excellency the Prime Minister of Canada, Honourable Members of Parliament, ladies and gentlemen.

I consider it an honour and an opportunity to be welcomed in this stately chamber that serves as a meeting place for the representatives of the noble Canadian people. The expressions of cordiality that you have shown me have augmented and reaffirmed both the official and private tokens of esteem I have received during my sojourn in this generous country. I wish, consequently, to express to you my own gratitude together with that of the Mexican people.

I am returning from a trip that has taken me away from this continent, and, as occurs in such cases, I am returning filled with reflections on geography and time. My first impression is that Canada, the same as Mexico, belongs to the New World not only geographically, but also spiritually. Despite the great distances existing on the American Continent, Canada is close to us and is inevitably linked to our own destiny.

Return to this continent leads us to the immediate and irrefutable reality that we are members of the great family that shares this continent, despite the fact that the most notable characteristic of this family and this territory is its diversity.

From this perspective, the problem of our relations should be posed as a necessity and not as something merely desirable; that is, as a geopolitical destiny more than an enumeration of affinities and specific coincidences.

Canada has gained new prestige, but it has not lost its former prestige. Despite its formidable industrial and urban growth, it continues to bring to mind an image of a nation of pioneers, an image it deserves in view of the concerted efforts expanded by this tenacious and hardworking people in every sphere.

The Mexican people are also persistent. They have been able to surmount rigorous historical tribulations and thereby strengthen their national identity. Their great historical battles are the culmination of a process of sovereignty and the initiation of new processes of sovereignty. The struggle for our independence was not won on a single occasion. It is a daily struggle that cannot be abandoned.

Canada and Mexico know the value and the price of independence, and they are open to any kind of exchange that does not imply dependence and subordination. We respect the rights of other nations and affirm here that the recognition of these rights is the basis of international order.

Consequently, although we, the three nations that constitute North America, should set down systematically revisable rules that will ensure improved co-existence and co-operation, we must not forget that the differences in the kind and extent of our development make it impossible under present-day circumstances to form a regional economic association of either a general nature or with specific reference to energy. Let us promote our bilateral relations, but let us not seek to establish artificial entities based on a single factor—the geographical factor, as important as it may be—but rather let us promote relations in which other equally important elements for the economic integration of several countries are presently lacking.

The focal point of the European Economic Community is support for the relatively homogeneous development of the nations composing it. This is not the case in North America.

As far as Mexico is concerned, we believe that the establishment of such an entity would inevitably impede our industrial development and perhaps oblige us to extract and export raw materials indefinitely for the use of the most developed societies. Even in the specific field of energy the exploitation of hydrocarbons has very different connotations in accordance with varying degrees of development. For us it will serve above all to create new sources of employment and to stimulate industry and agriculture. For an affluent society the high levels of consumption of hydrocarbons, which some deem to be excessive, serve to sustain a very high standard of living to which we cannot aspire at the present time. In such circumstances, I consider it difficult for us to arrive at a common strategy for the exploitation, future and use of energy unless they are included within a system of total responsibility on the part of mankind. This is what we have proposed to the United Nations.

The recent crisis convulsing the world is precisely the result of a lack of repesct for the independence of weak nations. Local conflicts and the permanent threat of global war are the result of a power mechanism bestirred by the craving for territories and markets.

For this reason, Mexico's efforts in favour of general and complete disarmament may be considered among mankind's noblest causes. The Treaty of Tlatelolco, for which Mexico is depositary, is a decisive step toward preserving a vast geographical area from nuclear destruction. This, however, is but barely a beginning, and it will only have full validity when it transcends the regional sphere and becomes a model for other similar treaties.

Universal acceptance of the rule of law—both domestically and in relations among nations—is the irreplaceable foundation of the social order. All societies, whether simple, complex, conservative or revolutionary, need law to preserve their unity and their coherence.

In any circumstances, but particularly in a time of crisis, it is absolutely essential for the international community to reaffirm the validity of its legal institutions. Defending the United Nations means defending the standards that govern peaceful coexistence among States and the supremacy of law over force.

We recognize, of course, that the United Nations' political and administrative machinery is not always effective in solving the world's problems. The scope and pace of its procedures are frequently not commensurate with the scope and pace required to solve such problems.

The political problems that have arisen in recent months call for the good offices of countries not directly involved in the conflicts. The concerted action of countries that have demonstrated their devotion to independence and for that reason enjoy international prestige may have, in certain cases, a profound impact on the solution of international conflicts.

Peace, however, is not merely the result of anti-war activities. The pacifism of the between-war period is a thing of the past. Now we know beyond the shadow of a doubt that peace is not possible without equitable development.

In order to achieve such development, we are committed to the establishment of a new international order, which is the only viable alternative to our decaying economic institutions. Inflation, unemployment, monetary chaos or the progressive indebtedness of the underdeveloped countries presage even worse evils, such as recession and famine.

The new international order in its political and economic aspects concerns—or should concern—all the nations of the world. To present it as a plan that derives exclusively from the developing countries is a grave and deliberate departure from the truth, unless, of course, we were to invent a happy world in which only consumers existed and in which neither raw materials, work nor the financing of trade were necessary. The critical elements that endanger peace are the developing countries that have to contend with social confrontations, economic crises and cravings for hegemony or spheres of influence. Everything here is related to everything else.

As part of this new international order, we have proposed the establishment of a world energy plan to the United Nations General Assembly in order to rationalize the production, distribution and consumption of energy. This plan anticipates using the resources derived from present energy sources to develop alternative energy sources.

This plan must include all the members of the international community. Therefore, each country—rich or poor, producer or consumer—must assume proportional responsibility to guarantee its implementation. At the present time the energy problem can only be resolved by the concerted action of the international community—not by the silent manipulation of dominant transnational interests.

The relations of mutual respect and friendship that exist between Canada and Mexico guarantee a proper framework for broadening our political, economic and cultural relations, and we have the will and the resources to bring this about.

In the economic sphere, we are especially interested in the possibility of making joint investments in certain specific projects.

We attach particular significance to political collaboration between our nations, since we are convinced that a common approach to certain international matters can help to strengthen the cause of peace and security both on this and other continents.

Your Excellency,
Honourable Members of Parliament:

We are embarking upon the next-to-last decade of the twentieth century under the shadow of grave international threats of war. The economic disorder of recent years is compounded by a generalized and acute crisis of confidence in all realms. This difficult state of affairs has even undermined the basic principles of peaceful coexistence among men and nations.

We have no desire to dissemble the wounds and scars of the world we live in. Rather, our aim is to transform it. We have little time left in which to do this, but we cannot renounce our

commitment to forge the roads along which the new forces of life will march.

I pledge my faith in the future and in the fraternal relations between Canada and Mexico.

[*Translation*]

Hon. Jean Marchand (Speaker of the Senate): Mr. President Portillo, Mr. Prime Minister of Canada, Madam Speaker, honourable colleagues of the Senate and of the House of Commons, ladies and gentlemen, in 1973, we had the great honour to welcome in this House your predecessor, Mr. President, who came to convey to us the solemn testimony of the friendship uniting Mexico and Canada. Your presence among us today vouches for the constancy of this faithful friendship. Before acceding to your high functions at the head of the State, you had foreshadowed in your writings and teachings what has been your government's program for three years now. You summarized it in two short and strong phrases which call for the reinforcement of the structures of freedom and justice and the enrichment of the values which are fundamental to national coexistence. We are also of the opinion that in the life of every nation there must exist a dynamic relationship between the institutions with which a country endows itself and the values and aspirations they represent.

Mr. President, your visit takes place at a milestone of our history where that balance must be achieved anew. Please rest assured that Canadians will be up to that perpetual challenge as they have always been.

[*English*]

Mr. President, you called our attention to the urgency of searching also for the right equation in the international economic arena. We will ponder your views and the remarks by the Prime Minister about the growing and necessary interdependence between the economies of the world. Canadians have always been concerned about basic human needs. They are becoming more aware that the problem is complex, that there is no easy solution and that a wide range of interlocking issues will have to be tackled with patience and determination by all parties concerned.

We thank you, sir, for your visit and we hope that your talks with Canadian ministers will lead to a further strengthening of ties between our two countries to their mutual benefit.

[*Translation*]

Your Excellency, please accept our most heart-felt gratitude and offer our best wishes to your magnificent country.

Hon. Jeanne Sauvé (Speaker of the House of Commons): Mr. President, I have the honour of expressing, on behalf of each and everyone of my colleagues, the joy that we feel at hosting you here in the House of Commons of Canada.

[*English*]

We have listened to your speech with great interest because it reflects your feelings and those of your countrymen toward our people and our country.

You emphasized that Mexico had to bring about unity in order to establish a homogeneous community whose mission is to create the type of climate most likely to favour the prosperity and welfare of your citizens while respecting their differences.

[*Translation*]

That reminds us that we too, like yourself and your people, must abolish the gaps that would prevent Canadians from feeling united within this family which bears a great deal of resemblance to yours and within the larger family which occupies the entire North American continent.

Your words bring to light the need for this constant co-operation between peoples who defend the same values and who are trying to promote a heritage with common roots in civilization.

Mexico is a fascinating country which has a special appeal to people the world over. Its spectacular geography, composed of bodies of water, forests, plains and mountains, projects an image which encompasses the multiple facets of a country whose vibrations echo the life of the old and the new world. Your culture, your civilization, your architecture, your monuments, your folklore, your music and your literature form a blend of new wealth and old treasures. Your country still retains the secret of the language and thought of its first inhabitants, a language that has not yet been deciphered but which, through its multitude of signs and its variety of images, expresses the thought, the psychology, the joy, the pains and the hopes of a people who preceded us by far in America. It is never without deep emotion that we walk your land in the hopes of discovering old paths which will bring us back to the dawn of human life and wisdom. The meeting of the civilizations of old and of the new one which followed it have produced the jewel that is Mexico. It is with pleasure that I say to you how much we admire your political, cultural and social edifice which is greatly envied by all those who give priority to the fundamental values of society.

[*English*]

Mr. President, you have done us the honour of bringing with you a large delegation of most distinguished politicians and citizens. I would like to extend my most sincere greetings to these distinguished visitors and I wish to assure them not only of our interest, but also of our affection.

In closing, please allow me to express once again, on behalf of all members of the House of Commons, on my behalf, our heartfelt thanks. There are links between Canada and Mexico that we would like to reinforce and extend through more frequent meetings between the representatives of our respective Parliaments. I would ask you, Your Excellency, to take this message to your countrymen as well as our warmest wishes for their welfare and progress.

[*Translation*]

Let me now say that this House stands adjourned.

THE SENATE

Wednesday, June 4, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

QUESTION PERIOD

[*English*]

FOREIGN AFFAIRS

UNITED STATES FOREIGN POLICY—REPORTED CRITICISM BY SECRETARY OF STATE FOR EXTERNAL AFFAIRS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I am pleased to see Senator van Roggen in his place today. Perhaps he can now answer the question I put to him, through the Leader of the Government, last night. Senator van Roggen has no doubt read last night's *Hansard* by now, so I do not need to repeat the question. I would merely ask him to reply to it.

Hon. George van Roggen: Honourable senators, at the outset let me say that I am sorry I was not in the Senate chamber last night when this question was posed. I was unavoidably detained on very important public business at the time and I was late arriving in the Senate.

Senator Flynn: No doubt.

Senator van Roggen: In reply to the question posed by the Leader of the Opposition, I can only say that the Foreign Affairs Committee, I am sure, would want to give serious consideration to inviting the Honourable Mark MacGuigan to appear before the committee.

As honourable senators are aware, the block system we have for committee meetings places certain strictures on the scheduling of committee meetings. I am sure the Leader of the Opposition would not wish me to set aside the appearance on Tuesday next of the former leader of his party, Mr. Stanfield, to accommodate an appearance by Mr. MacGuigan, but certainly consideration can be given to calling a meeting for that purpose.

I might point out that Mr. MacGuigan will be appearing before the appropriate committee of the other place on Tuesday next relative to his departmental estimates, and while that appearance has nothing to do with his remarks of the other afternoon, no doubt he will be questioned very fully at that time. In the light of that hearing, the Senate Foreign Affairs Committee might well want to consider whether it too should have the minister appear before it.

Senator Flynn: I concur in the position taken by Senator van Roggen. Certainly, Mr. MacGuigan's appearance before the committee of the other place would provide him with good practice prior to his appearance before our committee. I do not doubt that the chairman would want to question Mr. MacGuigan about the propriety of discussing the foreign policy leanings of Mr. Ronald Reagan, the former Governor of California, in light of the possibility of his being elected President of the United States.

Senator van Roggen: I do not know whether that is a further question, but I certainly do not wish to disturb my digestion by speculating on all of the different prospective presidential candidates in the United States.

ENERGY

PRICE OF DOMESTIC OIL—FEDERAL-PROVINCIAL NEGOTIATIONS

Hon. Lowell Murray: Honourable senators, my question is for the Minister of State for Economic Development and concerns the leisurely pace of negotiations between the federal government and the oil-producing provinces. Can the minister indicate when these negotiations will be resumed?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, those negotiations, to my knowledge, will be resumed within a week or perhaps a little more, and I say that without accepting the description that they are going forward at a "leisurely pace."

• (1405)

The honourable senator will know, of course, that the present agreement expires on July 1, and therefore the federal government views with some urgency the matter of attempting to complete those negotiations with an agreement satisfactory to both sides before that date. It may be that there can be an agreement to take some more time, if that is necessary, but I think the Minister of Energy, Mines and Resources has demonstrated not "a leisurely pace" but rather an urgent pace. It may be that the producing provinces would like to have some more time to consider the proposals that have been put before them.

Senator Murray: By way of a supplementary: The minister did indicate on May 14 that if there were some substantive matters that could be reported relating to the discussions going on, he would try to report those in the Senate by June 1. I wonder, in view of his reference today to the proposals made by the federal government to the producing provinces, whether he would like to elaborate and enlighten us on their content.

Senator Olson: In response to that question, I think I could do no better than to repeat the position taken by my predecessor. I do not have the quotation right in front of me, but what it says essentially is that it might either frustrate or jeopardize

negotiations that are going on. Therefore, until there is an agreement that both sides negotiating are prepared to make public their positions, it would not be in the interests of reaching conclusions quickly to give that. I know what I said to my honourable friend about the June deadline, and I can tell him now that the negotiators on both sides are not prepared to go public with the terms and conditions they have offered.

Senator Murray: One final supplementary: Can the minister explain the rationale for postponing the resumption of negotiations with the oil-producing provinces because of the constitutional talks beginning on June 9? What is the connection there? Is it beyond the capacity of the federal government to carry on two sets of negotiations dealing with two separate subjects at the same time?

Senator Olson: I don't think it is beyond the capacity of the federal government, but there is in some ways a relationship with respect to this. Of course, now that in the whole country a vast amount of goodwill, if that is the word, has been generated to make some positive movement on constitutional amendments that have been nearly agreed to—but not quite—for more than 12 years, it would be wise to avoid anything that might frustrate that. For example, the division of powers sometimes involves the making of exchanges as between one section of the Constitution and another. It seems to me that some of the matters that have been brought to a head because of the vote in Quebec ought to be completed, and completed soon.

DELAY IN DEVELOPMENT OF ALSANDS PROJECT—EFFECT ON ONTARIO

Hon. R. James Balfour: Honourable senators, I have a question for the Minister of State for Economic Development. With less than a month to go before the existing oil-pricing agreement expires, time is also running out on any prospect that the Alsands project will commence development this year. I wonder if the minister will inquire—I realize he will have to take this question as notice—and in due course inform the Senate of the number of potential new jobs which Ontario will lose this year if the plant is delayed as a result of the failure of the federal government to reach an oil-pricing agreement with the producing provinces.

● (1410)

Hon. H. A. Olson (Minister of State for Economic Development): What the honourable senator has done—and honourable senators on that side keep doing it—is to ruin his question by putting something into the preamble that I cannot agree with—in this case, for example, that it is the federal government's fault. In my opinion the federal government, at least since February 18, has demonstrated a greater urgency of reaching a conclusion on all of these matters, including an arrangement for oil sands and, indeed, a subsequent tar sands plant, than was demonstrated during the eight or nine months that my honourable friend's colleagues opposite were in charge of the negotiations.

Senator Flynn: And here we are nearly six months later.

[Senator Olson.]

Senator Olson: No, we are not; but, in conclusion I will say that I will take the question as notice.

PARLIAMENT BUILDINGS

EAST BLOCK—OFFICE ACCOMMODATION FOR SENATORS

Hon. Daniel A. Lang: Honourable senators, I have a question to direct to the Leader of the Government. Last night I enlisted the support of my colleague Senator Williams to test the security of the East Block. We found it to be quite effective. It was manned by House of Commons staff.

If my assumption is correct that that building is still under the jurisdiction of the Department of Public Works, then under what authority is the House of Commons staff providing security forces for that building?

Further to that, I understand all senators here received a memo this morning from the Honourable Don Johnston informing us that he now has new offices located in room 119 of the East Block.

Senator Flynn: Who said that?

Senator Lang: The Honourable Don Johnston in a memorandum dated June 2, which was on our desks this morning.

Senator Flynn: You are lucky. I did not receive that.

Senator Lang: Could the Leader of the Government advise us under what authority the Honourable Don Johnston has made that announcement?

Hon. Raymond J. Perrault (Leader of the Government): I will take the question as notice. Let me assure honourable senators, however, that there will be Senate representation in the East Block when, ultimately, the new offices are brought into sufficient condition for occupancy.

Senator Flynn: Is the Leader of the Government implying that he did not receive that notice either?

Senator Perrault: Mr. Johnston did not apply to me for permission to send out the notice.

Senator Flynn: But did you receive a copy of the notice?

Senator Perrault: Honourable senators, I have not yet had an opportunity to look at the memorandum, but I do not think there should be undue concern on the part of honourable senators, many of whom I feel sure will be occupying space in the East Block.

ENERGY

PRICE OF DOMESTIC OIL—FEDERAL-PROVINCIAL NEGOTIATIONS

Hon. Richard A. Donahoe: Honourable senators, I have a question for the Minister of State for Economic Development. In the hope of eliciting more information than is usual when I ask questions, I will try to be brief.

Senator Olson: Good!

Senator Donahoe: Will the minister tell us if it is a fact that, should the taxation system be de-indexed, the federal government will then receive the bulk of its additional $1.7 billion in revenues from lower-income Canadians?

Hon. H. A. Olson (Minister of State for Economic Development): Well, honourable senators—

Senator Flynn: You try brevity, too.

Senator Olson: I sincerely appreciate the brevity of my honourable friend's question, but, of course, he has broken one of the other rules, and that is that ministers do not answer hypothetical questions.

Senator Asselin: What rules?

Senator Donahoe: Then let me move by way of a supplementary question from the hypothetical to the actual.

Given statements by various ministers that assistance to energy consumers in Atlantic Canada, assistance to energy development projects in western Canada, and the maintenance of the indexing provisions of the taxation system will likely only proceed if a generous agreement is reached with the energy producing provinces, will the minister be good enough to find out and report to us what other federal commitments are dependent upon the size of the federal take from the yet-to-be-negotiated energy price?

Senator Olson: Honourable senators, I take that question seriously, but I find it difficult, because I like to give accurate and precise answers to questions.

Senator Perrault: Hear, hear.

Senator Flynn: That is why you never reply.

Senator Olson: But the honourable senator knows very well that when announcements are made on the negotiated package with the producing provinces they will obviously be announced by the Minister of Energy, Mines and Resources, because he is the minister responsible for carrying out those negotiations. I can give him the undertaking that I will bring that information to this chamber as quickly as possible from wherever he makes that announcement. Presumably it will be made in the House of Commons. I say again, as I have said so many times—I am getting tired of hearing myself say it—that I cannot make announcements for and on behalf of other ministers until they themselves are ready to make the announcement.

● (1415)

Senator Flynn: We tried to explain that to you last year, but without success. It seems that you now understand.

[*Translation*]

FINANCE

INCREASE IN DEFICIT—GOVERNMENT TAXATION POLICIES

Hon. Guy Charbonneau: Honourable senators, my question is directed to the Minister of State for Economic Development. The deputy minister stated, when he appeared before the Senate Committee on National Finance that the problem of the national deficit will not be solved by a decrease in public spending. On the other hand, two days later, the Governor of the Bank of Canada indicated that the government should reduce public spending. As those two distinguished gentlemen are doubtless advisers to the government on its fiscal policy, are the minister and his colleagues seriously concerned about those major differences of opinion?

[*English*]

Hon. H. A. Olson (Minister of State for Economic Development): Perhaps the honourable senator can positively identify that there is a serious difference of opinion; but this question was asked of the Prime Minister in the other place yesterday. There is a clear, precise, complete answer on page 1682 of Commons *Hansard* concerning the government's position. Possibly it is against the rules to quote from *Hansard* of the other side.

Senator Flynn: Not at all.

Senator Olson: In response to the honourable senator's question, let me quote from what the Prime Minister said:

> —it seems to me that the result of an analysis made by the Deputy Minister of Finance would stand for itself. It seems to me to be a perfectly valid statement. We cannot cut expenses to the tune of some $14 billion. Therefore, if we want to reduce the deficit, at some point there will have to be an increase in taxes.

In different words that is exactly what I said in this chamber yesterday. There is then another long statement. I would recommend that my honourable friend should read it, because it is so clear.

Senator Flynn: It is clear to you.

Senator Smith (Colchester): It is clear that you are going to raise taxes.

[*Translation*]

Senator Charbonneau: On a supplementary. The Prime Minister, as you say, indicated that taxes would have to go up in order to reduce the tremendous deficit—or to borrow the English word that was used—the horrendous deficit, which I believe is estimated at $14,165 million. As the oil price subsidies are responsible for the major part of that deficit, can the minister tell us whether steps are being contemplated to alleviate their impact.

[*English*]

Senator Olson: Yes, honourable senators, there are many measures being contemplated to alleviate the situation, on both the income and expenditure side. However, I should caution my honourable friend that I will not go into details, because they are part of the negotiations now going on between the Government of Canada and the producing provinces.

Senator Charbonneau: Mention was made in the other place that there would be a general tax increase in order to narrow the deficit.

[*Translation*]

I have another question in French: does the minister consider it fair that the entire population, through the generally

expected increase in taxes, should subsidize the consumers of oil products?

[*English*]

Senator Olson: Honourable senators, I suppose there is no such thing as a tax that is applied equally to everyone across the country. I think my honourable friend will recognize that this so-called justice, or what may be termed "fair," can be specifically applied to almost any tax. It depends on how much of the product you buy, if that is where the tax is levied, or, if it is income tax or corporate tax, those levels change, depending on what category you are in, and so on. I would not try to make the argument, therefore, that it is fair. What I do know is that the revenues from general taxes, and, indeed, from all specific taxes, are used for all expenditures. Whether or not there is a direct relationship between where you collect the tax and where you spend the revenue from tax is sometimes pretty hard to specify or articulate.

• (1420)

Senator Charbonneau: Honourable senators, what I am trying to say is that with regard to the user-pay policy, the tendency that seems to be emerging is that the additional revenues are going to be taken from the population at large, instead of the users of petroleum products, and I think that is manifestly unfair. I am not saying it has been done, but there certainly is a tendency in that direction. Everybody seems to be talking about it, from the Prime Minister down to deputy ministers and other ministers.

Is it the policy of the government that these subsidies, as you just said, will be financed through general taxes, or through the users of petroleum products?

Senator Olson: The most accurate answer I can give is that it may be one or the other or a combination of both.

Senator Flynn: So what else is new?

CANADIAN WHEAT BOARD

SALE OF GRAIN TO THE PEOPLE'S REPUBLIC OF CHINA

Hon. Gildas L. Molgat: Honourable senators, I have a question to address to the Minister of State responsible for the Canadian Wheat Board.

I understand there are rumours circulating in Winnipeg of a potential substantial wheat sale. Naturally, I would not seek any information if it were going to jeopardize such a sale, but I wonder if the minister can confirm what I have heard or give us some information?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I am pleased to be able to reply to the Honourable Senator Molgat that indeed the Canadian Wheat Board has just concluded a very substantial sale of wheat to the People's Republic of China, in the amount of 1.4 million tonnes. This is a very substantial sale, and one that—

Senator Flynn: Did you get notice of the question?

Senator Argue: No, I did not.

[Senator Charbonneau.]

Senator Flynn: For goodness' sake. What a coincidence.

Senator Argue: Well, you know, this is strange. Honourable senators opposite ask questions, and they are legitimate and excellent questions. If a question comes from this side they suspect it. There are intelligent senators on both sides of the house, and I would like to encourage my colleagues on this side, as well as my colleagues on the other side, to ask questions. If possible I would like them to give me notice, because sometimes I am a little slow in replying. In any event, please ask questions.

The Canadian Wheat Board has been successfully selling to the Chinese market for some years.

Senator Flynn: Look! He has a written answer.

Senator Argue: I am not reading from what I have in front of me. I am not reading.

Senator Flynn: Then why did you bring it into the house?

Senator Argue: These intrusions are not helping. This is an excellent sale, in an amount of 1.4 million tonnes.

Senator Olson: That is a lot of wheat.

Senator Argue: It is a continuation of a 3-year agreement for the amount of eight to ten million tons of wheat. This very large sale is to be delivered within the next six months. I am certain that the Wheat Board will be able to meet the target. My friends opposite can snicker, but I am proud that we are able to maintain our market in China. It is excellent for our grain producers because China is one of the biggest markets in the world, and it is continuing to look to Canada as a major supplier.

• (1425)

Some Hon. Senators: Hear, hear.

Hon. Stanley Haidasz: I would like to ask the Minister of State for the Canadian Wheat Board whether he will take this house into his confidence and tell us about the terms of the sale, whether it is $5 a bushel or $8 a bushel?

Senator Argue: The Wheat Board, as a good business organization, does not always disclose the details of every single sale it makes. These sales will be at current prices; they will be at prices available to other nations of the world. The asking price today is some $5.40 a bushel for No. 1 CW Red Spring out of Thunder Bay. I am not going to ask the Wheat Board for that kind of detail, because on reflection I do not think the honourable senator would wish to have that kind of detail.

Senator Flynn: If you had been warned in advance, you could have given a definite answer. In any event, would you give our congratulations to the minister responsible for the Wheat Board?

[*Translation*]

Hon. Martial Asselin: I have a supplementary question. The statement made by the Minister of State responsible for the Canadian Wheat Board is an important one. But instead of making it the way he did, that is in answer to a question asked

by a senator of his own party, I think that both in this house and in the other place, ministerial statements should be made as a rule on matters as important as the announcement just made by the minister, in order to allow the honourable senators of the opposition to comment on the policies implemented by the government.

Obviously, it should always be possible for the minister to make statements in favour of partisan policies, as he just did. Since this is an important policy statement of consequence for Canada, I think he should be fair to all members of this house, and particularly to the senators of the official opposition, and advise them in advance of the content of any ministerial statement, so as to enable us to give a better answer and either commend or criticize the government for its decisions.

[*English*]

Senator Argue: I don't know about the proposition that one should give advance notice of an announcement. I spent many years in the House of Commons—

Senator Asselin: That was a long time ago.

Senator Argue: —and I made many comments in reply to a minister who had made a statement. I cannot recall him ever having given notice. The member just had to stand up and do the best he could. In any event, I think the suggestion is a good one.

I am not an expert on the rules, but as I read our order of business, there is clearly not a place for statements on motions. If we all agree that at a given point in our proceedings there should be a place to stand up and say, "Honourable senators, I have a statement to make," and if honourable senators will accept that as being a proper procedure, I am prepared to do it.

Some Hon. Senators: Hear, hear.

Senator Argue: I don't think that procedure is now provided for in our rules, but if we agree that on some particular item one can stand up and make a statement, I would be prepared to go along with that.

Senator Asselin: Would you be prepared to give the opposition an advance copy of statements that you propose to make in this chamber?

Senator Argue: I would not commit myself to that proposition at this time.

Senator Asselin: As you know, this has been done in the other place for a long time.

Senator Argue: If this is a practice in the House of Commons, I would be glad to consider it. I doubt very much that it is a practice, but I would be prepared to check.

PAYMENT FOR PROTEIN-TESTING EQUIPMENT

Hon. Martha P. Bielish: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board. Will the minister confirm whether since August 1979 producers have been paying elevator companies for protein-testing equipment by way of deductions of 75 cents a tonne?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I will have to take that question as notice.

Senator Bielish: Would the minister also confirm that this special fund, set up for the elevator companies who maintain that this equipment is too expensive for them to buy, has amounted to $1.5 million?

• (1430)

Senator Argue: It has been suggested that if I make a statement in the house, notice might be given. Had I had notice of this question, which is rather detailed, I perhaps could have had an answer today, and it might be more satisfactory from the standpoint of newsworthiness—because it is important that the Senate be acknowledged—if the question and the answer could go on the record at the same time. I am happy to take it as notice and bring a reply to the honourable senator.

TRANSPORT

REPORT ON REVIEW OF WESTERN GRAIN STABILIZATION ACT—EFFECT ON WESTERN GRAIN PRODUCERS

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate for transmission to the Minister of Transport. Can he inform this house as to when the Minister of Transport will table in Parliament the report on the review of the Western Grain Stabilization Act and its effect on western grain producers?

Hon. Raymond J. Perrault (Leader of the Government): It would be more appropriate for my colleague, the Minister of State for the Canadian Wheat Board, to reply to that question.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Would you repeat the question?

Senator Nurgitz: The question was: When will the Minister of Transport be tabling in Parliament the report on the review of the Western Grain Stabilization Act and its effect on western grain producers?

Senator Argue: I shall be happy to look into that question, and, as the minister responsible for the Western Grain Stabilization Act, make a reply in the Senate to my honourable friend's question.

Senator Flynn: May I ask a supplementary for clarification purposes? Do you suggest that you will not consult the Minister of Transport?

Senator Argue: When I obtain the answer I will be pleased to send a copy to the honourable minister to whom the leader refers.

Senator Flynn: That is interesting.

INTERNATIONAL TRADE

REPORTED DEFICIT

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development. It has been reported that Canada experienced a $7 million merchandise trade deficit in April. That is not a large amount, but when one considers that there was a surplus of about $650 million the previous month, it is rather horrendous. Would the minister tell us if this appears to be a trend or is it an isolated instance, or perhaps the minister can give us some analysis of the reasons for this rather dramatic switchabout?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will take that question as notice. It may be some temporary aberration. I am not sure.

TRANSPORT

DEVELOPMENT OF NORTHEASTERN BRITISH COLUMBIA COAL FIELDS

Hon. Jack Austin: Honourable senators, I have a question for the Leader of the Government in the Senate. In view of the position of the Government of British Columbia that it requires an answer by June 20 to its request of the federal government with respect to a transportation arrangement for the northeast coal block in British Columbia, will the federal government be ready to give an answer by that time or, indeed, does the federal government think that an answer will be required by that time?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, my colleague Senator Olson may wish to provide additional information on this point. However, it should be made clear that the proposal that the Canadian National Railways should become involved in the establishment of the infrastructure for the transport of northeast coal to Prince Rupert was raised only a relatively short time ago in Calgary with Mr. Phillips, the Minister of Economic Development and Small Business Development of the Province of British Columbia. Indeed, the original scenario called for the Canadian National Railways to be involved only in the upgrading of its main line from Prince George to Prince Rupert. The rail infrastructure was to be established by B.C. Rail.

● (1435)

That process would have required substantial upgrading of the CNR main line. It is estimated that the cost of upgrading that CNR main line would be in excess of $60 million. The proposed new role of the CNR, introduced on May 16 without any prior notification by the Province of British Columbia, called for a total involvement of the CNR to provide and to operate the rail infrastructure as well as to upgrade their own main line from Prince George to Prince Rupert. The original B.C. Rail estimate of $215 million to establish the rail infrastructure appears, at least from preliminary information, to be unrealistically low.

[Senator Flynn.]

I know that the honourable senator, and other members of this house, realize that planning for a project of this magnitude takes time. The costing of this scheme has to be done in the light of escalating construction costs, the cost of tunnels and many other costs. All of these must be estimated before any firm figures can be produced by the CNR.

The information made available to me indicates that CNR officials have worked overtime in an effort to assess the capital cost of the project so that they can quote a realistic transportation rate per ton for coal from this important northeast development in British Columbia. Those figures may be available some time this week. The Government of Canada did not establish any June 15 deadline; it was not established by the CNR; we presume it was established by the Government of British Columbia, or by the coal companies or by the Japanese negotiators on the other side.

Senator Austin: Can the government leader advise us whether the potential for sales of coal from the northeast coal block will in any way be jeopardized if an answer by the Government of Canada is not available by the date, which I believe is June 20?

Senator Perrault: The Government of Canada has been informed that the quality of metallurgical coal in the northeast section of British Columbia is such that potential purchasers in Japan are most anxious to gain access to that supply—initially five million tons a year. In view of the very tight time frame imposed on the Canadian National Railways, and in view of the professed need of the Japanese for this source of coal, perhaps the Japanese might consider some flexibility in the deadline. However, that is only a personal estimate of the situation.

WESTERN CANADA—DOUBLE-TRACKING OF RAIL SYSTEMS

Hon. C. William Doody: I should like to put a supplementary question to the Leader of the Government. In view of the tremendous amount of work and money involved in the rail lines that the honourable senator mentions, does he feel that this will slow down the projected double-tracking of all the rail system in the western provinces, as per the government's commitment prior to the election?

Hon. Raymond J. Perrault (Leader of the Government): The honourable senator seems to have a single-track mind about double-tracking. May I suggest to him that Dr. Bandeen, the President of the Canadian National Railways, in a most eloquent speech a few days ago, said the volume of traffic which is growing on the rail systems of Canada will very definitely require double-tracking to the west coast before the end of the century. The fact is that this far-sighted and far-seeing government took this ultimate need into account when certain statements were made during the election campaign a few weeks ago.

● (1440)

Senator Doody: I have a supplementary question for the Leader of the Government. May I infer from that answer that

the Prime Minister did not quite understand the length of the term of office he was applying for when he made the commitment?

Senator Perrault: Honourable senators, the distinguished Prime Minister of Great Britain, Mr. Gladstone, was Prime Minister a number of times before he retired.

But seriously, honourable senators, the proposal that was made during the course of the election campaign by Liberal spokesmen indicated a practical concern that over a period of time double-tracking would be required. The vision which has led this nation into so many successes was apparent again here.

Senator Olson: And it is already under way.

Senator Flynn: But not out west. He didn't fool anyone out there.

ENERGY

OIL EXPLORATION INCENTIVE PROGRAM

Hon. H. A. Olson (Minister of State for Economic Development): Mr. Speaker, I should like to respond to a question asked by Senator Balfour on May 28 concerning government policy on incentives for frontier oil and gas exploration. Honourable senators will recall this commitment in the Speech from the Throne, and I quote:

> My ministers believe that, if given the opportunity, Canadian companies and investors would involve themselves more heavily in the energy field. My government, therefore, adopts the specific goal of at least 50 per cent Canadian ownership of the petroleum industry by 1990, and will soon take the first steps to achieve this objective.

As far as special incentives for exploration are concerned, the federal government does, in fact, have under consideration various elements of an incentives program that would replace the super depletion tax provision. The program will be designed to encourage frontier development and to foster increased Canadian ownership of the oil industry. As to the nature of specific incentives in support of these objectives, I can say that they will give full recognition to the risks and costs of frontier development and to the need for continued activity in order to assess our resource potential and determine how quickly production may be achieved. The finalization of this incentive system must, of course, await the outcome of the oil price negotiations.

FISHERIES

ASSISTANCE TO FISHERMEN

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question asked by Senator Doody during Question Period on May 7, concerning government programs to aid the fishing industry.

I want to assure the senator that the government is indeed sensitive to fishermen's problems. There are, and have been, a number of specific programs administered by the Department of Fisheries and Oceans to assist our fishermen. In fact, the present minister of the department is popularly known as the "Minister for Fishermen."

An example of action to assist fishermen can be found in the other place today when members will be asked to give second reading to Bill C-28, the Fisheries Improvements Loan Act. This piece of legislation will provide loan guarantees to fishermen, and I might say, with substantial increases in the amounts available in keeping with their increased capital requirements. Honourable senators, of course, will soon be asked to give their consideration to this important bill.

In addition, the department sponsors a number of programs designed to help our fishermen. Among these programs are the Fishing Vessel Insurance Plan, the Salmonid Enhancement Program, and the Fish Quality Improvement Program, just to name a few.

ENERGY

OIL—CONSERVATION MEASURES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, on May 28 Senator Sherwood asked whether the minister would clarify what is being done to encourage the development of alternative energy sources, such as gasohol, methane, hydrogen, and wind, sea and solar power.

The reply is rather long, Mr. Speaker, so I would ask that it be taken as read. Along with that answer is a much longer document, and, if I may, I should like to table that document. If honourable senators are interested in it they can obtain a copy from the Table. It is too long to ask that it be printed in *Hansard*.

The Hon. the Speaker: Is it agreed?

Hon. Senators: Agreed.

Senator Choquette: Honourable senators, on a question of privilege, I do not want to correct a cabinet minister on the procedure to be followed in this house, but unlike the custom in the other house, one here does not address the Speaker when he wants to make a statement or a speech. He says, "Honourable senators," not "Mr. Speaker."

Senator Olson: I accept that.

(*The answer follows:*)

> On May 28 Senator Sherwood asked what action the federal government is taking to develop alternative energy sources in substitution for oil. He expressed particular interest in this respect in gasohol, methane, hydrogen, wind, sea and solar power. Although this is quite a broad question, I am pleased to respond at this time and will endeavour to indicate the main directions the government is taking in reducing the country's dependence on high-cost oil imports of uncertain supply.
>
> The federal government is encouraging the development of renewable sources of energy through a steadily increasing program of research and development. This

work is led by the National Research Council and has been underway since 1974. The budget for this research, which is mainly contracted out, has grown from less than $1 million in 1974 to some $20 million in 1980. The main thrusts of the research are in solar heating and utilization of biomass as a source of energy, although important programs are conducted in wind energy, geothermal energy, and hydraulic energy.

The most promising renewable sources of energy for Canada are biomass and solar radiation. In addition to the research sponsored through the National Research Council, the federal government, through the Department of Energy, Mines and Resources and other agencies of the federal government, has sponsored programs to encourage the use of wood as a source of energy in the forestry industries. It has also supported the development of a Canadian manufacturing industry in solar heating, and the demonstration of promising technologies in renewable energy through federal-provincial agreements.

These latter programs were announced in 1978 by the Honourable Alastair Gillespie, then Minister of Energy, Mines and Resources. They have a budget of $380 million over a period of five years. These programs are now well under way, having begun during the past fiscal year. I should be happy to provide Senator Sherwood with documentation giving detailed information on any of these programs, should he require it. I can assure him, however, that very good progress is being made in providing substitutes for oil through research and developmental programs on all aspects of solar energy, and on the use of forest and agricultural resources as alternatives to oil.

Senator Olson then tabled:

Copies of document respecting alternative energy sources, being a reply to Senator Sherwood's question of May 28, 1980, issued by the Minister of State for Economic Development (English text).

FOREIGN AFFAIRS

CUBAN REFUGEES—CANADIAN COMMITMENT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, questions have been asked recently by Senator Nurgitz and other senators about the Cuban refugee situation. Yesterday Senator Nurgitz asked the following question:

> It is my understanding that 32 of the 70 Cuban persons who have been able to get out of their country, and who have applied for and received permission to come to Canada, have indeed arrived today. Would the Leader of the Government please undertake to confirm for us that only 70 people out of the quota of 300 have in fact applied to come.

The precise figure as of today is not immediately available to me. I understand that the honourable senator's information may be approximately correct.

[Senator Olson.]

However, it may be useful to state that, although the Cuban asylees who have reached other countries appear to be interested in entry to the United States—because many of them, as you are aware, have relatives in the United States—and not Canada, we remain willing to interview Cubans who have reached third countries, in order to determine if they are interested in permanent settlement in Canada. It would appear premature to discuss any increase in the number of Cuban asylees at this time, but Canada remains interested in the question of Cuban immigrants on humanitarian grounds and we are willing to assist in seeking a solution to the problem.

To this end, Canada participated on May 8, 1980, in an international consultation in San José, Costa Rica, where ways of dealing with persons seeking to leave Cuba were discussed. We shall continue to follow this situation closely. The fact is that most of the Cuban refugees appear to be not interested in coming to Canada at this point. However, Canada has been very forthcoming in its attitude to those who wish to come here.

MIDDLE EAST—CANADIAN PEACE INITIATIVES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, yesterday Senator Macquarrie asked a question with respect to the difficult situation in the Middle East.

The government deplores the cycle of violence and counter-violence seen all too often in the Middle East, whether in the Israeli-occupied territories, in Lebanon or elsewhere. It condemns all such incidents, whatever their origin. It is our strong hope that the perpetrators of such attacks will be brought to justice.

The recent rise in tension, most notably on the West Bank, indicates the necessity for fresh efforts to achieve an early and successful conclusion of the present peace negotiations. This will, hopefully, remove the causes of mistrust and discord which lead to such tragedies.

Canada has been in the forefront of support for the Camp David peace process. While the government is disappointed that the May 26 target date for the completion of negotiations on Palestinian autonomy has passed, we continue to believe that process has the potential to be a viable and effective means of moving towards a comprehensive peace settlement. To achieve this difficult process, compromises must soon be made by the parties to the negotiations. As the Secretary of State for External Affairs indicated to the press on May 31, Canada does not have a leading role in the resolution of the Arab-Israeli dispute, but the government has discussed these issues with those directly concerned and has made its views known to them.

• (1450)

INCOME TAX CONVENTIONS BILL

THIRD READING

Hon. William J. Petten, on behalf of Senator Hayden, moved the third reading of Bill S-2, to implement conventions between Canada and Spain, Canada and the Republic of Liberia, Canada and the Republic of Austria, Canada and Italy, Canada and the Republic of Korea, Canada and the Socialist Republic of Romania and Canada and the Republic of Indonesia and agreements between Canada and Malaysia, Canada and Jamaica and Canada and Barbados and a convention between Canada and the United Kingdom of Great Britain and Northern Ireland for the avoidance of double taxation with respect to income tax.

Motion agreed to and bill read third time and passed.

OLD AGE SECURITY ACT

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Bird for the second reading of Bill C-16, to amend the Old Age Security Act.

Hon. John M. Macdonald: Honourable senators, I know we all listened with a great deal of interest to the explanation of Bill C-16 given by Senator Bird last evening. She certainly cleared up a number of points which had not been too well explained up to that point. It has to be acknowledged that there has been a great deal of misunderstanding on the part of those receiving the GIS as to exactly how much they will receive as a result of the passage of this bill. I expect most of us have had a great many questions asked of us about it. Some people believed that the basic Old Age Pension was to be increased by $35; others felt that it was only those who were living in institutions who would receive it; still others believed that only those who received the full supplement would receive the full $35; and there were yet others who felt that the $35 was to be paid to every recipient, resulting in those households made up of two old age pensioners receiving an additional $70 a month.

So certainly there has been a good deal of confusion about exactly what this bill will mean to old age pensioners. I feel that if the speech of the sponsor of the bill in the Senate were given some publicity and some distribution, it would go a long way towards clearing up the confusion in the minds of those receiving the GIS. As was made clear in Senator Bird's speech, all single persons receiving the supplement will receive an additional $35 a month, with married couples receiving the $35 between them, or $17.50 each.

The sponsor of the bill also gave a short but interesting review of the development of the Old Age Security Act in Canada. While we can take some pride in the fact that we have come a long way from the original $20 a month at 70 years of age, and that with a means test and a provision that it had to be paid back if any assets were left by the recipient after his or her death, we still have to admit that a great deal remains to be done. Senator Bird brought to our attention that a great many Canadians have an income below any acceptable poverty line. Some 1.3 million Canadians will be eligible to receive the GIS following the passage of this bill, and of those 740,000 are single people, with 60 per cent of those being women.

Honourable senators, these are shocking and startling statistics. We must wonder why it is that, despite the tremendous industrial development in Canada since the end of World War II, 1.3 million of our people are still living in poverty, and there are a great many more who, while not below the poverty line as such, are living in what we might term "genteel poverty."

Bill C-16 is a good bill as far as it goes. Not only does it increase the GIS, but it will also help some of those who are living in what I term genteel poverty. As there is an automatic increase in the amount of the annual income a person can have and still qualify for a portion of the GIS, an additional 45,000 people will be eligible for some supplementary benefits as a result of the passage of this bill.

At the present time, a single person with an income of less than $2,400 a year qualifies for the full supplement of $153.35 a month. At the other end of the scale, a single person with a yearly income of $3,695.99 is eligible to receive a monthly benefit of $35. Once Bill C-16 comes into effect, those with a yearly income of less than $4,632 will be eligible for some small benefit.

Honourable senators, during the course of the debate on this measure in the House of Commons considerable doubt was cast upon the merit of indexing the old age security pension to the consumer price index, the feeling being that the CPI was not really applicable to old age pensioners. Items which older people must have increase in price faster than do most of the items which make up the consumer price index. Consequently, any additional income received as a result of that indexing is not sufficient to compensate for the actual increase in their cost of living.

There is much interest at the present time in providing adequate pensions. I was pleased to hear that the Minister of National Health and Welfare hopes to have a national conference on pensions this year to focus national attention on the necessity of fundamental changes in the long term leading to necessary improvement in our whole system of private and public pensions. If such a conference can be arranged—and I trust it will be—I hope there will be a close examination by that conference of the Report of the Special Committee of the Senate on Retirement Age Policies and that its chairman will be asked to participate and indeed be a member of any pension commission established.

In speaking on Bill C-16, the sponsor made mention of a personal experience she had with some elderly people who were living on a small income. An increase of $35 a month is not going to give those individuals much more, because I

expect prices will rise once this bill comes into effect. As a short-term measure, I wonder whether there is not some way in which those persons, and persons like them, could have their living expenses reduced. As I see it, a person in that circumstance has to pay from $175 to $200 a month in rent, and that out of a total income of $340.15. I am not familiar with the programs for senior citizen housing in the larger centres, but I do know that there is a successful program in smaller communities, and in those communities senior citizen housing is in great demand. Where there is senior citizen housing available, the rent would probably be between $75 to $100 a month, and the apartments provided, I must say, are comfortable, convenient, and very satisfactory in every way. Senior citizen housing is fulfilling a real need, and it is doing so in a satisfactory manner. Certainly, it deserves every encouragement and support for expansion.

● (1500)

Honourable senators, a few questions were asked during the course of the debate last evening, and I too would like to have them answered. One question related to how the figure of $35 a month was decided upon rather than, say, $40 a month or $50 a month. Another related to the reaction of the provinces to this increase in the GIS of $35 a month as it affects provincial programs. It is not going to be of any benefit to the ordinary citizens, if an increase in the federal pension comes to $35 a month and some other benefit worth $35 a month is taken away from them by the provinces. It will be interesting to hear if the provinces have made any decision upon this matter.

Honourable senators, this bill concerns itself with one matter only and that is increasing the amount of the supplement to the old age security pension by $35 a month. This increase will be helpful at least for a time. However, since it does deal with that one matter, I do not see how it would be beneficial to send it to a committee for further study, unless, of course, some other senator wishes to have that done.

To conclude my few remarks I would like to give one short quotation from the report of the Special Senate Committee on Poverty. I read from page 175 of the report:

> The Senate committee is firmly convinced that the time has now come for Canada to incorporate the right to an adequate standard of living for all Canadians into the *Canadian Bill of Rights*. It is also clear that an adequate standard of living in the Canadian context is dependent on the security provided by an adequate income. The acceptance by Canada of an adequate minimum income as a matter of right for all citizens is the principal recommendation of this report.

Honourable senators, those words are as true today as they were when they were written back in 1971. The war on poverty continues. We have made great strides, but we have not won the war. But legislation such as this, small as it is, is helpful in winning the battle, and consequently I am pleased to support it.

[Senator Macdonald.]

Hon. Robert Muir: Honourable senators, I wonder if the honourable senator would permit me to pose a question. I was not able to be present during the eloquent presentation by Senator Bird but I was listening intently this afternoon to Senator Macdonald, who is a distinguished war veteran, as are many who sit in this chamber. I believe the question was raised in the other place yesterday, and I am wondering if he could elaborate on it, since I am not quite clear on the matter and it was not elaborated on very clearly yesterday. I am referring to the siutation of someone who is in receipt of a war veterans allowance. When this legislation comes into effect, will the Department of Veterans Affairs reduce the war veterans allowance by the amount that beneficiaries will receive under this new policy?

Senator Macdonald: Honourable senators, I would not presume to speak for the Minister of Veterans Affairs, although I must say that as a MacDonald from P.E.I. he is doing okay. Generally speaking it has been the practice that where a veteran is in receipt of a war veterans allowance, which is known as the "burnt-out" pension, and he receives some other income, that pension is reduced. Now whether that will hold true in this case or not, I do not know.

[*Translation*]

Hon. Jacques Flynn: Honourable senators, I should simply like to add a few words. I am always for the improvement of the condition of senior citizens and therefore I have no objection to the principle of this bill and to its beneficial effects.

However, having listened to the sponsor of the bill, to Senator Croll and also to the remarks of Senator Marshall and some other honourable senators, it finally seems to me that this bill is simply the result of an improvised electoral campaign promise. Senator Macdonald asked why $35?

Why $35? Because it was a figure which sounded just right in the electoral background in late December when an election program was improvised. So it is the least that could be done to pay an election debt. This is an improvement, as stated by several of the participants in the debate. It is really not a step forward in the right direction but it is better than nothing.

[*English*]

Hon. Jack Marshall: Honourable senators, I wonder if I might answer the question asked by Honourable Senator Muir. When a veteran on war veterans allowances reaches the age of 65 he naturally cannot collect two pensions. But there is an exemption in the act. When a war veteran reaches 65, if he is single there is an exemption of $15 a month; if he is married there is an exemption of $30 a month. This he would get in addition to his war veterans allowance. I understand that in the intervention in the House of Commons yesterday the Minister of Veterans Affairs assured the member who asked the question that war veterans would not be affected by the increase of $35 a month.

Hon. Florence B. Bird: Honourable senators—

The Hon. the Speaker: Honourable senators, I must inform the Senate that if the Honourable Senator Bird speaks now,

other than to answer a question, her speech will have the effect of closing the debate on second reading of this bill.

Senator Bird: Honourable senators, I want to begin by thanking Senator Macdonald for his very gracious comments about my speech last night, and also to congratulate him on his strong and constructive remarks.

I have here the answers to the very pertinent questions alluded to by Senator Macdonald and which were asked last night. They are rather lengthy, but because they are so important I hope you will bear with me.

Last night Senator Buckwold raised the issue of the extent to which we can count on the provinces to ensure that the GIS increase of $35 will be passed on directly to the pensioners. Senator Buckwold asked what steps had been taken to urge provincial co-operation in this regard. I mentioned last night that the Minister of National Health and Welfare had written to her provincial counterparts to enlist their support in passing on the $35 increase. I have a copy of her letter here, and I have summarized its contents, but I would ask permission that it be tabled. If that should be agreed to, honourable senators, then I shall continue and summarize it in my remarks.

Hon. Senators: Agreed.

(See today's *Minutes of the Proceedings of the Senate.*)

Senator Bird: Honourable senators will see that the terms of the letter are very specific. The minister asked the provinces to ensure that pensioners who receive what is called provincial "top-up" payments receive the full benefit from the federal increase. At the same time she has urged that this principle apply as far as possible in relation to the so-called comforts allowance available to pensioners residing in institutions.

Senator Flynn: What is the date of the letter?

Senator Bird: April 10, 1980. In addition to the letter which the minister sent to her provincial colleagues she encouraged active support on this issue by members of the House of Commons during the second reading debate. At that time she stressed the need for a common approach throughout Canada and in every political party, hoping that the provinces would respond favourably in the face of federal solidarity on this issue. She urged members from all parties representing all provinces in Canada to question any lack of provincial co-operation. To what extent can we count now on co-operation? Well, in this regard there is a precedent—when the $20 increase in the GIS was implemented in January, 1979.

First of all it should be noted that the largest number of persons affected by the passing-on issue are those who receive a provincial "top-up" payment. Of the six provinces which provide "top-up" payments to low-income pensioners, all six passed on the $20 increase in full. We have no reason to believe that the same will not be true of the $35 increase.

● (1510)

So we are really confident that the majority of low-income pensioners will directly benefit from this federal measure. The six provinces are Nova Scotia, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia. As I said last night, we have already heard from Nova Scotia and British Columbia. We have heard from sea to sea.

Low-income pensioners who reside in institutions and whose care is subsidized by the provinces receive what is called a comforts allowance which is meant to be spent on personal or recreational items. There is a question concerning the extent to which the $35 increase will be reflected in the amount of these allowances.

It should be noted that provincial practices vary widely in terms of the amount and escalation of these allowances. With the $20 increase in 1979 it would be fair to say that the experience across the country was variable. While two provinces agreed that the increase would be fully passed on through the comforts allowance, residents in other provinces received partial increases or no increase at all. Sometimes these matters are quite complicated, because municipalities handle them.

Last evening I said that the minister had received word from British Columbia and Nova Scotia. While there has yet been no official word from the other provinces, that is not to say that their co-operation will not be forthcoming. Indeed, when the $20 increase was made it took some time for some of the provinces to make their position known. It often takes more than a month. In the light of the feeling of the country, I think we can be confident that most people will receive this increase.

Senator Thompson also asked an important question, which was raised again by Senator Macdonald. He wanted to know the rationale for deciding on the amount of $35. As I said last night, this was the government's judgment of the maximum that could be afforded at this time, given budgetary restraints. The total provision in the first full fiscal year of 1981-82 will be over one-half a billion dollars. That is a great deal of money. So you must realize what our problem is, and I think it should be shared by both sides of the house.

In conclusion, I should like to refer to what Senator Croll was saying last night. This bill is, of course, a short-term assistance measure. Senator Croll, who I think is a great Canadian and who has made such a tremendous and enlightened contribution both to this house and to our country, is quite right in talking about the long term. That is why I mentioned the conference and why we hope that the conference will go well. But they are two different things we are talking about, and yet, of course, we are both in complete agreement.

Honourable senators, I hope that the $35 a month will be in the hands of these poor pensioners by the 1st of July. If so, it will make a tremendous difference to them. I am in agreement with Senator Macdonald that we need not send the bill to committee. I hope that you, honourable senators, will also agree.

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, I do not know if I am allowed to make my remarks now. I understand that up to now Senator Bird was answering questions that had been

put rather than making her speech which is supposed to conclude the debate.

The Hon. the Speaker: I believe that unless there is an objection, the honourable senator may make a remark.

Senator Tremblay: When Senator Bird took the floor it was obvious that she was answering questions put previously, and I did not realize too well at what time she was answering questions, which authorized anyone to put other questions, and when she made her final remarks. I ask that question to know what is my position concerning those questions.

The Hon. the Speaker: If honourable senators have no objection you may do so. Otherwise, I shall have to consider that this is the final speech of Senator Bird.

Senator Tremblay: The last part of the speech concludes the debate, but if I may, I wish to put a few questions on a point that I consider very important.

The Hon. the Speaker: Do honourable senators agree?

Hon. Senators: Agreed.

Senator Tremblay: The point I wish to raise is precisely the same that was raised several times and left some questions unanswered, to say the least, the involvement of provinces in those changes to the existing program, as we wonder if all provinces are going to maintain their additional allowances when the federal pension is going to be increased by $35. If my memory serves me well, a question was put yesterday concerning exchanges between the federal minister and her provincial counterparts. We are informed today that a letter was sent on April 10 by the federal minister to her provincial counterparts. I do not have the information here but as I recall the bill was tabled on April 18 in the House of Commons. Keeping those two dates in mind, the question I have is as follows: Was that letter sent by the federal minister to place the provinces before a *fait accompli* or to start the discussions, the negotiations that might harmonize the new federal initiative and the existing programs? I believe it is a very important question considering the many precedents which have interfered with the action of the two government levels in certain fields or which put them in potentially conflicting situations. When the provinces are confronted with firm decisions, which have a bearing on specific aspects of some of their own programs, how can we expect to have what I would call a federalism of agreement, of harmony, if the two levels of government are comparable to each other? The provinces have often been placed before a *fait accompli* by the federal government and so found themselves in a sort of impasse. The purpose of the federal legislation having what I would call popular appeal, the provinces, when they intervened in any way to change things, were forced to go against popular opinion, because of the demagogic appeal of the legislation, or else to throw in the sponge and give up the negotiations needed to ensure that programs or proposals harmonized. My question therefore is this: Did the letter of the federal minister place the provinces before a firm decision, to which they would have to adjust, or did it initiate negotiations? That is the first part of my question. If it launched negotiations, with a view to harmonizing the programs, what were the results of those negotiations?

[Senator Tremblay.]

Senator Bird: I trust you will forgive me for answering in English, but the question was rather long.

● (1520)

[*English*]

I believe the minister notified in advance what she proposed to do, and she was, of course, living up to the government's promises made during the election—and we do live up to our promises made during elections—and asked for the same co-operation that the federal government had received on previous occasions.

In the past this does not seem to have been a matter for lengthy negotiations, because obviously the provinces have behaved well and with the same compassion as that shown by the federal government.

Senator Flynn: Did you say "Behaved well"?

Senator Bird: I hope they were behaving well. I believe they were behaving very well, because they did exactly what the—

Senator Flynn: They are behaving well when they do exactly as the federal government would have them do.

Senator Bird: I do not object to their behaving well. No, I do not see why they would not. I do not object to their behaving well. I feel that the honourable senator's concern is really unnecessary. Of course, I had the same concern. That is why I went into the matter at such great length. However, I believe it is more important to get this measure to the people than to go on negotiating in order to achieve something that is going to take place anyway. I hope that answers the honourable senator's question adequately.

Senator Tremblay: I should like to add that I am concerned about the federation. Every time that we have measures like this which concern people, we are speaking from the point of view of the provinces. The provinces are always put in a position where they have to accept the measure, although it is not a federation approach; it has not been discussed so that both governments can act together in a concerted way. One government places the other in a sort of dilemma, either to defend what I would call the federation approach or une approche populaire.

Senator Bird: Honourable senators, this is a situation on which there has not been argument or dissatisfaction by the provinces or the federal government. Therefore we are perhaps putting a red herring across a very good trail.

Senator Flynn: No way!

Senator Bird: On the other hand, since we shall soon be holding constitutional conferences, perhaps the honourable senator would wait and see what can be recommended.

Senator Flynn: The "red herring" may be a Liberal herring.

Senator Bird: That, of course, is beyond my knowledge.

Senator Tremblay: Yesterday when answering questions the honourable senator said that only two provinces had joined in the program.

Senator Lamontagne: It is not a shared program.

Senator Tremblay: It is not a shared program, but it is—
[*Translation*]
—a program in which both levels of government are implicated. The program is so "knit", if I may use the word, that the action of one has a bearing on that of the other. The question that was put yesterday was this: Will the provinces simply cancel their own supplementary benefits since this new increase fits into the overall scheme?

That is precisely the type of impasse which works against what I would call healthy Canadian federalism. It is not contrary to the letter of the law, its legal or literal aspect. But it does rub against the grain of Canadian federalism. I feel it is very important not to always stick to the letter of the law. The future of a country does not always depend on a literal application of the texts of law. It is essentially a matter of healthy relations, of congenial relations, and I think we have here a case of little regard having been paid to maintaining such communications and relations as would lead to positive harmony. Finally, I should be surprised if things did not turn out that way in the coming days or weeks. It might result once more in popular action, who knows, perhaps electoral in its origins—

Senator Flynn: Certainly.

Senator Tremblay: —and create discord in the climate and attitudes that are deeply involved in the style and the health of our federal system.
[*English*]

Motion agreed to and bill read second time.

Senator Bird moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FIRST REPORT OF STANDING JOINT COMMITTEE ADOPTED

The Senate proceeded to consideration of the first report of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments, which was presented yesterday.

Hon. John Morrow Godfrey moved the adoption of the report.

Motion agreed to and report adopted.

LEGAL AND CONSTITUTIONAL AFFAIRS

MOTION TO AUTHORIZE COMMITTEE TO STUDY CERTAIN ASPECTS OF THE CONSTITUTION—DEBATE CONTINUED

The Senate resumed from Thurdsay, May 29, the debate on the motion of Senator Lamontagne to authorize the Standing Senate Committee on Legal and Constitutional Affairs to consider and report upon certain constitutional provisions.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, the other night I expressed some concern about the wording of the motion, but I have not had the official reaction of the mover. I do not know whether he wants to express, once again, his objections to what I said, or whether he would have me continue my remarks, leaving it to me to answer his questions at the end of the debate. But, if he would rather explain his position further, I am quite willing to yield to him.

Senator Lamontagne: As you wish.

Senator Flynn: In other words, you have nothing to add to support your proposal as stated.

Senator Lamontagne: I do have a statement to make but I did not make it, obviously, when I moved the motion. But in the remarks I intend to make, I do not want to cover this aspect only but also another part of the motion under study. I am therefore prepared to speak immediately. If Senator Flynn wants to proceed right away, obviously it is his right.

Senator Flynn: No, that is not my problem. As I said the other night, my problem is that I would not object to the proposal if it were amended to allow consideration of all problems related to the constitutional revision. If Senator Lamontagne says, "No, I stand by the motion as submitted, " then I will explain my point of view and propose an amendment. But if the senator is ready to accept amendments, there is no need for me to speak at this time. If he says he accepts nothing—

Senator Lamontagne: You might convince me!

• (1530)

Senator Flynn: Maybe. One never knows. I would be greatly surprised, in all sincerity, for until now, after so many years of working in the Senate with Senator Lamontagne, I have come to believe that he has never changed his mind after proposing something to the Senate, regardless of any attempts to make him listen to reason. At least it has been very rare and I cannot remember an incident where he changed his mind.

Senator Lamontagne: That is completely false. Moreover, Senator Tremblay can testify that I even acceded to his request to amend my motion.

Senator Flynn: That is another matter. I am speaking of times when the text was before the house; you never changed your mind then. That you may have tried in this case with Senator Tremblay, I know, and I commend you for that. But, that is the minimum you have ever done. You have just conceded ever so slightly in the hope that in doing so it would suffice.

Senator Lamontagne: I did exactly as I was asked.

Senator Tremblay: Is that a question of privilege?

Senator Flynn: You may rise; this is certainly a question of privilege.

Senator Tremblay: Very well, I am consulting my leader to find out what the proceedure should be. Having been directly involved by what Senator Lamontagne has just said, I would simply like to inform honourable senators that when Senator Lamontagne first gave me—and this, I greatly appreciated—

his first draft resolution, there was mention of only one matter: the future of the Senate.

Personally, having an overall approach to the matter, I pointed out to him that I was under the impression, as a member of this august place, I would feel very uneasy about talking only about ourselves, in our way of approaching the constitutional issue. So I made the suggestion—and here you will allow me to quote textually as we are old friends—and I said "at least add something that has to do with the contents"—

Senator Asselin: This is a motion to save face.

Senator Tremblay: —and then I think I had raised the issue. That is where he introduced his second material for thought—the issue of rights. Is there another one? No, there are only two.

But, as far as I was concerned, it was a matter of saving face, as someone just said, and not appearing in the common perception as being concerned only with our own future but also as thinking about the future of the country.

Senator Flynn: Honourable senators, the imbroglio between Senator Lamontagne and Senator Tremblay having been cleared up, I come back to the motion that is before us. As I pointed out the other day, what the motion proposes is to refer to the Committee on Legal and Constitutional Affairs two subject matters, the first one being individual and collective rights and I suppose their entrenchment in the Constitution, although that is not said specifically. The second is the eventual role of the Senate, or a Senate, because the text is a little obscure on that. I would point out that we have been studying the role of the Senate for a long time. We examined it in the Joint Committee of the House of Commons and the Senate on Bill C-60 and there was a report on that.

Then there was the Senate Special Committee on the Constitution which made observations. There was also a Special Senate Committee, if I remember well, on the Senate.

So, as Senator Tremblay pointed out earlier, it seems to me in the circumstances and particularly with all the things that have happened since the tabling of Bill C-60, especially the referendum in Quebec, it seems to me the central problem is certainly not the Senate. As far as I am concerned, if to keep the country united, we had to abolish the Senate, I would be the first one to vote for that solution.

Senator Lamontagne: I would like here to rise on a question of privilege. I believe Senator Flynn is reducing quite considerably the scope of the motion because I see a third aspect to it that I intend to explain in my remarks and which is to try and find an alternative to the Senate, to have the provinces control certain extraordinary powers of the federal government. It was mentioned a bit earlier, namely when would those powers be exercised in provincial jurisdictions. It is a third aspect which I think is more important than the other two.

Senator Asselin: Just say so in your motion.

Senator Flynn: Yes, of course, that can always be because of the text that is rather vague—provisions that could deal with the role of an eventual Senate. I quite agree it is not limited to the present Senate; it is not a defence. That is why I suggested to Senator Lamontagne that he elaborate on his proposal before I spoke. It does not matter. My first objection is that, regardless of whether it is a matter of saving the Senate as it is, or slightly changed, or replaced by another formula about which Senator Lamontagne could tell us, the problem now is not there.

As far as Quebec is concerned, and I believe that no one will disagree, the basic problem of constitutional reform concerns the division of powers and jurisdiction. I believe that there would not be a serious constitutional crisis in Canada at the present time if Quebec did not consider that the Constitution must be reviewed so as to meet certain aspirations expressed by successive provincial governments in the last 35 or 40 years. What is important is the issue of jurisdiction.

I do not want to take a position at this time as to whether the present division of jurisdiction is right or not. What I am saying is that the main problem with which we must deal is the division of powers. You simply have to consider the present debate; as long as we have not settled that problem, the matter of the Senate, the matter of the Supreme Court, the matter of institutions, all that will have no importance and nothing will be solved. The major defect of Bill C-60 was that it did nothing about the major controversy, that is the division of jurisdiction. Indeed, very few people are overly concerned about the matter of the Senate, even though I believe that, in principle, this question is very important and that something must be done about it. However, the type of institution that we need as a second legislative, consultative or collective house must depend on the matter of jurisdiction and the way that this jurisdiction will be used.

We had an example of this earlier in the intervention of Senator Tremblay, which should give us food for thought. There is not only the fact that the Constitution must state that such and such a thing comes under the jurisdiction of the provinces or the federal government. There is also the manner in which each level of government uses its jurisdiction. Perhaps the major defects or the major problems that we now face result from the fact that the central government has used its jurisdiction sometimes clearly, sometimes vaguely and sometimes obscurely. This is the problem with which we must deal. I do not see why we should tell a committee of the Senate not to deal with the major problem, the problem of the division of powers, and to deal only with two problems, that of collective and individual rights and that of the future of the Senate, about which other committees have already made recommendations. The Joint Committee and the Special Committee of the Senate have already given their opinion on these matters. We would be telling the committee not to deal with the real problem to be solved.

For this reason, I believe that the committee must be able to discuss the division of powers and I therefore suggest that the motion be amended in this way:

That the second, third, fourth and fifth lines of the first paragraph of Senator Lamontagne's motion be stricken and replaced with the following:

"be authorized to consider and report upon the matter of constitutional reform with special attention being given to the question of the division of powers between the federal and provincial governments and to constitutional provisions regarding individual and collective rights."

● (1540)

[*English*]

The wording in English would be as follows:

That the second, third, fourth and fifth lines of the first paragraph of Senator Lamontagne's motion be stricken and replaced with the following:

be authorized to consider and report upon the matter of constitutional reform with special attention being given to the question of the division of powers between the federal and provincial governments and to constitutional provisions regarding individual and collective rights.

[*Translation*]

Honourable senators, may I add that this would in no way preclude, for example, that the committee appoint a subcommittee that would take the work of the special Senate committee on the Constitution, and give us an updated report on the work accomplished by that committee on that particular subject.

The idea is that in my view we must deal with the main issue without neglecting the others, but that we must take a stand before the Canadian public as addressing ourselves to really important rather than minor issues, because in my view the question of the Senate is a minor issue. Once the division of powers is settled, we will then be in a position to see what type of institution should crown the whole.

Hon. Maurice Lamontagne: Honourable senators—

The Hon. the Speaker: I shall first put the motion before the house, and Senator Lamontagne can then comment on it.

The main motion reads as follows:

It is moved by the Honourable Senator Lamontagne, P.C., seconded by the Honourable Senator Frith:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to consider and report upon constitutional provisions regarding individual and collective rights and upon the future role and composition of the Canadian Senate and alternative constitutional arrangements compatible with true federalism;

That the membership of the Committee be increased to thirty members and that Rule 67(1)(*j*) be suspended in relation to membership of the Committee;

That the Committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purposes of its examination and consideration of such legislation and other matters as may be referred to it; and

That the Committee have power to sit during adjournments of the Senate.

In amendment, it is moved by the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Tremblay:

That the second, third, fourth and fifth lines of the first paragraph of Senator Lamontagne's motion be stricken and replaced with the following:

be authorized to consider and report upon the matter of constitutional reform with special attention being given to the question of the division of powers between the federal and provincial governments and to constitutional provisions regarding individual and collective rights.

[*English*]

If honourable senators wish, I shall read the amendment in English.

Some Hon. Senators: Yes.

The Hon. the Speaker: The English version of the motion in amendment is as follows:

That the second, third, fourth and fifth lines of the first paragraph of Senator Lamontagne's motion be stricken and replaced with the following:

be authorized to consider and report upon the matter of constitutional reform with special attention being given to the question of the division of powers between the federal and provincial governments and to constitutional provisions regarding individual and collective rights.

Hon. David A. Croll: Honourable senators, if it is the intention to deal with this rather important amendment today, perhaps we should have a copy in our hands so that we may study it.

Hon. John Morrow Godfrey: Honourable senators, I should like to note one technical matter: The second line of the amendment begins with the word, "Affairs," and is not repeated in the motion that Senator Flynn read out. I think he has omitted one word.

Senator Flynn: Perhaps you will have a problem with the English version. I accept the correction to the English version concerning the word "Affairs."

[*Translation*]

Senator Lamontagne: Honourable senators, if I understand correctly the procedure which will be followed, should my motion be approved, the Committee on Legal and Constitutional Affairs would form a subcommittee to carry out its mandate described in the motion.

Senator Flynn: No. I said the committee might form subcommittees but there is no mention of subcommittees in the motion.

Senator Lamontagne: No, I am not talking about your proposal but rather about the proposal in general. I am saying that if I understand correctly the procedure which would be followed, should my motion be approved by the Senate—

Senator Flynn: We are on the amendment.

Senator Lamontagne: Well I can speak not only to the amendment but also to the motion.

Senator Flynn: To the amendment.

Senator Robichaud: He can speak to his motion.

Senator Lamontagne: I can at least say a few words.

Senator Langlois: When speaking on the amendment, you may speak on the motion.

Senator Lamontagne: Let me make my point at least; I can say what I want to say to get to the amendment. Therefore I am saying that the Committee on Legal and Constitutional Affairs would form a subcommittee to carry out its mandate described in the motion. The subcommittee, once it would have completed its work, would give its findings to the committee, which would report to the Senate through its chairman, Honourable Senator Goldenberg.

This procedure seems totally acceptable in view of the restricted nature of the mandate, and now I am speaking of the amendment. This mandate in the motion is viewed as a preliminary step to be followed by a more extensive study of Canadian federalism. This mandate is restricted to matters on which we have received the advice of a great number of experts and which have been the subject of many discussions by many parliamentary committees. We therefore only have to reconsider the documents already in existence and, especially, to reach precise conclusions in the light of current circumstances.

I therefore see this subcommittee or this procedure which could be followed not as an ordinary agency, not as an ordinary committee supposed to study and discuss matters by way of public meetings, but over and above all as a small study group which is to prepare a report as soon as possible. This sub-committee or this working group should not in my view hold public meetings and to help it in its work, it should avail itself of the research services already in existence. The small nature of this group would not exclude active participation on the part of other senators who could give their views by speaking or writing to the subcommittee. With respect to this participation, I hope, moreover, that the Senate will soon be able to organize a general debate on constitutional reform and renewed federalism.

Furthermore, I am not convinced that the proposed procedure I have just described for this preliminary step would be the right one should the Senate decide to make a more detailed study of other aspects of Canadian federalism which have not been so deeply studied until now. In this case, and this is where I agree with the opinion of Senator Tremblay as he expressed it a few days ago, it would seem preferable to create a special committee which could devote all its time to this task which would obviously be longer and more complex. This is one of the reasons why I am opposed to extend the mandate included in my motion and to ask, at this time anyway, the Committee of Legal and Constitutional Affairs to undertake a general study of all aspects of renewed federalism.

Those, then, are the reasons why I am opposed to the amendment, but I obviously reserve the right to discuss the main motion once we have determined the future or the relevancy of this amendment.

[Senator Flynn.]

• (1550)

[*English*]

Hon. Daniel A. Lang: Honourable senators, may I speak briefly to the amendment? I am appalled by the nature of this amendment, which is almost infantile in its conception. The words referred to deal with the question of the division of powers between the federal and provincial governments.

Honourable senators, the Rowell-Sirois Commission spent some eight years dealing with that problem, and now the Leader of the Opposition is suggesting that that same problem should be given to a subcommittee of the Standing Senate Committee on Legal and Constitutional Affairs. It is absolutely ludicrous.

Senator Flynn: I rise on a point of order. I did not say a subcommittee. I said to the committee.

Senator Lang: Well, even to the committee.

Senator Flynn: If you want to say the committee is unable to do that, that is fine with me.

Senator Lang: The main motion deals with a subcommittee.

Senator Flynn: It does not.

Senator Lang: As I understand your amendment, you are trying to impose on a subcommittee—

Senator Flynn: No.

Senator Smith (Colchester): What subcommittee?

Senator Flynn: I never mentioned a subcommittee. Can't you read?

Senator Lang: I hope you have a little more knowledge than I assume from what you are saying about the way affairs are run in this chamber as far as committees are concerned. The motion is Senator Lamontagne's motion and relates to his speech here on May 13.

Senator Flynn: He never mentioned a subcommittee.

Senator Smith (Colchester): Where do you find subcommittee?

Senator Lang: In his speech of May 13.

Senator Flynn: You are completely lost. There was no mention in the motion or in the amendment about a subcommittee.

Senator Lang: I don't think it matters, honourable senators, whether it is a subcommittee or a whole committee.

Senator Flynn: Well, if it doesn't matter, what are you talking about?

Senator Lang: What I am saying is that this is a very serious matter of all-encompassing concern in Canada today and has been treated with political frivolity by the opposition, and I resent it.

I know exactly what Senator Lamontagne is trying to do in his main motion, and that is to confine our inquiry to the areas where we may be able to bring some degree of expertise into the discussion. That is all. We are not trying to change the future of Canada. We are trying to produce a vehicle that can give advice to those who have the power in the final analysis to make revisions to our Constitution, and to give them expert advice in areas wherein we have some expertise.

Now, once that thing is enlarged to include the division of powers between the provinces and the federal government, we are opening the whole thing into an area that would encompass something that the Rowell-Sirois Commission was involved in for over eight years. I do not think that is the purpose of the main motion, and I think the amendment to the motion is not an amendment but in effect defeats the main motion. That is my submission.

Hon. G. I. Smith: Honourable senators, if anybody wants to begin to engage in name calling around here, I enter the list because while I do not ordinarily engage in name calling I can do so just as vigorously, just as loudly and just as foolishly as the honourable senator who has just indulged in it.

I think if he wants, as I am sure he does—and I give him credit without reservation for being deeply concerned with this matter and wanting to find a proper and reasonable solution—if he wants this matter to be considered calmly and quietly, then I think he has set his foot on the wrong path entirely. All he has succeeded in doing, in my humble opinion, is to be so provocative that it is difficult to remain courteous in dealing with his personal assault upon the Leader of the Opposition.

Some Hon. Senators: Hear, hear.

Senator Smith (Colchester): I know the honourable gentleman very well, and I don't think he meant to have that effect at all, but just in case he did I think it is necessary to point that out to him.

Really it is a little careless of someone engaging in debate to accuse another person of not being able to read when he's not able to read himself; when he inserts from his imagination the word "subcommittee" in a motion which is clearly written out before us and contains no such word, and then has the extraordinary disregard for print to say, "Well, it doesn't matter anyway." I suppose one can say that, aside from its provocative value or the opposite, what he said doesn't matter anyway. So he may have correctly described his intervention.

● (1600)

The scales having been relatively equally balanced in noise, perhaps I might be permitted to say a word or two on the merits, which I think we could usefully consider for a few moments. Here I realize that I am perhaps trespassing on the ground of my colleague Senator Tremblay, and I offer him my apologies for so doing, and say that I will not do very much of it. I hope I do not in any way interfere with what he intended to say.

It seems clear to me that we could—I won't use a careless word—deal all we want to with the subject matter of the motion and we would not be contributing very much towards the solution of the overall problem. Surely, judging from what we have heard for years, judging from what I have heard first-hand from the representatives of every province in Canada over a long period of years, judging from what I have heard in this house, and judging from what I have heard in the considerations and deliberations of the joint committee on Bill C-60, nearly two years ago now, the central issue is: Who has the power to do what, and with what attitude do the provinces on the one hand and the federal government on the other approach the exercise of those powers.

While it may occupy our time and stimulate our intellectual abilities, to the extent we have them, I think all this will do is lead us to concern ourselves very deeply with the other matters. The powers and how they are exercised surely burn deep into the mind and heart of every Canadian who has given very much attention to this problem; they are the things that really matter, the things that have to be settled. When those things are settled, it seems to me that the other things, although they may still be the subject of considerable debate, will fall into place, not naturally perhaps, but in a way that is consistent with what has been decided upon the division and the use of powers.

In order that I may not trespass any more on what my colleague intended to say, I will leave the matter there. I just emphasize that it seems to me that, having gone through the exercise for a number of months—I have forgotten now how many—in the joint committee two years ago in considering Bill C-60, I think we would all be employing our time to much greater advantage in considering the essence of the problem, which is the division and the use of powers.

[*Translation*]

Hon. Louis J. Robichaud: Honourable senators, I find it very difficult to agree in this debate with a former colleague, and a former provincial premier, who once again has been very eloquent, but one question bothers me, that is that we should only be concerned with good judgment at the present time in view of the circumstances. Of course, I do not question the honourable senator's judgment in general, but only in the present circumstances.

[*English*]

I must say, as a former provincial premier, following in this debate another former provincial premier, I noted another former provincial premier, Senator Manning from Alberta, and how very serious he was while listening to this debate this afternoon. I was also watching another former provincial premier, Senator Roblin from Manitoba.

In my estimation, the proposed amendment to Senator Lamontagne's motion is an effort to take away the role of the provincial premiers on the matter of powers—le partage des compétences. I don't like the Leader of the Opposition laughing at this.

Senator Flynn: I am not laughing at this. I am laughing at you.

Senator Robichaud: This is wholly a matter of provincial competence to discuss with the federal authority the division of

powers. They will start discussing it on June 9, and they will continue to discuss it. It has been discussed for years, and it is very difficult to come to a conclusion, as we all know. It is not by name calling or saying, "This area wants too much vis-à-vis the other" that we are going to resolve the situation. I believe that the Senate is competent to do a variety of things, but it is not at the moment competent to solve problems that are under the jurisdiction of provincial governments and of the federal authority. Both sides are making efforts to solve that problem.

We have a problem at the moment, and it is the one that is obvious in Senator Lamontagne's motion. For us to have a comprehensive discussion of the division of powers between federal and provincial governments—and I say this in all sincerity—is to me almost nonsensical. As I said earlier, we would be assuming the role of the provincial and federal authority combined, and it would take us years to come to a solution. Why not let them find a solution to that problem? It is their role. We here have another role, which we discharge in our committees. The committee proposed by Senator Lamontagne can play a role, not only for survival.

[*Translation*]

In addition, I am sorry to have to disagree partly with my good friend, Senator Tremblay, when he said a while ago that perhaps if we concern ourselves only with the survival of the Senate, it is that we concern ourselves only with our own future. I do not believe this to be the case. The future of everyone here is the future of all Canadians because we protect regional interests throughout Canada, despite the fact that some may turn away at the present time, as I am aware, and in fact, as suggested by Senator Lamontagne, the committee should perpetuate the institution of the Senate, perhaps with minor amendments, but nothing major, as was suggested by some, and we should try to guarantee that the problem of power sharing in Canada will be solved. I hope that you will forgive me if this appears to be a partisan speech because I did not want to make one, but this is a dream which resembles that described by the former Minister of Finance on December 13 of last year.

● (1610)

[*English*]

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I suppose it is trite to say that I really did not expect to take part in this debate this afternoon, but I have been so encouraged by what I have heard from my honourable friend opposite who has just spoken, and by what I have heard from the honourable senator who sits at the end of this row, that I felt I really must say a word or two.

I recall that on previous occasions the Leader of the Government took considerable interest in presenting to this chamber the idea that we should have a resolution before us to discuss the Constitution. I do not know whether all senators recall that fact, but on several occasions the Leader of the Government wound up some of his answers on questions having to do with natural resources and other matters by suggesting to us that we should initiate a debate on the Constitution and the reforms to the Constitution which are being mooted in the country today.

I thought that was a reasonable proposal, and it came as somewhat of a disappointment to see that the gentleman who had apparently been put up to give effect to that thought on the part of the Leader of the Government, the Honourable Senator Lamontagne, brought forward a resolution which I really have to say is quite inadequate in terms of the problem we face and in terms of the challenge given to us by the Leader of the Government. It is quite inadequate in my view, because while I see that mention is made of individual and collective rights—and I do not underestimate that aspect of our discussion—I see that it seems to zero in on the Senate.

It is, of course, a rather bizarre state of affairs when the future of Canada and the reform of its Constitution crystalizes into what happens in the Senate. We have been told, for goodness knows how long, what an unessential fifth wheel this body is in our Canadian constitutional and institutional arrangements. Perhaps it is more important than some of the critics have been inclined to say. Nevertheless, for us as senators in our first effort in this Parliament to deal with constitutional reform, to place the interest of the Senate, and how we may structure our own future, at the head of the agenda, may strike some as being a little inappropriate. I, for one, must say that I would have some embarrassment in explaining why we have limited ourselves in that way, if someone took the trouble to consult me about it.

I appreciate that that is not the motive of the mover of the resolution. I want to stress that. I understand what he is driving at, yet I must say that it will be widely interpreted as being a little on the self-serving side. In these circumstances, and in these days, that would be unfortunate.

The argument presented by two of the speakers who have taken part in this debate is that the division of powers is none of our business. This is a body that is supposed to protect regional interests, to have the responsibility for reconciling federal and provincial interests, to speak for regions and provinces. This was the special role given to the Senate by the Fathers of Confederation, and anyone who reads the record will see beyond peradventure of a doubt that that was the reason this body was formed. So I find it astonishing that we should now be told that for us to meddle in this question of division of powers is certainly not only beyond our scope of duty but, indeed, beyond our competence. I, for one, find that a hard argument to swallow, because the question of the division of powers is one of the great issues that is before us.

I will not disguise the fact that in my view the institutions of the federal government are important as well, but it is beyond question of a doubt that the great question that will be broached by the provinces when they meet is that of the division of powers.

To suggest that we, part of the Parliament of Canada, should be content to submit the issue to ten men who have no electoral mandate—though, indeed, they have a constitutional responsibility—without any effort or feeling on our part that

we have a responsibility to discharge in connection with it, beggars the imagination. I find that impossible, and it seems to me that if we really wish to set our foot upon the road of constitutional reform in this country we must not only look to federal-provincial conferences of first ministers, we must look beyond that, because there are other political interests and other democratic interests that must be considered in connection with our Constitution, and I suggest that this body is one of them. I suggest that the House of Commons is one of them. I suggest that the members of House of Commons and the Senate, together as the Parliament of Canada, have something they ought to be saying and thinking about in connection with this central issue of our political affairs in these days.

Hon. Senators: Hear, hear.

Senator Roblin: To take the view that it is outside of our authority or legitimate interest, and that we should leave it in the hands in which it appears to have fallen—temporarily I trust—is to me an abrogation of our responsibilities.

Now, what about our competence? Have we any competence to deal with it? We have the responsibility. We have the right. There is no question in my mind about that. Have we got the competence? Well, that is a matter of judgment. I don't know whether we have the competence that would attract the confidence of all Canadians, but it seems to me that if we conducted ourselves in a judicious manner, if we approached the matter with no preconceived notions, if we put behind ourselves whatever political affiliations or prejudices we might have, it is not beyond the bounds of imagination to suppose that we could develop some idea and some plan or policy that might be useful. Not that we should assume in this unelected body—this is an unelected body, unfortunately—that we have the right to tell other members of the Confederation—or indeed the other part of our Parliament—what they should do. I do not claim that right at all, but I suggest that we may have a duty to submit our best advice.

When I look around this chamber I see men of some political experience, not only in the legislative life of our nation but men who have political experience in the broader sense of that term in dealing with the general public interest. I see men who have experience, men who have some authority, men who have a background of knowledge that is not easily equaled in a body of a similar size. I suggest to you that if we do not have the full confidence of our nation—because I don't think we can claim that for the Senate—we have sufficient public legitimacy to render it within the realm of our duty, of our responsibility, of our right and of our capacity and competence, to deal with wider measures than those submitted to us in the original resolution that stands before us.

I say to members of this house that we would do ourselves a service if we were to broaden our outlook on this matter. I don't think it need be a matter of debate. I think that upon reflection members will recognize that the resolution has merit and that the amendment has merit, and that if we marry the two together, as we would in the normal parliamentary process, we may have a plan of action that would be of use to the country and reflect some credit on this house.

On motion of Senator Tremblay, debate adjourned.

• (1620)

CANADIAN AND EUROPEAN PARLIAMENTS

SEVENTH INTERPARLIAMENTARY MEETING OF DELEGATIONS—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Macquarrie calling the attention of the Senate to the Seventh Inter-Parliamentary Meeting of Delegations from the Canadian and European Parliaments held at Ottawa, Ontario, from 25th to 30th November, 1979.—(*Honourable Senator Petten*).

Senator Petten: Honourable senators, I yield to the Honourable Senator Lapointe.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

[*Translation*]

Hon. Renaude Lapointe: Honourable senators, the substantial report of the seventh meeting of delegations from the Canadian and European Parliaments given in *Hansard* of May 5, as well as the very appropriate comments of the distinguished co-chairman of the Canadian delegation, the Honourable Senator Macquarrie, really require no additional comment except perhaps a few brief recommendations concerning future meetings.

First of all, I would like to see more active delegates from Canada, including a list of appropriate substitutes who would be present as much as possible at the briefings, who would be entrusted with a particular subject and who would remain ready to act as replacements in the inevitable absence of one or more official participants. For instance, last time we were counting on the presence of the Honourable Jean-Luc Pepin, who was certainly a very able representative, but unfortunately, he did not come. As I recall, two other members of Parliament were also absent.

[*English*]

It is unrealistic to have 33 persons travel from Europe to Ottawa for only four working sessions, especially when one considers that these sessions invariably start at least one-half hour late and are interrupted by lengthy coffee breaks. Either a day should be added to the programs or the number of items on the agenda reduced. The first day is usually filled with interesting statements from the various ministers, as well as visits to such places as the Library and the office of the European Economic Community here in Ottawa. But on the last day of these meetings there is always a feeling of frustration on both sides arising from the fact that some points cannot be covered or that a discussion has to be cut short to allow delegates to meet departure times.

The printing of the report as an appendix to our *Hansard* is a good precedent. On this occasion, an election prevented the co-chairman from acting more expeditiously in commending

the report to the Senate, but normally the sooner this is done the better.

I feel confident that, apart from the friendships which they create, these exchanges are necessary in helping us appreciate the arduous task of the negotiators in matters as intricate as fishing rights and the numerous and complex activities of the Joint Co-operation Committee established four years ago by Canada and the European Economic Community under the framework agreement for commercial and economic co-operation.

[*Translation*]

Several honourable senators will recall the role played by the Senate, and especially the Committee on Foreign Affairs, in developing close relations between the Canadian and European Parliaments. This followed its substantial report on the relations between Canada and the European communities published in 1973. It would be a good thing for the new members of the Senate to acquaint themselves with this report since it was entirely to the credit of the committee.

[*English*]

The Hon. the Speaker: Honourable senators, as no other honourable senator rises to speak to the inquiry, or wishes to adjourn the debate, I declare the inquiry to be debated.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, June 5, 1980

The Senate met at 2 p.m., Hon. Renaude Lapointe, P.C., Speaker *pro tem*, in the Chair.

Prayers.

VETERANS AFFAIRS

THIRTY-SIXTH ANNIVERSARY OF D-DAY

Hon. Jack Marshall: Honourable senators, tomorrow, June 6, marks the thirty-sixth anniversary of D-Day, a day when thousands of young Canadians fell and died on the beaches of Normandy to protect our country and allied countries against the evil will of an enemy determined to destroy freedom throughout the world.

Significantly, some 113 years after Confederation, Canadian first ministers will gather in Ottawa in a few days to decide for 23 million Canadians, many of whose close ones died fighting to preserve that freedom, the direction our country will follow in order to preserve our union.

It is also most significant that two of those Canadian premiers, who served their country with honour and distinction in World War II, and experienced the dangers and horrors of the potential destruction of peaceful existence by an enemy from afar, will be contributing in no small way to offset the threat of a potential breakup of our country from within.

Premier Angus MacLean, who experienced the horror of escape and evasion of the enemy, and Premier René Lévesque, who distinguished himself as a war correspondent in the thick of battle, know full well the importance of comradeship with their fellow man in time of war; and I am sure they did not wonder about the cultural and racial differences of their comrades, but served and fought side by side as Canadians.

Perhaps, then, honourable senators, we can suggest that those two elder statesmen will take time to reflect on how we achieved the freedom we enjoy today, a freedom gained through the suffering of Canadians long gone, and that they will direct their experience and compassion to their comrades as they determine the future well-being of our great country, to ensure that those of their comrades who fell on D-Day did not die in vain.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I know that all honourable senators would wish to join in support of the eloquent and moving statement made by Senator Marshall. Those of us who are associated in any way with the ex-service community in this country know that lingering personal effects of the Second World War and other past conflicts are still felt in thousands of homes from coast to coast. Certainly, those who serve in Parliament are aware of the depth of sacrifice made by those who have fought for this country and others who have been members of Canadian peacekeeping forces. We know that their time of service and the price they paid did not end when the last shots were fired. Some ex-service people are still paying the price. They and their sacrifices should be kept in mind by all of us engaged in the legislative process, for some are experiencing real economic difficulties as they attempt to survive in today's economy.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, June 10, 1980, at 8 o'clock in the evening.

● (1410)

Honourable senators, before the question is put, I would like to inform the Senate that it is expected that three bills will be passed in the other place before we return on Tuesday evening. The bills are: Bill C-17, to amend the Small Businesses Loans Act; Bill C-21, to implement the International Convention for Safe Containers, and Bill C-27, to amend the Farm Improvement Loans Act.

Next week will be another busy week and we hope that we can proceed with second reading of these bills on Wednesday.

Motion agreed to.

QUESTION PERIOD

[*English*]

POST OFFICE

SETTLEMENT WITH CANADIAN UNION OF POSTAL WORKERS

Hon. C. William Doody: Honourable senators, I have a question for the Leader of the Government. It has been reported that the Treasury Board has ratified the agreement between the Canadian Union of Postal Workers and the government. Is the minister in a position to give us details of that settlement at this time?

Hon. Raymond J. Perrault (Leader of the Government): I thank the honourable senator for his inquiry. Indeed, I do have a statement to make on that subject. A commitment was made in that direction a few days ago. The statement is as follows:

The new contract, signed with the 23,000-member Canadian Union of Postal Workers, provides a base for future labour stability and a successful transition of the Post Office into a crown corporation.

The contract is the first signed with CUPW without a national postal strike since 1974, and the settlement addresses many of the basic issues that have proved stumbling blocks to peaceful settlement in the past as it contains an important recognition by the union of a requirement for improved productivity in the Post Office.

It also recognizes the inside postal workers' work in an industrial environment which is quite different from most other groups in the public service.

The basic provisions of the contract include the following: an 8.1 per cent increase in basic wages, a revised cost-of-living allowance formula, and improvements in shift and weekend premiums, overtime rates, and boot and glove allowance, adjustments in the hours of part-time employees, and the inclusion of a half-hour paid meal break as part of the normal 40-hour work week, but subject to—

And this is important, honourable senators.

—maintenance of output levels without a requirement for additional personnel.

The latter change, regarding the meal break, does not follow the recommendation made by Mr. Germain Jutras in his conciliation report. His recommendation, to increase the paid hours of work to 42½ hours per week from 40, would have cost the government and the taxpayers $25 million. Instead, the parties have agreed to achieve 40 hours of production within a 37½-hour work week at no increased cost.

The contract also includes a simplified grievance procedure and establishes a special arbitration panel to deal speedily with a backlog of grievances.

The wage settlement, together with the adoption of the same cost of living allowance provision for both the Letter Carriers' Union and the Canadian Union of Postal Workers, reflects the changes made in the recent LCUC settlement.

After existing cost-of-living payments are incorporated into the hourly rate, the majority of inside postal workers will be paid between $8.80 an hour maximum for a mail handler and $8.95 an hour maximum for a postal clerk, both with two years' experience.

The revised cost-of-living formula comes into force if the consumer price index increase exceeds 6 per cent of the December 1979 figure and is the same as negotiated with the letter carriers.

The overall wage and benefits package represents a 10.4 per cent increase in expenditures over the life of the contract. Provisions restricting the use of part-time employees to peak periods and increasing overtime rates after two hours, are not expected to add substantially to the cost of the settlement.

"The paid meal period is in exchange for "maintaining the workforce output of the 40-hour work week" and the government fully expects employees will live up to their contractual obligation and work with management to achieve this."

It is the government's firm intention that both this new provision and all other elements of the new collective agreement will be implemented within existing Post Office person-year and financial resources, and it was only on this basis that Treasury Board approved the settlement.

In a letter sent to CUPW President, Jean-Claude Parrot, when the agreement was signed, Mr. Ouellet made it clear that if the productivity objective is not met, the paid lunch period will not be considered as an acquired right.

"The government will be watching postal productivity very closely, and if increases are not achieved it will not agree to renewing the paid lunch period."

• (1415)

"This settlement recognizes the intolerably high costs of continuing and prolonged postal disruptions to the public, to business, to the economy and the industrial relations climate in Canada."

"If the solutions negotiated in good faith by all parties provide a sound basis for labour stability in the Post Office and a smooth transition to a crown corporation, the Canadian public will be well served."

Honourable senators, I know it is a long statement, but the matter is of such importance that I felt the statement should be read in its entirety.

Senator Doody: I thank the honourable minister for the statement. I wonder if it would be possible to get a copy. It is very complicated. I must say, in all modesty, that I had some difficulty taking in all the details of it.

Senator Perrault: I can well understand that. It is complicated. Since I have read it into the record, it will, of course, form part of the record of today's proceedings. If the honourable senator would like a copy this afternoon I would be very pleased to send it to his office as quickly as possible.

Senator Doody: I thank the leader. As was mentioned a few days ago, members of the government might consider distributing copies of such statements prior to the Question Period so that a reasonable response might be made. I know it is done in some forums, but it may not be appropriate here. Obviously it is a matter that is in the hands of the government.

On that settlement, I have been given to understand that there are some 4,000-plus supervisory personnel who had reached understanding on an agreement or the basis of a tentative agreement with management in the Post Office operation, and have now hauled back from that and have said

they will not settle for less than the people they are supervising are to receive, which is really not unreasonable, I suppose.

The question is this: How is the government to monitor the 40 hours' work to be done in 37½ hours? That concept is in itself a little difficult to understand. How is it to be monitored if the supervisory personnel are not given at least equal treatment and perhaps superior treatment to that meted out to the clerical staff?

Senator Perrault: Those are two perfectly valid questions, but I must take them as notice. The exact monitoring procedure is not known to me. That information will be sought.

Senator Doody: Further on the same line, honourable senators, perhaps the honourable leader could make some further inquiries. I shall try to be brief. I understand there are certain rules and regulations governing the preambles to questions but since I have not been given a copy of them I shall have to ask the government ministers to bear with me.

I understand that this agreement by which 40 hours' work is to be done in a 37½-hour week is applicable to the postal workers, or at least to that unit covered by the Canadian Union of Postal Workers. Will the same circumstances and conditions be applied to other people employed by the public service directly, or by crown agencies, or is this to be specifically related to the Post Office and to no other area of government?

Senator Perrault: The question will be taken as notice.

THE CONSTITUTION

FEDERAL-PROVINCIAL CONFERENCE OF FIRST MINISTERS

Hon. Richard A. Donahoe: Honourable senators, my question arises as a result of a television broadcast last evening in which the person being interviewed was no less a person than Mr. Maurice Dupras, the Quebec Liberal Caucus chairman. Mr. Dupras, in his response to questions, said that he and his colleagues—representing a substantial portion of the total Liberal caucus, I may point out, because there are 74 members whom he may class as his colleagues from the province of Quebec—favour a Canada-wide referendum on constitutional reform, and they also favour unilateral patriation of the Constitution if the first ministers are unable to reach agreement.

● (1420)

When asked how much time he would allow the ministers to reach that agreement, he said only that he saw no reason to wait if an agreement were not to be reached.

My question is: Would the Leader of the Government please tell us how long the federal government intends to allow the constitutional talks to go on with the first ministers before proceeding to conduct a national referendum?

Hon. Raymond J. Perrault (Leader of the Government): First of all, honourable senators, it should be stated that Mr. Dupras was speaking for himself. As all Canadians have, he has a perfect right to express his views with respect to the constitutional changes under discussion. Similarly, I know that Senator Donahoe, with his background, has strongly held views with respect to the way in which constitutional changes should be effected. Mr. Dupras was not speaking on behalf of the government, but was speaking for himself.

Secondly, no rigid time limit has been placed on the length of these discussions, to my knowledge. I think there is some feeling of regret in certain quarters that the Leader of the Official Opposition has not chosen to join with the Right Honourable the Prime Minister and the Leader of the New Democratic Party in attempting to achieve a united front, at least initially, with respect to certain aspects of the process of constitutional change. That is an option that the Leader of the Conservative Party certainly has a right to choose. There is no real criticism of that position.

As I said, no precise time limits have been set. However, the Prime Minister has indicated that he believes there is some urgency with respect to this matter. Certainly, no one welcomes the prospect of another five to ten years of deadlock where no progress is achieved.

No decisions have been taken with respect to the holding of a national referendum. Again, I emphasize that Mr. Dupras was speaking for himself.

Senator Choquette: He has funny thoughts, hasn't he?

Senator Donahoe: As I understand the reply, the Leader of the Government is saying that the views expressed by Mr. Dupras are not the official views of the Liberal Party.

At the conclusion of his remarks, the Leader of the Government referred to the question of a referendum. My supplementary question was directed to that point, so for the sake of greater clarity I will put the question again.

I am interested in knowing if the Leader of the Government is prepared to inquire whether current Liberal thinking on this matter of a national referendum involves the possible re-introduction of the referendum bill that was before the 30th Parliament. If it does, would he inquire on our behalf whether there would be a need for a simple national majority vote or a majority in each province and territory?

Senator Perrault: Honourable senators, may I say that the government holds out real hope for the outcome of the Monday meeting of first ministers. At this point we are optimistic about the outcome of that and subsequent meetings. We do not believe that this is a time to prepare fall-back positions for the government in anticipation of failure. We do not anticipate failure.

There is a growing realization in all provinces that certain changes must be made, such as changes in the area of division of powers as well as certain constitutional changes. The subject of patriation has been discussed for many years. I must say that the meetings the Honourable Jean Chrétien had with the provincial first ministers in recent weeks give cause for a good deal of optimism about the future of constitutional talks.

• (1425)

POST OFFICE

SETTLEMENT WITH CANADIAN UNION OF POSTAL WORKERS—MAIL DELIVERY GUARANTEES

Hon. Hartland de M. Molson: Honourable senators, I want to address a question to the Leader of the Government about the Post Office. For some time now the postal services in this country have been terribly criticized because of the inordinate time it takes for deliveries to be made between such major cities as Ottawa-Montreal, Ottawa-Toronto, Ottawa-Vancouver. There is an extraordinary lack of service in this regard.

We have just heard about the benefits of the new contract with the Canadian Union of Postal Workers. Would the leader be good enough to inquire of the Postmaster General as to what promises can now be made respecting delivery guarantees? We had a guarantee of some delivery a year or two ago which fell absolutely flat. The situation is worse today than I think most of us can remember. Could the government leader provide us with the overall plan, with some promise of fulfilment whereby we might expect 48-hour delivery or 72-hour delivery, or some basis of delivery that would bring the postal service back into public favour?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Molson raises a question that I am sure is in the minds of many Canadians across this country, including members of this chamber. I shall take his question up with the Postmaster General, but let me repeat the final paragraph of the statement I read earlier:

> If the solutions, negotiated in good faith by all parties provide a sound basis for labour stability in the Post Office and a smooth transition to a crown corporation, the Canadian public will be well served.

So the contract that has been achieved is a prelude to what the government hopes will be a transition to a more efficient and effective postal service under a crown corporation—a postal service that will provide the quality of delivery and service which all of us would like to see come about.

AGRICULTURE

DROUGHT IN PRAIRIE PROVINCES

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to address a question to the Minister of State for the Canadian Wheat Board. The minister will recall that last week at about this time we had a rather extended exchange about the drought in western Canada. At that time the minister said he hoped to be able to announce a federal government policy in respect of that drought soon. I remember asking whether it would be available on Monday. Well, it was not available Monday, and I ask whether it is available now.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, the answer is that it is not available now. Consideration in respect of that policy is at a very advanced stage and will result, I think, in a program that will cover the main areas that Senator Roblin has in mind. I hope it can be announced next week.

FORESTRY

FIRE DAMAGE—ASSISTANCE TO INDUSTRY

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have a question for the Minister of State for Economic Development. Can the minister tell us whether any cost-sharing compensation program in respect of forest fire damage is being considered by the cabinet?

Hon. H. A. Olson (Minister of State for Economic Development): I cannot reply positively that specific assistance is being considered for forest firefighting and control. I would have to look into that. I do know, however, that some branches of the federal government, including the Department of National Defence, have already responded to some requests for assistance. To be more precise than that, I would have to make further inquiries.

Senator Roblin: I agree with the minister that the Department of National Defence has been exceedingly helpful in connection with forest firefighting in western Canada and elsewhere, and I am glad to put that expression of opinion on the record. If I may continue my inquiries on this point, I would ask my honourable friend about other aspects of cost-sharing compensation with respect to forest fire damage and whether an initiative is being taken to help provinces with clean-up operations and reforestation. I would also like to know if there are any specific projects planned to assist those whose job opportunities have been lost as a result of these forest fires.

I might as well tell my honourable friend that I am inspired to make these inquiries because of a statement made by his colleague the minister of—what is it now?—it has something to do with employment; in any event, the minister from Manitoba.

Senator Olson: The Minister of Employment and Immigration, and he is doing a good job.

• (1430)

Senator Roblin: I am glad my honourable friend thinks so.

Senator Perrault: He is doing a very good job.

Senator Roblin: I am glad to hear that the leader thinks so too. The minister has made three interesting suggestions with respect to the forest fire problem in Manitoba. Although I appreciate that my friend may not be able to answer right now, I would be interested to know what the present situation is.

Senator Olson: I anticipated fire control to be a post-fire matter rather than one which dealt with fires while they were raging. This is why I was so cautious in making my reply the last time. There are probably some matters under consideration, but I don't know whether they have reached a sufficiently advanced stage to go before cabinet.

Senator Roblin: I have to agree with my honourable friend that he is a cautious man. He demonstrates that every day when he answers questions in this house. However, I will not pursue that point further.

AGRICULTURE

DROUGHT IN PRAIRIE PROVINCES

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board. Can he tell us when the government's statement will be made in respect of the drought situation in Western Canada? At this time last week he said it would be made this week. May we expect it tomorrow or is it to be further delayed?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I think it will be next week.

Senator Roblin: Therefore, we may look forward to having a reply by around the third week of June.

Senator Perrault: It will be worth waiting for.

Senator Roblin: I am content to wait if it is worth waiting for, but judging from the performance I have seen so far in respect to these matters, I maintain considerable skepticism as to whether it will be worth waiting for. However, I will put that thought aside and give my friend the benefit of the doubt.

FISHERIES

ATLANTIC PROVINCES—FISHING VESSEL SUBSIDY PROGRAM

Hon. Orville H. Phillips: Honourable senators, my question is for the Leader of the Government. Considerable confusion exists in the Atlantic provinces concerning the present status of the program providing for boat subsidies for fishermen. Applications being made in the Atlantic provinces are no longer being approved. Can the leader tell us if the program is being continued and, if so, under what form?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, this issue has been discussed with the Minister of Fisheries and Oceans, who is doing such a superb job not only for Atlantic Canada but for all of Canada. He informs me that funds will be available for the program this year. That is good news, and I know that Senator Phillips will wish to convey that information quickly to his province in the maritimes.

Details of the funding are not yet available, but I assure honourable senators that as soon as I have this information I will pass it on, certainly to Senator Phillips.

Senator Phillips: The present program provides that if construction of a boat begins before approval of the subsidy, no subsidy will be provided. Can the leader assure us that the construction of inshore boats can begin and the subsidy will be retroactive?

I am rather dubious about the effectiveness of the Minister of Fisheries and Oceans to whom the leader referred, and for that reason I would like the assurance of the leader that the subsidy will be retroactive.

Senator Perrault: Honourable senators, the information will be sought. Indeed, I hope to discuss the situation with my colleague and hopefully a reply can be obtained soon. I know that this matter is very important to many fishermen in the honourable senator's area.

FOREIGN AFFAIRS

CANADIAN AMBASSADOR FOR DISARMAMENT

Hon. Heath Macquarrie: I should like to direct a question of the Leader of the Government. My question is prompted by yesterday's report of the Learned Society's discussion on disarmament, which was a very serious gathering featuring such renowned Canadians as Dr. Epstein, George Ignatieff and Geoffrey Pearson. At that seminar the very strong suggestion was made, especially by Mr. Epstein, that Canada should be fighting like hell for disarmament because of our particular position in reference to nuclear arms, and that very important avenue for activity for a new ambassador would be useful and timely.

In light of the credibility of these people and the seriousness of the situation, would the leader tell us what progress is being made in designating someone as Canada's ambassador for disarmament?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators are aware that it is the intention of the government to be very active in this area. This, of course, was indicated in the Speech from the Throne. The main elements of the question, however, must be taken as notice. I do not have a progress report of our action in that regard immediately available.

● (1435)

ENERGY

NEWFOUNDLAND—OFFSHORE OIL EXPLORATION—NEGOTIATIONS WITH FEDERAL GOVERNMENT

Hon. C. William Doody: I have a question for the Leader of the Government. I was reading recently that a representative of the Government of Newfoundland made a statement somewhere in this great country of ours to the effect that the Government of Newfoundland was willing to put a moratorium of up to ten years—the inference was for a longer period if necessary—on the offshore oil development or exploitation in the eastern area if some agreement could not be reached with the Government of Canada.

Are the Government of Canada and the Government of Newfoundland currently carrying on talks? Is there an impasse at this level, or has it been decided definitely to go to court? I ask this question in view of the very serious situation with regard to the energy supply, particularly oil supplies in Canada, and the problem of security of supply. If talks could

be arranged to find a peaceful political settlement it would be preferable to another long delay in development.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, wherever they live, should be most enthusiastic about the fact that the development of potentially rich new resources is proceeding in Newfoundland. It is great news, not only for Newfoundland but for all Canadians. It is good news for the Canadian Confederation "family." I do not have information immediately available at my desk on the subject of the negotiations with Newfoundland. However, it is the hope of the government that these resources can be brought into production as expeditiously as possible for the benefit of Newfoundland—yes, and for the benefit of all Canada.

Senator Doody: Could the Leader of the Government undertake to get some information for this chamber on whether it is the intention of the two governments to carry on conversations with a view to breaking the impasse that now appears to exist, or is it the intention of the governments to take it to court, resulting in perhaps ten years' or more delay, which the official mentioned in his speech?

Senator Perrault: That question will be directed to the Minister of Energy, Mines and Resources, and an inquiry will be made about possible negotiations with the Government of Newfoundland.

POST OFFICE

SETTLEMENT WITH CANADIAN UNION OF POSTAL WORKERS

Hon. C. William Doody: I should like to direct a question to the Leader of the Government on the Post Office, which we talked about earlier. I thank the honourable senator for his promptness in getting a copy of the statement to me. That is appreciated. I have not had a chance to study it, but in looking through it I notice that the total cost of the settlement is not included. When the leader obtains the other information that we asked for, could he try to get that for us as well?

Senator Perrault: Yes, that inquiry will go forward. I think that measured against the fact that we have achieved a successful postal service negotiation must be measured the other dire alternative that could have occurred, namely, a disastrous tie-up of the postal service and resultant huge economic damage—the terrible primary and secondary effects of a strike or lockout on the economy of this country.

In net, honourable senators, I suggest that this will be a very beneficial settlement for all Canadians.

Senator Doody: I appreciate that, but the point I was making was that the settlement, welcome indeed though it is, will not prove to be a settlement unless all the facets in it are measured against the overall impact on the economy, the public service in Ottawa, as well as the public services in the provinces, all of whom get involved in that spiral.

[Senator Doody.]

ENERGY

TERMINATION OF OIL IMPORT COMPENSATION PROGRAM—EFFECT ON ATLANTIC PROVINCES

Hon. Orville H. Phillips: I have a question for the Minister of State for Economic Development. In view of the fact that the Right Honourable Prime Minister has announced the termination of the Oil Import Compensation Program, can the minister advise us if some form of special assistance will be granted for oil-burning electrical generating plants in Atlantic Canada?

● (1440)

May I, as background, point out that Nova Scotia and Prince Edward Island have the highest electrical costs in Canada. The termination of the oil import compensation program will double the cost of producing electricity in oil-burning plants.

Senator Olson: Honourable senators, I don't believe that the interpretation that the Prime Minister's reply announced the termination of the compensation program is accurate. It is an interpretation that has a large element of opinion in it rather than fact. He hoped that a pricing policy for crude oil could be worked out which would phase out the need for the program. It may be only a matter of semantics, but I do not have at this moment a specific answer as to what form an alternative assistance program would take in connection specifically with oil-fired thermo-generating plants, but the honourable senator should take some comfort from the fact that we have indicated that the cost of using these fuels will be relatively uniform across the country.

Senator Phillips: In replying to various questions I notice that the minister usually states that it is a matter of interpretation. The statement in the Commons *Hansard* is clear that the Prime Minister says the program will be terminated. How can you interpret that in any other way? I know the Prime Minister does not usually mean what he says, but surely that cannot be interpreted in any other way.

Senator Olson: Well, honourable senators, it is a very specific matter of interpretation. When the honourable senator says that the Prime Minister does not usually mean what he says, that is an interpretation with which I totally disagree.

THE CONSTITUTION

FEDERAL-PROVINCIAL CONFERENCE OF FIRST MINISTERS

Hon. Lowell Murray: Honourable senators, I have a question for the Leader of the Government. It is supplementary to those asked earlier by our colleague, Senator Donahoe, relative to the statements attributed to the Chairman of the Quebec Liberal Caucus.

Notwithstanding the welcome optimism expressed by the Leader of the Government, I would ask him to confirm that the Prime Minister of Canada is embarking on these talks fully expecting them to fail—

Senator Olson: That is not right at all.

Senator Murray: —that he expects to pull the plug and call a national referendum on constitutional matters and to unilaterally repatriate the Constitution, and that he so advised his colleagues in the Liberal Caucus this week.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I find a statement of that kind to be rather surprising. Perhaps it indicates the implicit pessimism which is part of the Conservative philosophy in this country. It is regrettable that a great national party can find so little that is constructive to say about this impending series of negotiations with the provinces and, indeed, that it would go so far as to almost express the hope that they will fail.

Senator Olson: That is what keeps them in opposition.

Senator Perrault: I want to assure honourable senators that those of us who have worked with the Right Honourable the Prime Minister down through the years, particularly in these recent weeks, and have seen the amount of time and effort he has invested in an effort to make these talks succeed, with the object of building a new Confederation—those of us who have seen first hand the degree of zeal that this man has invested in his task as leader of this country, can only have a feeling of repugnance when suggestions are made that he is somehow preparing a scenario for failure. This is not the nature of the Prime Minister, and it is not the nature of the party which has the responsibility for the affairs of this nation at this time.

We are optimistic about these talks. We believe that progress can be made. We know that there are cynics in this country who believe that the talks will not succeed. Some of those cynics are among those who would shatter Confederation, whether they live in the west or the east, and this government intends, with the use of all resources available to it, to ensure the ultimate success of those negotiations.

[*Translation*]

Hon. Martial Asselin: Honourable senators, I have a supplementary question. I understand the optimism the Leader of the Government in the Senate has just shown as to his government's fine intentions with regard to this constitutional conference. However, could he tell us whether the federal government's intentions are as fine as he has just stated with regard to its priority demands for constitutional changes during this conference? What are these priorities which the Prime Minister of Canada will demand from the premiers as regards constitutional changes? Will he insist on the patriation of our Constitution? If not, will he act unilaterally? Will he insist as a priority on the inclusion of language and collective rights in the new Constitution and, in case the provinces refuse these priorities, what is he going to do? What else can he do should the provinces refuse—and this alternative may not be that which the Chairman of the Quebec Liberal caucus has indicated, namely, that you are about to hold a national referendum, over the heads of the provinces, to seek the opinion of the Canadian people on the priorities which the federal government will demand from the provinces?

[*English*]

Senator Perrault: Honourable senators, the distinguished Senator Asselin, who has participated in negotiations of this kind involving other levels of government, knows that one never enters into them with a unilateral determination that the other side shall accept everything on one's agenda. When Senator Asselin asks what the Prime Minister will require and what he will demand, I can only reply that these negotiations which commence on Monday are not being conducted in that spirit. The Prime Minister and the Government of Canada are interested in the views of the provinces. This is a dialogue, which involves constructive proposals from both sides. There are indications from a number of the premiers that progress can be made in many areas, including human and linguistic rights across this country.

I can assure the house that no rigid timetable has been established. No structured agenda has been set. No demands are being made by the Government of Canada that progress be made on a certain number of items. The meeting on Monday is a preliminary one. The distinguished first ministers of the provinces are aware of some of the objectives that have been set forth as suggestions by the Right Honourable the Prime Minister. It is hoped that progress can be made, but there is no highly structured, formalized agenda.

If we have achieved anything in the history of this country it is that we have brought about great reforms by means of negotiation, by the process of reasonable men and women sitting down and discussing problems and achieving agreements through a conciliatory attitude, accepting the fact that Canada is a land of immense diversity that takes a great deal of understanding. The government is aware that there are great regional aspirations in this nation, whether they are in western Canada, eastern Canada, central Canada or the north.

● (1450)

As I said earlier, those of us who have worked with the Prime Minister and know his approach to this conference, know that the scenario spelled out by the Conservative Party's chief political architect is inaccurate, doleful and quite mischievous.

Hon. Richard A. Donahoe: I have a supplementary question. Would the Leader of the Government tell us whether he believes that the Leader of the Quebec Liberal caucus and his Quebec colleagues share the optimism he expresses about the results to come from the conference being undertaken by the Prime Minister?

Senator Perrault: Honourable senators, it is not for me to speak on behalf of the Quebec caucus, but had it not been for the superb optimism of the Liberal candidates in Quebec during the last election the Liberal Party would not be the government today.

Some Hon. Senators: Hear, hear.

[*Translation*]

Senator Asselin: Obviously, there is no room for party politics here, though the Leader of the Government would try

to resort to them, and I must tell him, in order to reassure him, that we on this side of the house, the Conservative Party and its leader, extend our very best wishes of success to the federal government and the provinces in the new endeavour to be undertaken on June 9. Still, the Leader of the Government always manages to avoid answering our questions.

Senator Langlois: He tries to.

Senator Asselin: It may be, but my questions are so clear he should be able to understand them!

When a meeting is organized, like the one scheduled for June 9 between the Prime Minister of Canada and the provincial premiers, it should be done with a purpose in mind. I asked the Leader of the Government if there was an agenda. He was to give me an answer but I am still waiting for it.

I ask him the same question today: what are the priorities, the demands of the federal government; what priorities and demands will it present to the provincial premiers on June 9 with regard to constitutional changes? Will they start by saying unanimity can easily be achieved, that the Senate formula will be modified? Is Senator Langlois slipping him the answer?

Senator Langlois: No, I am trying to understand what you are saying.

Senator Asselin: Will the premiers be told that unless they do such and such the Canadian people will be consulted unilaterally on constitutional changes? I should like to know what the priorities of the Prime Minister are, what the agenda of that constitutional conference will be.

[*English*]

Senator Perrault: Honourable senators, may I answer as candidly as possible under the circumstances?

Senator Asselin: You can do it.

Senator Perrault: The reason for the meeting on Monday is to draw up an agenda, in concert with the first ministers from the provinces, and to establish the priorities of both the federal and provincial governments.

It would be presumptuous of the federal government, as I suggested earlier, to go in with a structured agenda and say, "This is the way we are going to proceed with constitutional change, a rearrangement of powers. This is our view with respect to entrenchment of certain human rights, and we expect you to say yes or no." That is not the reason for the meeting on Monday, and that will not be the manner in which the federal government will proceed. It will attempt to achieve, in concert with the provinces, an agenda involving both provincial and federal governments.

[*Translation*]

Senator Asselin: So, I understand there is no agenda. It is simply a discussion between the premiers and the Prime Minister. There is no agenda.

[*English*]

Senator Perrault: The meeting will be informed and completely private. There will be no newspaper reporters present and no representatives of radio or television. It will be an attempt by reasonable people meeting together to come to terms with the realities of Canada in 1980 and to determine whether they, as good Canadians, can work out the basic pattern that should be adopted in order to achieve the reforms that are needed.

Hon. Azellus Denis: If I understand the Leader of the Government correctly, the priority will be discussed between the government and the provinces and between the provinces and the government—not between the government and Senator Martial Asselin.

[*Translation*]

Senator Asselin: Let there be light. We have just been enlightened by the Holy Spirit!

[*English*]

Hon. Orville H. Phillips: Honourable senators, I have a supplementary question for the Leader of the Government arising out of his reply to Senator Donahoe. In his reply he expressed regret that the Leader of Her Majesty's Loyal Opposition was not joining the Prime Minister in the common front. Does his regret extend to agreeing to have the Leader of the Opposition attend as an active participant rather than assume a minor role?

An Hon. Senator: Right on!

Senator Perrault: I believe that all Canadians, regardless of political belief, applauded the gesture of the Prime Minister when he met separately with the Leader of the great Conservative Party and the Leader of the New Democratic Party to discuss the challenge ahead, the priorities, the manner in which we should proceed toward constitutional change and reform. The Leader of the Conservative Party had the right to decide not to participate, as I believe he said, at this stage. That is his right. That is beyond criticism. But many Canadians regret that in an important matter of this kind it was not possible to achieve a certain all-party agreement on the method of proceeding.

Senator Phillips: My question was whether the government would consider allowing the Leader of the Opposition to attend as an active participant and take part in the debate—not whether people applauded the Prime Minister's gesture in meeting secretly with the Leader of the Opposition. I would like an answer to my question, not praise for the Prime Minister.

Senator Perrault: Honourable senators, it is my understanding that the Leader of Her Majesty's Loyal Opposition has declined to participate or to be an observer—

Senator Asselin: That is not true.

Senator Perrault: —and, as I said, it is his right to abstain.

Senator Asselin: That is not true.

Hon. G. I. Smith: Would the Leader of the Government not be more accurate if he were to add that the Leader of the Opposition declined the invitation for the time being because, among other things, he did not wish to be associated with any

presentation that he did not help formulate or in which he had no opportunity to participate?

Senator Perrault: I don't have a copy of the statement made by the Leader of the Conservative Party—

Senator Asselin: You should get one before you say anything.

Senator Perrault: —but that may well be the reason he has taken that position. He has the right to that opinion, and we are not criticizing that.

Senator Smith (Colchester): Would the Leader of the Government not agree that had the Parliament of Canada been invited to participate in formulating the proposals to be put forward, those proposals might have even greater possibility of bringing about the result we all desire, namely, agreement?

Senator Perrault: Honourable senators, that would require a very large conference, involving all members of Parliament from both Houses and provincial first ministers and their officials. May I suggest that honourable senators themselves can make a great contribution to this process by supporting a resolution now before the Senate to establish a subcommittee of the Legal and Constitutional Affairs Committee to study some of our views with respect to one aspect of change and reform.

Senator Smith (Colchester): I would not suggest for a moment that the Leader of the Government does not try to understand my question, but he successfully gives the impression that such is the case. I am not talking about inviting the whole of the Parliament of Canada to attend the conference, and he must well know that. I am asking whether he would not feel more satisfied to have the Parliament of Canada participate in the formulation of the proposals to be put to such conferences before those conferences are called.

Senator Perrault: Honourable senators, surely there is not the suggestion being advanced by Senator Smith (Colchester) that some parliamentarians are being excluded from this process. Let me say, on behalf of our party, both through the route of the Senate caucus and the general caucus of our party, that we have had continuing discussions and meetings on the subject of constitutional reform. There has been no restriction whatsoever on the right of any member of Parliament, whether he serves in the Commons or the Senate, to set forth his views unfettered by any kind of restriction and to provide advice and input into this process. It seems to me that that is what our parliamentary democracy is all about. I can only suggest that the honourable senator engage in similar initiatives within his own Conservative Party Caucus. There are many other ways in which this can be achieved.

Senator Argue: And have your leader articulate.

● (1500)

Senator Smith (Colchester): If the honourable gentleman has something to say, perhaps he has the courage to stand up and say it. If he hasn't, then let him heckle.

I say to the Leader of the Government by way of a question, because this is the Question Period: Would it not seem to him if he were in opposition—and he had some recent experience in that position—that in a matter such as this there should be a concerted effort by the government to encourage Parliament as a whole, and not individual caucuses, to participate in debate and formulation of such proposals?

Senator Perrault: Honourable senators, I favour very strongly a debate on the Constitution in this chamber, and in my view the same debate should go ahead in the other place. Parliamentarians have full access to their respective chambers to debate this question. Certainly there will be initiative here to have precisely that type of debate and discussion in the near future. But beyond that there are opportunities to debate the subject of the Constitution through the means of this subcommittee that has been proposed in the resolution either amended or unamended. There is the caucus route, and the opposition will be in a superb position to advance as many constructive ideas as possible to assist the thinking of the government.

Senator Smith (Colchester): The honourable senator still has not grasped the nub of my question, but that may be my fault. I am not talking about action after the fact. I am talking about action before the fact, before the proposals are formulated, and before the proposals are put before the provincial premiers. That is what I am talking about. I am not talking about debating something that has happened.

Senator Perrault: I am having difficulty following the honourable senator's line of reasoning. Surely members of the opposition at this moment should be meeting with their leader and in emphatic and eloquent and impassioned terms be setting forth their hopes for the future of Confederation. They should be trying to inspire their leader and then take their views to the Prime Minister and speak about them in the House of Commons and make public speeches from coast to coast. Surely this is the way political parties operate.

I am very concerned, honourable senators, after hearing another honourable senator's statement earlier, that the Conservative Party believes that there is some sort of conspiracy underway, some sort of plot to assure that these talks are going to fail, that there is such a basic pessimism in the Conservative Party that they are incapable of creating constructive ideas about the future of Confederation.

Some Hon. Senators: Hear, hear.

Senator Smith (Colchester): Is not the honourable gentleman aware that one of the usual preliminaries, when successful negotiations are hoped for, is to ensure that any preliminary comments are of a conciliatory nature, and is he not well aware that when those preliminary comments are as provocative as is possible to make them, that that is the very worst way in which to approach a conference in which agreement is hoped for?

Senator Perrault: Honourable senators, surely the ultimate in conciliatory gestures must be the action of the Prime Minister of inviting the Leader of the Conservative Party into his office for a private meeting.

Some Hon. Senators: Hear, hear.

Senator Perrault: Honourable senators, I cannot recall that when the Right Honourable Joseph Clark was Prime Minister of this country he ever invited the then Leader of the Opposition, Pierre Elliott Trudeau, to come to his office to give him counsel, guidance and assistance on constitutional matters. I cannot recall that.

I do express my concern this afternoon after hearing from the chief political architect of the Conservative Party his view, would you term it, his conciliatory view, to the chamber that the Right Honourable the Prime Minister had deliberately engineered the failure of these talks? Is that the conciliatory attitude that the Conservative Party talks about?

[*Translation*]

Senator Asselin: Honourable senators, I simply cannot remain silent after these remarks by the Leader of the Government. When he says we never made constitutional suggestions, I would remind them that in 1972 when a report of the joint committee of the Senate and the House of Commons on constitutional changes was submitted to the government, that report was shelved. It was never considered.

Secondly, when we got the Pepin-Robarts report, when was it discussed in the house? It was also shelved.

When we got Bill C-60 and it was referred to the Supreme Court for legal consideration, when did we hear about it? It was also shelved. So how can we have faith now in a government which wants to make constitutional changes but which turned a deaf ear to the recommendations of the House of Commons and the Senate on constitutional changes?

Senator Guay: Why did you not bring them out when you were in power?

[*English*]

Senator Perrault: Honourable Senator Asselin, with his extensive experience in government, knows the long, tortuous and difficult path of federal-provincial relations with respect to the Constitution. Honourable senators will recall the Victoria Conference; honourable senators will recall ceaseless meetings which ended in deadlock because of a lack of consensus or a lack of unanimity. Honourable senators know that record.

Recent events in the province of Quebec have inspired many Canadians to believe that we must make progress this time, and we can only make progress if parliamentarians, regardless of party, engage in these talks in an optimistic frame of mind and dedicate their efforts to success and not to failure.

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, I have a supplementary. I listened attentively to what the Leader of the Government in the Senate said earlier about the spirit, the attitude with which the Prime Minister of Canada would embark on discussions with his provincial counterparts. Remembering—and I will try to recall from memory exactly what that letter contained—that in the letter he wrote to the provincial premiers in the spring of 1975, the Prime Minister of Canada who was the same man as today, at that time enumerated the options—pure and simple patriation, patriation with an amending formula, and a third option which involved also extensive changes.

The letter in question raises the possibility that in the absence of a consensus the federal government would consider acting unilaterally.

In light of what the Leader of the Government told us earlier, my question is as follows: Is he actually assuring us that between 1975 and 1980 there was a drastic change in attitudes and that now the provinces would engage in a constitutional dialogue in another context, in another climate than the implicit threat of unilateral action by the federal government?

[*English*]

Senator Perrault: Honourable senators, many events have occurred between 1975 and 1980. Certainly a new urgency has been added to the whole question of constitutional change, reform, redistribution of powers, and other associated matters. All I can say is that all options are open, and I repeat that the preliminary meetings that have been held between Mr. Chrétien and the provincial first ministers give cause for optimism. I repeat that a rigid agenda has not been set for the meeting on Monday. This is to be an exploratory meeting to develop, insofar as possible, a constructive agenda for future action. The provincial premiers are attending on that basis.

• (1510)

Without doubt, of course, past meetings which have been held regarding these matters and the conclusions of those meetings—all of that material forms part of the background for the talks starting next week. An enormous amount of research has been undertaken not only by the federal government but by the provincial governments to make sure that the talks are productive. That is really all that can be said at this time.

[*Translation*]

Senator Tremblay: A supplementary. If I understood the government leader correctly, he just said "All options are open"—which I translate into French as "toutes les possibilités sont ouvertes"—including therefore unilateral patriation?

Senator Langlois: That is your comment, but it is not a question.

[*English*]

Senator Tremblay: If all options are open, this one might be included. That is why I wanted clarification. Are all options open except that one?

Senator Perrault: Honourable senators, I am not prepared to go beyond the statements I have made, and I hope that my disinclination to comment further on this point will not be interpreted by the honourable senator as further evidence that some sort of plot exists. That is not the case.

Senator Smith (Colchester): Honourable senators, I must ask the Leader of the Government if he would be kind enough to make an effort to understand the question I have been

asking him now for some little time. He took advantage of the fact that I had asked some sort of question to make a long dissertation about the conciliatory gestures of the Prime Minister. I was not asking about that at all, and I know he is perfectly capable of understanding a question even when not very well put, if he puts his mind to it. So I now invite him to put his mind to a straightforward answer to this question: Is he not prepared to agree to the general proposition that as a prelude to a meeting of any kind at which agreement upon some subject is to be sought, it is best that if any preliminary statements are made they should be of a conciliatory nature?

I want to go one step further and ask him if he is not aware of the statements made by the Minister of Energy, Mines and Resources about the attitude of certain oil-producing provinces, and is he not prepared to agree that those statements were less than conciliatory and therefore not well advised to further a conciliatory attitude at the conference?

Senator Perrault: Honourable senators, I think that generally it can be said that the spokesmen for the government have been very conciliatory in the remarks that they have made. I hope that honourable senators will have the opportunity to read the full speech delivered by the Minister of Energy, Mines and Resources. It is really a remarkably fine discourse, and when the minister suggested that we were not about to see a situation arise where there would be economic sovereignty with political association—and I presume that those are the words that were referred to by the honourable senator—when properly thought out those words have a great deal of relevance, meaning and substance.

There is a view held by most Canadians, I think, regardless of party, that we are a family in this nation, and that when one part of the nation finds itself suddenly rich in resources, there is a responsibility to share with those areas which are less well endowed. Confederation involves sharing one's difficulties and joys and problems and successes in the same way that that process is undertaken in a family. That is why most Canadians are absolutely delighted that resources, petro-chemical resources and fossil fuel resources, now appear to be available in large quantities in the Atlantic provinces. That is a marvellous thing for the Canadian family.

Surely what the minister was attempting to state was that one section of the country must not keep unto itself all of the riches it happens, through the bounty of the Lord and nature, to find in its soil or in its mountains or in its forests or rivers. I think that most Canadians would agree with that basic concept. When read in its totality, the speech was a good speech, and I hope that honourable senators will take time to read the entire text. I think it was misinterpreted by many readers, unfortunately.

As to the general question, should governments or parties or negotiators in any type of negotiation be conciliatory, I think they should be as positive as possible, but in the process of being positive as possible one can also be very strong.

When I talk about the sharing of resources, there has to be sharing in other directions as well. I know that the honourable senator, coming as he does from the maritime provinces, realizes that there has to be a sharing of economic opportunity and a sharing of access to markets and all sorts of other sharing which go beyond the resources which happen to be in the ground. It is a two-way matter, this family concept.

Senator Smith (Colchester): Well, I thank the honourable gentleman for his exposition, and I may add the hope that when the question of sharing comes to be dealt with, particularly in terms of equalization, he will hold the same views and express them as eloquently as he has now. I would ask him, however, if he cannot understand that I, as a resident of the Atlantic provinces, to whom the preservation of Canada as an entity is of fundamental importance, am just as concerned with the success of the federal-provincial conference as he is, and can he not understand that when I see something that seems calculated—not intended but calculated—to make the success of that conference doubtful and difficult, I feel resentful of the person who created that atmosphere or who seems to have created that atmosphere. As for reading the speech of the Minister of Energy, Mines and Resources, I have done so, or at least I have read what came to my desk, presumably from that minister's office and was purportedly the text of the speech. I cannot find in that speech anything which would attribute to the words used a moment ago by the Leader of the Government any meaning except, "If you don't do what we want, we will make you do it." And that, I think, is something that is calculated to make it difficult to have a successful conference in an effort to preserve that thing which we in the Atlantic provinces want above all else. That is why I feel so strongly about it.

• (1520)

Senator Perrault: Honourable senators, if I am able to disabuse the honourable senator of the notion that somehow this speech was intended to convey the idea that the federal government has adopted a unilateral approach toward future modifications in Confederation and constitutional changes, I am pleased to do so. That was not the intent of the speech and that is not the policy of the government. Again I suggest that if the full text is read it will be regarded by most Canadians as a very constructive speech.

The honourable senator makes no reference at all in his remarks to certain statements made from time to time by provincial first ministers in the past few months, including premiers from his own region of Canada. These speeches, I read with interest, had been condemned by newspapers in Nova Scotia as being inflammatory and unhelpful. But the honourable senator makes no mention. of those speeches.

Surely, on both sides there has to be a climate of goodwill established. So I do not find myself in disagreement with the honourable senator if that is the thesis he advances.

Senator Smith (Colchester): I thank the leader for his conciliatory words. I would remind him, however, if I may, that had he followed the events and comments emanating from what are supposed to be people in authority in Ottawa, he would easily understand that the Premier of Nova Scotia wished to reiterate Nova Scotia's claim to control over its offshore minerals.

Senator Perrault: I said in his region. Mr. Peckford has been criticized in some newspapers of the Atlantic provinces for certain statements made by him recently. I would not want to misjudge Mr. Peckford, because I have not read the complete text of the speech which brought so much criticism upon his head. I make no personal judgment, but the honourable senator made no reference to that statement made by Mr. Peckford when he came to the Press Gallery in Ottawa just a few days ago.

INDUSTRY

FINANCIAL ASSISTANCE FOR SYDNEY STEEL CORPORATION, MICHELIN TIRE COMPANY AND NEW COAL MINE OPERATIONS

Hon. Robert Muir: Honourable senators, I have been listening intently to the Leader of the Government, and again, according to the Gospel of Saint Ray, what is good for one part of the country is good for another part of the country.

Could he please tell us how soon we will be able to get the moneys that were promised for the development, renovation, rejuvenation, modernization of the Sydney Steel mill, and how soon a decision will be reached on the Michelin development in Nova Scotia? He mentioned fossil fuels. Could he tell us how soon we will be in a position to know when money is going to be provided, money that was promised?

Senator Phillips: In a spirit of brotherhood.

Senator Muir: Yes, in a spirit of brotherhood, *Dominus vobiscum*! Could he tell us when we will be receiving cash to promote fossil fuels, the Sydney Steel mill and the Michelin tire plant.

I am sure that the leader agrees with the statements I made a few days ago that it was rather ironic that leaders of unions should join forces with giant corporations to tell the Right Honourable the Prime Minister and his government not to dare do anything for the Atlantic provinces with regard to the Michelin tire manufacturing plant. In the 22 years that I was a member of the House of Commons, and in the short time that I have been a member of the Senate—and I am pleased to be with the wonderful people who are here—I have never heard any union from Ontario, backed by the President of the Nova Scotia Federation of Labour, say that industry should not go to Brantford, London, Guelph or St. Catharines, but should instead go to Nova Scotia. But we have the reverse happening now in an area where, as the honourable leader knows, the unemployment rate is very high.

I know he does not carry all this information in the top of his head, but I hope he will take notice of these questions and bring us some encouraging information.

Hon. Raymond J. Perrault (Leader of the Government): I am pleased to take notice of these important questions.

GRAIN

MARKETING OF OATS

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, on May 29, Senator Balfour asked when the oat pools for 1977-78, 1978-79 would be closed by the Canadian Wheat Board.

I am pleased to inform the Senate that on May 30 the board closed these pools and the necessary calculations concerning them have begun. I am sure members on both sides of the house will applaud this speedy action by the Canadian Wheat Board subsequent to the question asked by Senator Balfour. So those oat pools have now been closed.

Senator Roblin: Are you suggesting that his question started the thing going?

Senator Argue: I am suggesting that it was a very good question, and following the question, speedy action has been taken. That is all I am saying.

Senator Roblin: There are a few *non sequiturs* around here.

TRANSPORT

REPORT ON REVIEW OF WESTERN GRAIN STABILIZATION ACT—EFFECT ON WESTERN GRAIN PRODUCERS

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, yesterday Senator Nurgitz asked when the Minister of Transport would be tabling the report on the Review of the Western Grain Stabilization Act.

This review, which is required by statute, has not been forwarded to me as yet as minister responsible for the act, but I expect to receive it soon. When I have it, I will table it in the Senate. My colleague the Minister of Transport will table it in the other place when he receives it.

GRAIN

CANADIAN GRAINS COUNCIL—STATEMENT BY SECRETARY-GENERAL

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, on Tuesday evening, June 3, Senator Bielish asked the Leader of the Government to comment on a news story concerning the Crow rate. The first paragraph of that article reads:

> VANCOUVER—The artificially low Crowsnest Pass rail rate for hauling grain should be abolished because it will prevent Canada from meeting its grain export goals, says Donald Dever, Secretary-General of the Winnipeg-based Canada Grains Council.

As the minister responsible for the Canadian Wheat Board, and as one who has studied grain transportation and grain marketing, and in particular the Crowsnest Pass rate, for many years, I must take exception to the statement made by Mr. Donald Dever. I feel that the Crow rate is not the impediment to meeting our export targets in the years ahead. As a matter of fact, it is my judgment that if the Government of Canada and the producers of Canada had depended solely on railway action—and this no matter what kind of compensation those railway companies may have been given—the resulting transportation facilities and delivery of grain would very

likely have been inadequate. I think a major factor in the growing improvement in our transportation delivery system has been the addition to the system of many thousands of hopper cars, some paid for by the Government of Canada, some leased by the Government of Canada, some paid for by the Canadian Wheat Board, some now coming on stream paid for by the Province of Saskatchewan, the Province of Alberta, and some 650 cars being put into the system because of leasing arrangements provided by the Province of Manitoba.

Another contributing factor in this vast improvement is the program that has been going on for a few years now providing for branch line rebuilding.

So I say that I do not think that the Crowsnest Pass rate can be held up as the culprit which stands in the way of improved transportation facilities.

● (1530)

Dealing with the future of this rate, I am one who believes that a statutory rate stands in the interests of western Canada, that a statutory rate should remain as far as grain producers are concerned, and that the changes that may come about should come about in accordance with the growing consensus that I see developing in western Canada amongst western organizations as to exactly what changes or modifications should be made in the rate structure of the country.

Some are advocating changes in other rate structures, but the people to whom I look for a consensus are those represented by that great body of organizations which together form the Western Agricultural Conference of the Canadian Federation of Agriculture. I refer, of course, to the Alberta, Saskatchewan and Manitoba pools and their livestock divisions, the United Grain Growers, the Western Cow-Calf Association, the hog producers, the chicken/egg producers, the oil seeds manufacturers, and so on. All of these groups are giving a tremendous amount of attention to the whole question of the freight rate structure as it affects the agriculture industry, both in terms of the primary industry and the secondary manufacturing industries. Solutions to the problems to which I have referred are likely to be forthcoming from the kinds of studies that are now going on.

On this same question, Dr. Hugh Horner, the Federal Grain Transportation Co-ordinator, had some things to say, and again I quote from this article:

> Noting that few people would suggest farmers pay the full cost of moving their grain, he said some sort of subsidy is necessary and "I'm confident that if we allow the farmers themselves to decide it will be done."

He went on to say that a larger part of the improvement for next year would come about as a result of the increased transportation facilities to which I have referred. He also said that the largest single impediment to improved transportation delivery was on the supply side, and he pointed out that 59 per cent of the country elevator capacity along Canadian National Railways is empty today and 40 per cent of the capacity along CP rail lines is empty.

To my mind the Crow rate is blamed for many difficulties to which it has no application whatsoever. As far as this total news report is concerned, I think Dr. Hugh Horner has made some very sensible comment.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I ask a supplementary question following that instructive and interesting dissertation on the part of the minister—a dissertation which I think equals anything that we on this side of the house could do in terms of a lengthy contribution to the Question Period. I congratulate him on his ingenuity and his powers of expression.

Senator Choquette: He is the best.

Senator Roblin: I am sure he is aware that the Assistant Deputy Minister of Transport, speaking in Edmonton quite recently, pointed out in very emphatic terms—and I think correctly—that the question of the Crow rate was indeed the primary question that had to be decided in connection with the whole transportation system in western Canada at the present time. He did give it—and I hope I am not misrepresenting him; I think I am not—he did give it first place. The minister has told us what he thinks the present situation is. I am sure he would agree that it is a very important public matter and one which needs to be addressed.

What leadership is the minister prepared to give to these many associations of which he spoke in terms of the settlement that should be reached in connection with this question? While it is quite true that a consensus is desirable, even a herd of—well, I will not use that metaphor, for it probably would not be suitable. Someone should take the lead in these things, and I think an elected official may have that responsibility.

Senator Argue: I disagree with my honourable friend on a number of grounds, but I congratulate him for opening up what I imagine is yet another dimension of our procedure—and I think it is an excellent one—namely, that when a reply to a question is given on a delayed basis, there may be further questions at that time.

I suppose I am old-fashioned, but I think one should really look with some question at a procedure when assistant deputy ministers or other officials of government go across the country making important speeches on what is undoubtedly a highly controversial public question. To my way of thinking, the whole theory of responsible government is that officials, generally speaking, speak through their ministers. I do not want to get into any great debate at this time as to what this person may have said; indeed, I do not have the text in front of me.

As far as the federal government taking leadership on this question is concerned, I sometimes wonder whether at times so-called leadership by politicians is really leadership or whether at times it might just happen to be interference with a process that is going along very well.

Some Hon. Senators: Hear, hear.

Senator Argue: I might have come up in the wrong school, but I sometimes think that a great many things can be

accomplished without the press, without a tremendous amount of publicity. I am just a farmer from the hills of southern Saskatchewan, but I know the people I meet when I come to the airport in Regina once or twice a week, and the people I meet are farmers. They are highly skilled businessmen. They know their profession well. They know what they are doing, and they say to me: "Hazen, we are having meetings on transportation policy. We are considering all of the difficulties. A consensus is developing, and our research facilities are providing some of the answers."

These are not just a few farmers who have been gathered up and put in a building and asked to talk until they have decided on something. These are representatives of, and part of, very successful producer-owned multimillion dollar corporations, and I take the attitude that there are times—and this might be the case in this instance—when real leadership and fast leadership may come if the politicians do not get in and try to lead something that is already going along very well.

Senator Roblin: What an admirable theory. I only wish my honourable friend would apply the same logic to some of the other things his government is doing. I will content myself, however, by saying that he is no farmer from the back hills of Saskatchewan. In fact, he leads his army from behind. He is the Duke of Plaza Toro.

Hon. Martial Asselin: Is the minister saying that deputy ministers are not permitted to appear before committees of the Parliament of Canada without the approval of their minister and there to give their views about policies of the government?

Senator Argue: In the case of an appearance before a parliamentary committee, my statement does not apply. In all likelihood the minister would be present, although on occasion he might ask the deputy minister to go in his stead. I thought it was at a public forum outside of parliamentary committees. If it were not, then I stand corrected. My impression was that it related to speeches made in various parts of the country.

Senator Roblin: Honourable senators, it is not my intention to get into an extended comment today on the role of deputy ministers or assistant deputy ministers, but I would not agree with my honourable friend that their status is the same as it was in the nineteenth century. Things are changing and they are going to have to take some other responsibilities than the traditional ones. But on the point, the gentleman in question did speak at a public forum in Edmonton, but he also spoke before a committee of this Senate quite recently, and I think that no blame can attach to him, because he responded frankly and fairly to the questions asked.

IMMIGRATION

OFFICES AND OFFICERS ABROAD—BACKLOG OF APPLICATIONS

Question No. 1—**By Hon. Peter Bosa:**

1. In what countries does Canada have immigration offices?

2. How many immigration officers were assigned to each office on (a) December 31, 1977, and (b) December 31, 1978?

3. What was the backlog of immigration applications in each office on (a) December 31, 1977, and (b) December 31, 1978?

Reply by the Minister of Employment and Immigration:

1. See below.

2. See below.

3. The Canada Employment and Immigration Commission defines backlog in terms of "applications received and recorded . . . on which processing action has not been initiated". According to this definition, on the dates indicated in the immigration offices listed, there were no backlogs of immigration cases. However, it should be noted that processing times vary considerably from country to country, and from one type of application to another. Some of the major factors affecting the difference in processing times are the completion of medical examination and background checks, the receipt and verification of required documentation and the scheduling of interviewing trips to countries or centers away from the location of the office.

1. Canada has 58 immigration offices in 43 countries. They are:

Argentina	Hong Kong	Pakistan
Australia	Hungary	Philippines
Austria	India	Poland
Barbados	Iran	Portugal
Belgium	Israel	Singapore
Chile	Italy	South Africa
Colombia	Ivory Coast	Sweden
Denmark	Jamaica	Switzerland
Egypt	Japan	Thailand
Eire	Kenya	Trinidad & Tobago
France	Korea (South)	United Kingdom
Germany (Federal Republic of)	Lebanon	United States
	Mexico	U.S.S.R.
Greece	Morocco	Yugoslavia
Haiti	Netherlands	

2. Immigration Officers Assigned by Post

Post	December 31, 1977		December 31, 1978	
	Canada-Based Officers	Locally Engaged Officers	Canada-Based Officers	Locally Engaged Officers
Atlanta	2	1	2	1
Boston	3	1	3	1
Buffalo	2	1	2	2
Chicago	3	1	3	1
Dallas	1	1	1	1
Detroit	3	1	3	1
Los Angeles	2	1	2	1
Minneapolis	1	1	1	1
New York	7	3	7	3
San Francisco	2	1	2	1
Seattle	3	1	3	1
Sub Totals	29	13	29	14

[Senator Argue.]

Post	December 31, 1977 Canada-Based Officers	December 31, 1977 Locally Engaged Officers	December 31, 1978 Canada-Based Officers	December 31, 1978 Locally Engaged Officers
Bogota	2	1	2	1
Bridgetown	2	1	2	1
Buenos Aires	3	1	3	1
Kingston	5	2	5	2
Mexico	1	1	2	1
Port au Prince	2	1	2	1
Port of Spain	4	2	4	2
Santiago	2	1	2	1
Sub Totals	21	10	22	10
Bangkok (Post opened '78)	—	—	2	0
Hong Kong	9	2	8	1
Islamabad	2	1	3	1
Manila	5	1	5	1
New Delhi	7	2	7	2
Seoul	3	1	3	1
Singapore	2	1	2	1
Sydney	3	1	2	1
Tokyo	2	1	2	1
Sub Totals	33	10	34	9
Abidjan	2	1	2	1
Beirut	3	1	3	1
Cairo	2	1	2	1
Nairobi	4	1	3	1
Pretoria	2	1	2	1
Rabat	1	1	0	1
Tehran	1	1	2	1
Tel Aviv	2	2	2	2
Sub Totals	17	9	16	9
Athens	3	1	2	1
Belfast (Post closed '78)	2	1	—	—
Belgrade	4	1	3	1
Berne	2	1	2	1
Birmingham	5	1	6	1
Bonn	3	1	4	2
Bordeaux	1	1	1	1
Brussels	2	1	2	1
Budapest	1	0	1	0
Copenhagen	0	1	0	1
Dublin	1	1	1	1
Glasgow	4	1	4	2
Lisbon	4	1	4	1
London	15	4	12	4
Madrid**	1	1	1	1
Manchester (Post closed '78)	5	1	—	—
Marseilles	2	1	2	1
Milan	2	1	2	1
Moscow (Post opened '78)	—	—	1	0
Oslo (Post closed '78)	0	1	—	—
Paris	7	2	6	2
Rome	3	1	4	1
Stockholm	2	1	2	1
Strasbourg (Post closed '78)	1	1	—	—
Stuttgart (Post closed '78)	3	1	—	—
The Hague	2	1	2	1
Vienna	2	1	2	1
Warsaw	2	0	3	0
Sub Totals	79	29	67	26
Grand Totals:	179	71	168	68

**This office was closed the end of June, 1979.

VETERANS AFFAIRS

WORLD WAR I DISABILITY PENSIONERS

Question No. 6—**By Hon. Jack Marshall:**

1. Of the 6,113 World War I disability pensioners who were in receipt of the degree of disability between 1 per cent and 47 per cent (as noted in the Veteran's Affairs Annual Report 1978-79), how many have died up to April 1, 1980?

2. Give the same figures for (a) the 75,539 World War II veterans, (b) the 1,802 Special Force veterans and (c) the Regular Force veterans up to April 1, 1980.

Reply by the Minister of Veterans Affairs:

Statistics regarding the deaths of disability pensioners by degree of disability are not maintained by the Canadian Pension Commission. During the period 1 April 1979 to 31 March 1980, 5,515 deaths of disability pensioners were reported.

The following information concerning disability pensioners in receipt of the degree of disability between 1% and 47% as at 31 March 1979 and 31 March 1980 is provided:

Pensions in Force 1% — 47% as at March 31, 1979 and March 31, 1980

	March 31, 1979	March 31, 1980	Decrease	Increase
World War I	6,111	5,407	704	
World War II	75,539	75,159	380	
Special Force	1,802	1,826		24
Regular Force	4,612	5,205		593
Totals	88,064	87,597	1,084	617

Of the decrease of 1,084 shown for World War I and World War II pensioners, approximately 975 are as a result of the death of the pensioner. The remainder have been increased to an assessment of disability greater than 47%.

● (1540)

OLD AGE SECURITY ACT

BILL TO AMEND—THIRD READING

Hon. Florence B. Bird moved third reading of Bill C-16, to amend the Old Age Security Act.

Hon. Azellus Denis: Before this bill is read the third time, I should like to ask a question of the sponsor. Could Senator

Bird tell me if the $35 increase mentioned in the bill is subject to indexation?

Senator Bird: Yes, just as the GIS and the OAS are.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tem* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

June 5, 1980

Sir,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 5th day of June at 5 p.m., for the purpose of giving Royal Assent to a Bill.

I have the honour to be,
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

RETIREMENT AGE POLICIES

REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

The Senate resumed from Wednesday, May 28, debate on the consideration of the Report of the Special Committee of the Senate on Retirement Age Policies, entitled: "Retirement Without Tears," tabled in the Senate on April 15, 1980.

Hon. Heath Macquarrie: Honourable senators, I know it is a difficult exercise to try to gild the lily, since we have heard many excellent speeches. However, we do have royal assent this evening, and I will restrict my comments in this regard to, hopefully, a good deal less than one-third of an hour. That is a reasonable commitment.

Honourable senators, it is not trite banality on my part to say that I am genuinely pleased to be able to participate in this debate because, in the many years before I came to this place and nursed the hope that some day I might, I noted with great care and much appreciation the work of Senator Croll and the many people who have taken part in the investigative and leadership committees of the Senate. Few can speak with the same detachment as I can, since I was not a member of the committee. Therefore, it is no self-praise for me to commend the report and those who authored it.

This Senate committee has made a splendid contribution to those members of our society of advanced years. They have also taken a great initiative for the whole of society because they have zeroed in and given careful and special study to a unique, continuing and enormously important aspect of our total community.

We in public life—sometimes called politicians—have many roles: we have a legislative role; and we have a role in relation to the people and the regions we represent. However, as Lord Bryce indicated long ago, there is another role, and that is an educative role. I think that the committee, and Senator Croll in particular, has shown outstanding leadership for a long time in presenting, before the Canadian people, the true inwardness of the question upon which the committee began its deliberations.

I was delighted to hear Senator Croll through the media and in person make his appeal to the senior population. Indeed, he uttered something like a rallying cry. He urged them not to take a back seat but to realize their importance and their strength. That brought great joy to my heart although, I suppose with some degree of caution, I could say I do not quite belong to the group myself. I will not have to wait very long.

This study and the emphasis on the study were very much needed because, in our society today, we have come a long way from those earlier societies where to be old was to be honoured. In our highly bureaucratized structure, if we do not in fact say to our older people, "The best place to be is on the shelf or poked off into a home, but for heaven's sake don't stay anywhere near centre stage," the comment is implied. That is quite a change from other societies.

As I gave thought to these remarks this morning, I decided that "venerable" does not really require the suggestion of antiquity, but no one ever refers to a venerable institution that is new or young—we automatically assume that veneration comes with age. That is why it is important for someone like Senator Croll and his colleagues to tell older people in a society where perhaps the accumulation of years is not honoured that, indeed, they are important people among us and they must never lose the sense of their worth, their significance and the profound contribution which they make.

We do not tell ourselves enough that old age has yet its honour and its toil. I want Senator Bird to know that I am not attributing that remark to Longfellow, but to another "understandable" poet—if I may use that word—Tennyson. I think we remember the words of the poets we can reasonably comprehend and even recall down through the passage of time.

I thought there was much sense and some nobility in Senator Croll's appeal to the senior structure of our society. I was deeply moved by his tone and by his priorities.

We are saddened, if we are at all sensitive, when we see economic fears unite with those inevitable hazards and difficulties of growing old. I remember a dear friend of mine, the

former Senator O'Leary, literally announce his impending death on television when he quoted Browning and said that only a damn fool would want to grow old. There was a great deal of poignancy in that remark.

When the inevitability of old age is coupled with economic fears—the kind of things which Senator Bird outlined so well when she took part in the debate on Bill C-16—then it is a graphic situation, a disturbing one, and very sad. I remember when she opened her speech and said she was telling a story of concern, loneliness and poverty. She saddened us, but realistically saddened us, when she talked about the far too large sector of our society that is perhaps in Dickens' words, living on broken wittles, and far too little to give comfort and sustenance at any age, let alone at an advanced age.

● (1550)

I had twenty-two years in what we still foolishly call the other place, in other words the House of Commons, and there, as Senators Phillips and Marshall and many others know, there is a somewhat different relationship to the people, if not to the province, because the relationship of a member to a constituent is not equated in the Senate, although the concern of a senator is as acute and as deep as that of a member of the lower house. I would contend that we in our way are not lacking in that essential of the democratic structure, the representation element. In the House of Commons there is an immediacy, and of all the conversations and letters I had those that bothered me most, and that I will always remember, dealt with the very kind of people Senator Bird was discussing when she talked with us and to us, when she mentioned particularly the women, but not only the women.

A thing we have to remember—and there is a little realistic sadness in this—is that women tend to live longer. I have often watched, again with a jolt, when I see tourist groups. A bus will drive up to a hotel and out will step seventy people, about five of them males and all the rest good ladies who have outlived some hard-working husband who has gone to his glory. The immediacy of that daily contact in trying to help these people is painful, extremely painful. We could all talk about many sad tales.

I am old enough to remember the iniquitous means test and all the nastiness that went into it. For $40 you were supposed to go through some motion, turn over the farm and dispose of every asset you had, so that the state could assist you with a few dollars. Many of our citizens, far too many, thought they were going through some kind of formula to qualify, and they very soon found out that their beloved offspring were taking it very seriously, and they did more than qualify for this sum of forty bucks. They had lost the whole farm in the process.

Then—and this is a most reprehensible thing—we found at times the senior citizens were used as election fodder. I do not pretend to be any more sensitive than anyone else, but I will never forget my first election campaign, in 1957, in Prince Edward Island, when we talked to a lady, her daughter and the daughter's husband. The conversation was general. Naturally I wasn't making promises, but we must have been talking about the future of the world. Then, as I went down the lane this elderly lady came to talk to me, where the young people were not able to hear, and she said, "Is it true that if you fellows get in we'll lose our old age pension?" Now some unworthy person had told that woman that. I have an idea who it was. It was someone right in the house saying, "Make sure you don't give support to these people in the opposition." I thought how callous and how cruel that was. My God, was ever a vote so important that you could tear into the heart of a poor old lady and tell her that her whole future was so fragile that she could not engage in the proper exercise of her franchise?

Senator Phillips: They were being very "liberal," weren't they?

Senator Macquarrie: I hear what my colleague Senator Phillips says. I will not go into any more detail, but I am not arguing with him.

Another thing which used to trouble some of us—Senator Marshall is one, and many others—is that we would be very satisfied when an increase was made in the old age security. The next time we saw some of the constituents we cared very much about they would say, "Yes, that's fine. We have an increase of $25, but our rent has gone up $28," or $22, whatever it was. In other words, it would be gobbled up in the twinkling of an eye. Then you would wonder how would we ever get ahead of these things; how would we ever get that degree of social justice that is so deserving and so essential. I agree with what many people in this debate have said, that, as we reflect upon these days and the past, we have in fact come a long way, and thank God we have.

I think, too, of what this chamber, this much abused and little understood chamber, has done in this regard. Many years have gone into a study of poverty, a study of aging and a careful study of retirement, with expertise, with compassion, with devotion from this chamber, a building up of understanding, a powerful educative process. And to think that this very chamber is the one that in 1926—our predecessors, of course—threw out an old age pension bill that had been passed to it from the lower house. We have come a long, long way, and many people in Canada today in their seventies and eighties think very warmly and kindly of Senator Croll, Senator Fournier (Madawaska-Restigouche), and others who down through the years have given leadership.

I am not just filibustering until someone representing Government House comes, but I want to say how pleased I am to commend what has been done. This has been a fine debate. The information given has been valuable. I have said, being optimistic, that we have come a long way, but we cannot take satisfaction, because there is a long way to go yet.

I was instructed and impressed when Senator Croll put on the record the night he presented the report the fact that many countries have done a better job than we have, especially in their organized retirement plans. In this regard, it is clear that the Scandinavians have done an excellent job. Senator Croll was very apt and precise when he said that in that area we, as a country, have been getting off pretty easily. Those conclusions are worth dwelling upon.

I should also like to say how pleased I was that Senator Fournier (Madawaska-Restigouche), was the second person to speak, the seconder of the motion and the vice-chairman of the committee.

I am never very comfortable in a chamber like this when we make decisions out of partisan considerations. I think that a chamber on which the executive does not rest in terms of confidence should not be basically a partisan chamber. There are some chambers in the world where people do not even sit in parties; they sit alphabetically. I don't know whom I would end up with under that system, or, what is worse, who would end up with me. This transcends partisanship, and the tributes Senator Fournier paid to the chairman, were gentlemanly, considerate and very appropriate. We admire Senator Fournier's leadership. He has kept abreast of this whole matter and has made sure that none of us forgot the primacy and importance of this issue.

● (1600)

I enjoyed all the speeches. I liked Senator Godfrey's contribution and could not but agree with some of his comments.

Then we get to the nub of the whole question of retirement. The idea of compulsory retirement is painful, and all sorts of useful contributions are shut off as a consequence of it. At the same time, if we have a society in which people literally cannot afford to retire, that, surely, is worse than the loss of productive activity because of the automatic shuffling out of the work force.

So we come back to the situation that it is not easy—it is never easy—in a complex society to set up a rigid formula and say that that must work for all of us. The basic question is before us, and this report, which is the end of a trilogy, as I understand it—and a very fine ending, too—is by no means the end of our consideration of the subject. Indeed, as we noted, even before this committee's report was adopted, another measure has gone through to third reading this very day. It is not a major measure, but is a useful one and everyone here supported it.

I think that the more the public knows about what is in this report, the more they know what the senators have said about it and think about it, the better. I reiterate what I said when I first came in here and said about it long before I came here, namely, that there is more sound thought, common sense and perceptive awareness in this chamber in reference to public matters than people who present flippant opinions in the media even come close to grasping. There is so much wisdom here and so much concern.

I remember one particular group in society that I think illustrates one of the themes of the report, and that is the CUSO group. We all know what CUSO does and about the young teachers and workers who go to various parts of the world. Once in a while they get into trouble, which is natural. They also get argumentative, which does not disturb me at all. If you get a lot of people all thinking the same thing you have a lot of people who are not thinking anything. Down in the United States they have a group called the Peace Corps, which is something like our CUSO. Then there is the other group that these nasty young people call the "paunch" corps. It is a group of retired executives and people of enormous experience who have reached the age of 65. They are supposed to be through, yet we have them all over the world today. They are outstanding Canadians who are doing a most excellent job. I first met them down in the Caribbean, and I am afraid that when I used the expression "paunch" corps, they assumed I was one; but I was not, as a matter of fact. Nevertheless I was very glad to see them. I admired them. They seemed to me to typify the significance and importance of doing something a little more thoughtful, a little more thorough than just looking at calendars and birth certificates.

Senator Croll and his colleagues have given us a demonstrated value in that field, and I commend them, honourable senators, as I commend this report and the work that went into it.

On motion of Senator Bosa, debate adjourned.

The Senate adjourned during pleasure.

● (1610)

ROYAL ASSENT

The Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Speaker *pro tem* of the Senate said:

Honourable members of the Senate:

Members of the House of Commons:

I have the honour to inform you that His Excellency the Governor General has been pleased to cause Letters Patent to be issued under his Sign Manual and Signet constituting the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, his Deputy, to do in His Excellency's name all acts on his part necessary to be done during His Excellency's pleasure.

The Commission was read by the Clerk of the Senate.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bill:

An Act to amend the Old Age Security Act.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, June 10, at 8 p.m.

THE SENATE

Tuesday, June 10, 1980

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Hnatyshyn had been substituted for that of Mr. Nielsen on the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

OFFICIAL LANGUAGES

SPECIAL JOINT COMMITTEE—COMMONS MESSAGE

The Hon. the Speaker: Honourable senators, the following message has been received from the House of Commons:

> Ordered,—That a message be sent to the Senate to acquaint Their Honours that the following members have been appointed to serve on the part of this House on the Special Joint Committee to study Reports of the Commissioner of Official Languages, namely: Messrs. Beatty, Corbin, Gauthier, Herbert, Joyal, Kilgour, La Salle, Nystrom and Stollery.
>
> Attest
>
> M. R. Pelletier
> Clerk Assistant
> for *The Clerk of the House of Commons*

QUEBEC AND MONTREAL PORT WARDENS ACT

BILL TO AMEND—COMMONS MESSAGE

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill S-3, to amend an Act to provide for the appointment of a Port Warden for the Harbour of Quebec and to amend an Act to amend and consolidate the Acts relating to the office of Port Warden for the Harbour of Montreal, and acquainting the Senate that they had passed the bill without amendment.

SMALL BUSINESSES LOANS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-17, to amend the Small Businesses Loans Act.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(*f*), moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

SAFE CONTAINERS CONVENTION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-21, to implement the International Convention for Safe Containers.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(*f*), moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

FARM IMPROVEMENT LOANS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-27, to amend the Farm Improvement Loans Act.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(*f*), moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

> Copies of documents proposed by the Government of Canada for the meeting of First Ministers on the Constitution held in Ottawa on June 9, 1980:
>
> (1) Suggested Agenda
>
> (2) Priorities for a New Canadian Constitution
>
> (3) A Statement of Principles For a New Constitution
>
> (4) Calendar for Future Meetings

He said: Honourable senators, may I make a short statement in connection with the tabling of these documents, which would really be in the form of a paraphrasing of the statement made by the Right Honourable the Prime Minister in the other place?

It gives me great pleasure to report to you that three weeks to the day after the Quebec Referendum, the first ministers devoted yesterday to constitutional renewal. Yesterday's meeting resulted in a collective decision which can only be beneficial for Canada. All of the first ministers committed themselves to come to major decisions on the Constitution by September. To meet this goal they have a very tight schedule of three months of meetings and negotiations.

We have, in effect, committed ourselves, through our ministers and our public servants, to devote twice as much time to the constitutional problem as the federal and provincial governments spent together over the past two years. That is a sign of the importance and the urgency that the provincial premiers and the Prime Minister attach to renewed federalism and to our Constitution. It is also a sign of our will to keep the promise made to Canadians to bring real and substantial improvements to the fundamental law of the land.

The Prime Minister said, in slightly different words in the other place, that it was our further hope that the premiers would join with the federal government in strong action to give Canada a new Constitution which will be responsive to the needs of the Canadian people. That hope has now become a reality in the form of a federal-provincial commitment. It is, therefore, fitting to pay tribute to the premiers who approached the question in the spirit that made that commitment possible.

The Right Honourable the Prime Minister has expressed the following sentiment, and I quote:

> I am confident that the next three months of very concentrated effort will produce, at the next meeting of First Ministers in the second week of September, an agreement on the so-called short list of issues which we discussed yesterday.

He said that a failure to reach a substantial agreement would be nothing short of a catastrophe for Canada.

Again, to paraphrase and quote further, the Right Honourable the Prime Minister said that in that event the federal government would have to review its options seriously and recommend to Parliament a plan of action which would allow us to fulfil our responsibilities to the citizens of Canada.

● (2010)

The agreement that is sought will strengthen the rights and freedoms of the people and define a division of federal and provincial powers which will enable Canada to achieve its great potential. The government is determined that in our progress toward agreement we will not trade off any of the rights or freedoms of the people against the powers of government.

It is the hope of the Prime Minister that honourable senators and members of the other place will continue to discuss constitutional renewal and ensure that we continue to make our contribution towards the building of the Canada of the future.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, we are grateful to the Leader of the Government for this statement, but it raises several questions which I suppose it would be more appropriate for us to raise during Question Period. In any event, we all look forward with hope to the good that may come out of this three-month discussion of what the Prime Minister considers priority constitutional items.

QUESTION PERIOD

[*English*]

THE CONSTITUTION

JUNE 9 MEETING OF FIRST MINISTERS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, in the statement made by the Leader of the Government concerning the meeting yesterday between the Prime Minister of Canada and the premiers of the provinces, he gave us what he called a short list of the questions upon which the Prime Minister hopes he and the premiers can reach a consensus within the short period of three months. I think the Leader of the Government mentioned that the Prime Minister was hoping that the House of Commons and the Senate would be involved in the discussion of these problems.

My question is this: Is the Leader of the Government opposed to having the Standing Senate Committee on Legal and Constitutional Affairs look into other matters, matters in addition to those mentioned in Senator Lamontagne's motion? I think that all the items on that short list, especially, should certainly be considered by the committee I refer to and be included at least in the motion of Senator Lamontagne.

Senator Perrault: Honourable senators, I had intended to speak to the motion that is before the Senate. I think there is great value in proceeding positively with respect to Senator Lamontagne's initiative. It certainly does not rule out the possibility that in addition to this initiative, at some point the Senate may decide to study other aspects of constitutional change and reform. However, there is a very short time frame, and if the Senate or any other body were to take upon itself a comprehensive review of, let us say, division of powers as one of the topics, to complete that subject alone within the time schedule would be a considerable feat. It seems to me that with the discussion concerning the future of the second chamber in our parliamentary system, this subject could well be a priority in the minds of many senators. This, and allied subjects, should perhaps be considered soon by honourable senators.

The so-called "package" made public yesterday—and I have requested the documents back from the Table so that I might

review their contents briefly with the Leader of the Opposition and other honourable senators—has two headings. The first is "Package for the People (Principles, Rights and Patriation)". The list includes a statement of principles; a charter of rights, including language rights; a dedication to sharing and the reduction of regional disparities; and the patriation of the Constitution.

The following are the items under the heading "Package on Government Powers and Institutions": Resource ownership and interprovincial trade; offshore resources; powers affecting the economy; communications including broadcasting; family law; a new upper house involving the provinces; the Supreme Court, for the people and for governments. The subject of Fisheries has been added.

And, to indicate the enormity of the task at hand, let us review the schedule:

> June 17: An organizational meeting of ministers will be held in Ottawa or at some other convenient location. At that time a schedule for consideration of particular items during the summer months would be worked out and agreed upon.
>
> June 18 to July 6: Governments would prepare for intensive discussions.
>
> July 7 to July 25: Federal and Provincial Ministers and officials would remain in session (except for weekends) for three weeks, and provision would be made to continue for an additional week if necessary.
>
> July 26 to August 24: Break in negotiations to allow governments to consider or reconsider positions and to prepare for further intensive discussions. The Provincial Premiers meet in Winnipeg on August 21 and 22.
>
> August 25 to August 29: Federal and Provincial Ministers and officials meet again.

Honourable senators, this involves dozens and indeed hundreds of people who ultimately will be occupied in this process. It continues:

> August 30 to September 7: Governments consider positions and prepare for First Ministers Conference.

On September 8 to 12, there will be a first ministers conference in Ottawa to reach conclusions on work under way and to put in train a further work program.

Here is an agenda so long and a calendar so full that it will occupy the collective endeavours of hundreds of people between now and September 8.

The suggestion that I make, an opinion offered personally to honourable senators, is that it would be impossible for the Senate, with the resources that we possess, to deal immediately with all of the items in this proposed federal-provincial "package". So I see great merit in the initiative of Senator Lamontagne, and many other honourable senators, who have suggested that we should begin our Senate work with a short list, that we should discuss those items of immediate significance to the status of the second chamber, without, of course, excluding the possibility of examining later other questions. But a start should be made. It is unthinkable that members of this chamber, with their knowledge and expertise, would not wish to be involved in discussing the future of the Constitution and of Confederation.

Honourable senators can see how burdened with work this proposed agenda is likely to be.

Senator Flynn: I did not get exactly the answer for which I was hoping, but, as usual, I am not surprised. I am asking the Leader of the Government: Is he opposed—for whatever reason; he does not have to state reasons—to the Standing Senate Committee on Legal and Constitutional Affairs looking into some of those items which deal with the division of powers between the two levels of government, which, in my view, is the root of our constitutional problem?

• (2020)

It is all very well to try to define the role of the new second chamber, but we have first to find out what that role will be with regard to the respective jurisdictions of both levels of government. I am just asking the leader if he is opposed to the amendment which I moved to the honourable senator's motion.

Senator Perrault: The word "opposed" has a rather negative connotation. I say that I support an immediate endeavour by the Senate to provide its views with respect to at least some of the items on the agenda, starting with those matters of immediate concern to the Senate itself.

Honourable senators, I have a complete copy of the statement which was given to the premiers. May I pass it across the aisle to the Leader of the Opposition? I read to honourable senators only a small portion of this document, and when the Leader of the Opposition sees the document he will see how much is involved. I do not think it is possible at this stage for the Senate to adopt an omnibus proposal or to undertake an omnibus study of all of the issues on that agenda. It would not be possible for us to do the kind of work which I believe we must do.

Senator Flynn: Then I must take your reply as being "no" to the study by this committee of the problem of the division of powers. Am I right?

Senator Perrault: Honourable senators, I am basically opposed to the amendment which has been advanced.

Senator Flynn: Very good.

Senator Perrault: But that does not rule out other Senate work with respect to the Constitution.

Senator Flynn: That is what I wanted to know. In any event, with regard to this suggested agenda, and the other documents to which the Leader of the Government referred in his statement, perhaps it would be useful to have them printed as an appendix to today's *Hansard*.

Senator Perrault: That is an entirely agreeable suggestion, honourable senators.

The Hon. the Speaker: It is agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of documents see appendix, p. 438*).

[*Translation*]

Hon. Martial Asselin: Honourable senators, my question is for the government leader. Several times prior to this constitutional conference I asked the government leader whether the federal government was going to submit to the provinces a list of priorities. We now know that there is a list of items, contained in an agenda, to be studied over the next three months. Can the government leader tell us what are the federal government's absolute priorities in this list so that the September meeting can be considered a success? Will success depend on the approval of the entire agenda, or all the items, or are there certain essential items that the federal government would want the premiers to adopt and which would determine the success of that meeting?

[*English*]

Senator Perrault: Honourable senators, the agenda distributed at the outset of the meeting on Monday had three points on it.

Senator Flynn: We have them.

● (2025)

Senator Perrault: Some honourable senators may not have them. They are:

1. Review of developments since the Constitutional Conference of February 1979

2. Principles for a New Canadian Constitution

3. The Process for achieving a new Constitution including:

(a) the subjects to be given priority consideration;

(b) the arrangements for federal-provincial meetings and other work over the coming months.

So the priorities were set forth as a result of that meeting. I read the list just a moment ago.

Without going through it again in great detail, a Statement of Principles for a new Constitution was number one. A draft of that statement is included in the documents given to the Leader of the Opposition this evening. That Statement of Principles relates to language rights, the cultural diversity of the nation, fundamental freedoms—

Senator Asselin: That Statement of Principles was not accepted by the premiers.

Senator Perrault: Again, I repeat, a list of priorities was agreed upon by the premiers. It is hoped an agreement in substance will be achieved by September. The proposed list of items is as follows:

A Statement of Principles

A Charter of Rights, including language rights

A dedication to Sharing and/or to Equalization: the reduction of regional disparities

The Patriation of the Constitution

Resource Ownership and Interprovincial Trade

[The Hon. the Speaker.]

Offshore Resources

Fisheries

Powers affecting the Economy

Communications, including broadcasting

Family Law

A new Upper House, involving the provinces

The Supreme Court, for the people and for governments

That does not mean to say that agreement has been achieved on all of those matters, of course. These subjects will be under intensive discussion in the next few weeks, and consensus will be sought.

Senator Marshall: The upper house will be the scapegoat.

[*Translation*]

Senator Asselin: That is exactly what I want to know. The Leader of the Government has not answered my question. I asked him which are the priority items which the federal government feels should be dealt with if the September meeting is to be considered a success? The reason I am asking this question is that the Prime Minister has indicated during his press conference that it would be disastrous for Canada if the September meeting were to end in failure.

I suggest, therefore, that the federal government must have criteria on which to base its judgment whether the September meeting is a success—for instance, if the parties involved agree on such and such a priority item that appears on the agenda. Must each and every item on this agenda which the Leader of the Government in the Senate has just read be accepted by the provinces before the September meeting is considered a success?

What I mean to say is this: Suppose they do not agree on the question of a new Upper House, although they might have agreed on all the other priorities, would that simple fact mean that the meeting was a disaster?

[*English*]

Senator Perrault: Honourable senators, I can understand the desire of Senator Asselin to have a definitive answer to that question, but that kind of reply is impossible. It is not likely that agreement will be achieved in absolute detail with respect to all of the items on the agenda. Indeed, in the ultimate, that which might be construed as a "success" for one level of government, a province, might be construed as a failure for another level of government or province.

Speaking of "priorities," however, I think, significantly, that at the meeting on Monday an important document was presented by the Prime Minister. Indeed, it was circulated to the premiers well in advance of that meeting. It was entitled: "A statement of Principles for a New Constitution."

Senator Asselin: It was distributed on the Friday.

Senator Perrault: It was distributed in advance. These are some of the items which were placed before the premiers as a first priority by this government. I quote only part of it:

Faithful to our history, and united by a common desire to give new life and strength to our federation, we are resolved to create together a new Constitution which:

shall be conceived and adopted in Canada,

shall reaffirm the official status of the French and English languages in Canada, and the diversity of cultures within Canadian society,

shall enshrine our fundamental freedoms, our basic civil, human and language rights, including the right to be educated in one's own language, French or English, where numbers warrant, and the rights of our native peoples, and

shall define the authority of Parliament and of the Legislative Assemblies of our several Provinces.

We further declare that our Parliament and provincial legislatures, our various governments and their agencies shall have no other purpose than to strive for the happiness and fulfillment of each and all of us.

The fact that the federal government brought that statement to the Monday meeting and presented it to the premiers as one of the key documents indicates the priority which we give to this document.

Senator Asselin: It was not accepted.

Senator Perrault: It won, generally, a favourable response.

[*Translation*]

Senator Asselin: In his press conference the Prime Minister said that the statement of principles gave rise to exchanges of views between the premiers and that there was no unanimity on the statement. This is an important point.

I think that in the next few days the government leader should be in a position to describe some criteria on which the government will insist so that the September conference will be successful or disastrous for Canada, because there will be some consequences. The Prime Minister of Canada must indicate to Canadians what he will consider a success, what will be the points on which the premiers will have to agree in September, because the Prime Minister stated that if it was a success, it was quite possible that he would take a decision concerning his political future. If not, he would take a better aim and see how the Constitution could be amended. And of course we could elaborate on the entire matter of a national referendum. So far so good.

I think that Canadian taxpayers are entitled to know in advance what are the criteria the government finds essential for that September conference to be successful.

• (2030)

[*English*]

Senator Perrault: Well, honourable senators, there will be extensive discussion about provincial and federal priorities during the weeks and months to come. It will probably be the most intensively discussed agenda in the history of this nation, and the federal government will bring its thinking to these meetings which are to be scheduled in the weeks to come. I think there will be little doubt about the federal government's priorities as a result of those meetings, and that information will be openly available in the process of communication.

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, I am going to put a real question to the Leader of the Government in an attempt to better judge the progress that may have been made at yesterday's conference in terms of the presentation and the contents of the list of items that were finally agreed upon as being priorities.

In the June 9 release, the one actually tabled at the beginning of the conference and released on the previous Friday, various items are set out in two columns, the first being entitled "Package for the People," and the second, "Package on Government Powers and Institutions." In the June 10 release, the one tabled today, the items no longer appear in two columns. There is only a list.

Is that division in two categories—one presumably for the people and the other presumably for governments—is that division now excluded? Personally, I am glad because I find it odious, in view of the nature of the subject matters, to say that, on the one hand, these are subject matters of concern to the people, and, on the other hand, subject matters of concern only to the governments. It seems to me that in both cases the people are always the goal; to serve the people is always the common goal even of the division of powers. That was my first question with regard to the developments.

My second question is: On the June 9 list, fisheries was not included but it appears on the June 10 list. Does this mean that progress has been made during the discussions? Or is it rather on the initiative of the federal government or of some provinces that such an addition was made? It seems to me the answer to those questions would shed some light on what the Leader of the Opposition called earlier some kind of very firm consensus on well-identified priorities about which, precisely, the questions put earlier by Senator Asselin should actually be asked. In order to judge whether the September conference is a success or a failure, will all those questions be treated equally?

• (2035)

[*English*]

Senator Perrault: Honourable senators, the list under two headings, a "Package for the People" and a "Package on Government Powers and Institutions," the so-called "list" developed on June 9, is the list tabled this evening in the house. The honourable senator refers to one "consolidated" list. I don't have such a "consolidated" list in my possession at this time. The list that I tabled was under the two headings cited a "Package for the People" and a "Package on Government Powers and Institutions."

Senator Tremblay: Is it dated June 9?

Senator Perrault: Yes, it is dated June 9.

Senator Tremblay: And there is another one dated June 10.

Senator Perrault: Well, perhaps we can confer later this evening and study the list that is in the possession of the

honourable senator. In any case, I am not disputing the fact that the honourable senator has some copy of the list. I suspect, however, that essentially identical items appear on both lists, "packaged" or not.

Senator Tremblay: Not fisheries.

Senator Perrault: The subject of fisheries has been added to the list tabled by me this evening.

Senator Flynn: On which side?

Senator Perrault: Honourable senators, I would assume, but only assume, that the subject of fisheries was added by one of the premiers from either the east coast or the west coast.

Senator Marshall: Certainly from the east coast—the Province of Newfoundland.

Senator Perrault: I doubt whether the subject was suggested by premiers whose provinces include Lake Diefenbaker or Lake Winnipeg.

Honourable senators, would you permit me to make this observation? A few days ago the Honourable Senator Murray purported to question the motives of the Right Honourable the Prime Minister. It was suggested that he would deliberately attempt to promote failure at the meeting on Monday so that he could go to the people with a referendum. We remember the dire warnings sounded by Senator Murray of the Conservative Party. But we had a meeting on Monday and it was a relatively successful one. Well, we had a meeting on Monday, and it was an encouraging and successful meeting. Honourable senators, let us ask ourselves how many meetings have been held involving the premiers of the various provinces, and the diversity of interests which they represent, where total success has been achieved within eight hours? Very few. None. Monday's meeting was a good meeting, and I think we can be optimistic about the future.

● (2040)

Senator Flynn: We will not be as foolish as you are. We will not continue on that theme.

VETERANS AFFAIRS

WAR PENSIONS, COMPENSATION AND ALLOWANCES

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government. In view of the fact that the Minister of Veterans Affairs indicated in the other place on June 3 last that the $35 increase in the GIS under the Old Age Security Act would be exempted from the veterans' War Veterans Allowance when the veteran reaches the age of 65, and in view of the fact that under the present legislation there is an exemption of only $15 for a single veteran and $30 for a married veteran, would the Leader of the Government in the Senate indicate to this chamber the manner in which the government would be introducing the exemption to the $35 increase in the GIS to veterans receiving War Veterans Allowance or Civilian War Allowance, whether it be by way of amendment to the legislation or by order in council, and when that exemption would go into effect?

[Senator Perrault.]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I shall discuss the matter with my colleague the Honourable Daniel MacDonald, Minister of Veterans Affairs. Hopefully, a reply can be provided shortly. The Honourable Dan MacDonald, in my view, is one of the most effective ministers we have ever had in the portfolio of veterans affairs.

Senator Flynn: Oh, come on!

Senator Perrault: I say that, and I know the Leader of the Opposition agrees the minister is a man who gave much of himself in the service of his country in the Second World War. I assure honourable senators that he is now attempting to devise improved programs to help the veterans of this country.

Senator Flynn: That will suffice.

Senator Perrault: I hope that program will be announced shortly.

Senator Marshall: I have to admit that, in co-operation with the opposition while I was Veterans Affairs critic, the minister has done a lot for veterans. I have a supplementary and related question, and it has to do with the introduction by the previous government of Bill C-28, which would have reduced the qualifications for widows of veterans, the widows of those veterans who died under the ratio of 47 per cent. The previous government was willing to introduce a new formula whereby widows of veterans under the ratio of 47 per cent would also qualify.

As a result of the fact that Bill C-28 was not reintroduced, and in view of the fact that a question that I placed on the order paper gives me the answer that 1,084 widows of veterans will now be excluded because the veterans died between March 31, 1979, and April 1, 1980, could the Leader of the Government in the Senate advise this chamber as to when Bill C-28—a bill which would do so much for the widows of veterans, many of whom are the widows of First World War veterans, who are dying off at the rate of 5,515 a year—will be reintroduced so as to provide for those widows the benefits that they deserve for the many years that they looked after their suffering veterans.

Senator Perrault: Honourable senators, a good deal of attention has been accorded that particular problem in recent weeks, and it is certainly a high priority of the government and certainly of the Minister of Veterans Affairs. Honourable senators can feel confident that the party which gave the veterans of Canada the finest post-war program in the entire world will not let them down on this issue.

Senator Flynn: When are you going to give just a reply to a question?

Senator Marshall: Honourable senators, I must agree with the Leader of the Government that the benefits under the Veterans' Charter are good. However, in view of the fact that the statistics of the Department of Veterans Affairs show that 5,515 veterans die each year, and in view of the fact that many of them are First World War veterans, the widows of these veterans are being denied widows' benefits, and many of these

widows looked after their veteran husbands for many years. They have been completely devoted and completely taken away from society.

In view of the fact that over the next four or five years the widows of First World War veterans—and I think there are only about 7,000 left on disability pension—will be denied those benefits because of death, would the Leader of the Government try to impress upon the government the necessity of protecting these widows and that, on a priority basis, the changes in the disability pension provisions would provide the benefits for those widows who have been looking after their husbands and who have been denied these benefits for so many years and who themselves do not have too much of a life to live in the next few years?

Senator Perrault: The honourable senator has eloquently set forth the problem facing a number of veterans' widows in this country. Only yesterday I dictated a letter to one of these widows in Victoria, British Columbia, and she, in turn, had received a letter from the Honourable Daniel MacDonald indicating that he hopes that early action can be taken.

Honourable senators, we are very aware of the problem, and hopefully something can be done.

FOREIGN AFFAIRS

HAITIAN REFUGEES—CANADIAN INVOLVEMENT

Hon. Heath Macquarrie: Honourable senators, I have a question for the Leader of the Government in the Senate and it concerns the desire of people in the Caribbean to escape the situation in which they are living and come to Canada. I am thinking particularly of the answers which the Leader of the Government gave to my colleague Senator Nurgitz concerning those people leaving Cuba who were described the other night as "asylees"—an expression which strikes me as the perigee of gobbledygook, and I am sure the Leader of the Government was not responsible for it. Rather, it is likely these anonymous people who come up with such terrible clankers as "disincentives."

To get away from a literary criticism, I should like to ask the leader whether the government is looking with compassion and concern upon the many people from Haiti who are under very serious political and economic disabilities and who are desirous of coming to this country and whether, in its even-handed compassion, the Government of Canada is taking some steps to accommodate people from Haiti who would like to come here and the number which the government feels it can take at this first stage.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I shall take the question as notice.

CANADA BUSINESS CORPORATIONS ACT

RIGHTS OF SHAREHOLDERS

Hon. Robert Muir: Honourable senators, my question is for the Leader of the Government. Is the leader satisfied that all of the rights of shareholders of companies under the Canada Business Corporations Act are preserved and continued under the Nova Scotia Companies Act when approval is given by the Director of the Corporations Branch for the transfer of the jurisdiction of such companies from the federal government to the Province of Nova Scotia? I am thinking specifically of the United Canso Oil and Gas scenario, a situation with which, I am sure, the minister is familiar.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that is a technical question and one which I have not had the opportunity to discuss in advance with the honourable senator. It seems to me that this is a question that he may wish to have studied by the Banking, Trade and Commerce Committee of the Senate. In any case, I would be pleased to endeavour to find any information that may be available.

Senator Muir: I thank the leader, and I would appreciate it if he would take the question as notice and see what else he can find out.

• (2050)

In view of the recent articles appearing in the Toronto *Star* and the *Wall Street Journal* regarding United Canso Oil and Gas, a Canadian company, will the minister satisfy himself that removing directorship requirements as to residency, which I understand some provinces may permit, will not adversely affect the shareholders of this Canadian resource company?

Senator Perrault: I understand there is a vigorous proxy battle under way with respect to this particular company. I think it would be extremely hazardous for me to offer an offhand opinion on such a technical matter.

HOUSING

CANADA MORTGAGE AND HOUSING CORPORATION—MORTGAGE FUNDS—GOVERNMENT POLICY

Hon. Richard A. Donahoe: I have a question for the Minister of State for Economic Development. We have all been concerned about the slump in the housing industry, and recently the minister responsible for Canada Mortgage and Housing Corporation made a statement with respect to it, in which he said that the policy of the government was about to be changed, that instead of helping mortgagors they were now going to deflect the money that was to be used for that purpose and turn it over to helping the construction industry. Can the Minister of State for Economic Development indicate to us if the government, in deciding to help the construction industry, is considering the policy of eliminating the 12 per cent federal tax on building materials which has for so long been advocated by the Progressive Conservative Party.

Hon. H. A. Olson (Minister of State for Economic Development): On a question as specific as the consideration of this particular tax, or any other tax, I am sure the honourable senator will understand that announcements of that nature are made by the Minister of Finance.

Senator Donahoe: If the minister is unable to be specific in answer to that question, is he able to share with us any of the general details of the policy alternatives being considered by the government in lieu of the mortgage tax credit proposal?

Senator Olson: The honourable senator knows very well that this government, or indeed the previous government, does not discuss, or indeed make public, all the matters they are considering, until such time as they are ready to make an announcement. I will ask the minister responsible what at this time he is prepared to provide by way of the various items and alternatives he is considering. I would not tonight be able to make that kind of announcement, so I will have to take that question as notice.

Senator Donahoe: If the minister is unable to tell us what the government is considering in any way, shape or form, can he tell us if they have reached a decision to abandon, once and for all, the mortgage tax credit proposal that the previous government had introduced? Do we now know that that is no longer a policy to be brought into effect by government?

Senator Olson: The honourable senator will recognize that for anyone in public life to use the word "never" is a very foolish thing, because sometimes conditions change so the things that ought not to be done now ought to be done somewhere down the line. I think the honourable senator will recall the debate that took place, a highly visible public debate, in which we said that in our opinion that was an unfair method of dealing with the situation, because the distribution of the benefits was not equal. That was well known to the electorate of Canada when they made their decision as to whom they wanted to govern this country for the next four or five years, and I think the honourable senator got his answer loud and clear.

Senator Marshall: They made a mistake.

Hon. Peter Bosa: Does the minister recall if the previous Minister of Finance, when he presented his budget in the other place on December 11 last, had in that budget a provision for the elimination of the 12 per cent tax on building materials, as mentioned by the Honourable Senator Donahoe?

Senator Olson: Honourable senators, I am trying to get some quick advice here. I am not sure. However, I have been advised that we really ought to use the right figure. It is not 12 per cent, it is 9 per cent. I will have to check that budget. Unfortunately, as honourable senators know, there were a few things that were acceptable in that budget, but the totality of it was absolutely unacceptable to the people of Canada, and of course when you defeat a budget it all goes down.

THE ECONOMY

ASSISTANCE TO SMALL BUSINESSES

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I was interested in the minister's discourse on changing one's mind and the dangers of the absolute expression "never." I am reminded of how long "never" lasted in connection with the indexing of income tax on a previous occasion, and I am tempted to ask the minister whether he is preparing the public mind for another flip-flop on that interesting question. I dare say he will tell me to wait until I see the budget, so I will anticipate his reply by asking him, while he refuses to speculate on what may be in the budget to come, if he will tell us what is being done on the budget in hand, if you call the non-budget that was delivered by the Minister of Finance on April 21 such a thing?

Among the other good features of the Progressive Conservative budget of last December that were picked up by the minister on April 21 last was one having to do with the small business development bond. I think the minister will be aware, without my trying to explain it to him, that this plan was introduced last December as a means of assisting small business in an atmosphere of high interest rates. I do not think the minister would argue that interest rates have reached such a low point that we can dispense with that particular piece of legislation. In any case, it was brought down in the ways and means motion, or whatever its correct description is, on April 21, but we have not seen the bill.

My question is this: As the ways and means motion indicated that the effective date for these bonds would be from December 11 last year to the end of 1980, does the minister not think it time that the legislation designed to give effect to this ways and means resolution was introduced in Parliament?

Senator Olson: It is a fact that there is some validity to the time-lag with respect to this, and I might say a number of other matters that this government has given a firm indication it wants to deal with in this session. Unfortunately, we do have a limited number of days, and also a very large obligation to those days to deal with matters that, if the rules in the other place are followed, we do not have very much control of. If you look at the legislation that has been introduced, there is not very much new, aside from these bonds and a few other things. The guaranteed income supplement was one, which is now passed. Other than that, we have an obligation to clean up the legislation that was left over from not only the last session but the session before that too. There are some very severe time constraints with respect to that, with some dates on them. There are a few other things that perhaps would cause a great deal of difficulty if they were not dealt with between now and, let us say, the end of this month, such as the Small Business Loans Act, the Fisheries Loans Act and two or three others, where there are termination dates as to what service can be offered by those agencies of the government unless some legislative action is taken.

• (2100)

It is not really a problem of unwillingness to introduce this legislation, for all the pressure my honourable friend has just described, but within the number of days available and the obligation to assign a certain number of days to the opposition and, for other reasons, there are very severe restrictions on what new legislation can be introduced until the present situation is cleaned up.

Senator Smith (Colchester): More excuses.

Senator Olson: No excuses at all.

Senator Roblin: May I ask a supplementary question based on what my honourable friend has been talking about? I daresay that he has been very busy, but I remind him that this

concept has been in the hands of the drafters since at least December 11 last. It seems to me that within a space of six months it is possible that they could have produced a piece of legislation to give effect to this matter. However, if they could not, I would like to know why my honourable friend's government saw fit to re-introduce the matter on April 21 without giving some warning to the world at large as to what the state of this alleged ways and means promise was going to be, because this too has a time limit which is the end of this year.

If my honourable friend's administrative advisers, legislative programmers, or whomever he relies upon are unable to do any better than they are doing now, would my honourable friend consider giving an assurance to small business that the legislation will ultimately come and that it will be appropriate for them to go ahead now and make their necessary small business bond arrangements? If we have this proposed legislation hanging around for six months, contained in the ways and means of April 21 expiring at the end of this year, and nobody can use it, then what good is it? Can my honourable friend not give some assurance to the people whom this bill is designed to help—he wants to help them, and I want to help them—to enable them to make use of this good idea before it is too late?

Senator Olson: I assure my honourable friend that I will communicate with my colleague, the Minister of Finance, no later than tomorrow and try to obtain the information. I feel that my honourable friend has made a reasonable request in asking for assurance that this will be brought in and, as has been pointed out, be retroactive to December 11 of last year.

I must constantly remind my honourable friends opposite that they should not take lightly the time constraints. They are not designed by this government; they are there, and they allocate the days.

Senator Smith (Colchester): Excuses!

Senator Olson: My friend says, "Excuses"; he does not have more than seven days a week, and under the parliamentary rules he does not work more than five days a week.

Perhaps I ought not to say this, but things in the other place could be expedited somewhat with further co-operation from the opposition. It is possible for them to deal with more than one bill a day if they want to, but I am not criticizing them. When I was in the opposition, we used to debate matters at length sometimes, and there was usually some reason for it, but in the interests of this and other matters, perhaps the best advice I can give my honourable friend is that he should ask his colleagues on the other side to help us to get through this backlog in the remaining number of days.

Senator Smith (Colchester): They are a pretty feeble bunch.

Senator Roblin: I did not say that myself, but I certainly subscribe to the sentiment; they are a pretty feeble bunch.

When we were dealing with the bill for the relief of old-age citizens in this country, to provide them $35 more—a bill which, I must say, was not originated by anyone in the opposition, even when they were the government—is it not true that there was no problem in passing that legislation, and is it also not true that there was no problem in dealing with that bill in the House of Commons? Was there a filibuster? Was there any problem in this house when it came in? No, we dealt with it expeditiously and, I think, gladly.

This piece of legislation which I am talking about has a double parentage: It was introduced in the first instance by the Progressive Conservative government; and it was picked up in the second instance by the Liberal government. What grounds would there be for thinking that there would be obstruction, as my honourable friend seems to imply, in introducing a bill of this kind now?

I am afraid my honourable friend cannot introduce this bill in this house, for obvious reasons, but if he can persuade the Minister of Finance—and I am pleased that he is going to speak with him tomorrow—I am not taking much of a chance by telling him that it will go through the two Houses of Parliament in double quick time.

Senator Olson: Honourable senators, I would be very pleased to convey that commitment to the Minister of Finance, and I am sure he will be very glad to receive it, however widely it may be supported. I take it that is a very firm commitment.

TRANSPORT

ABANDONMENT OF RAIL LINES IN PRAIRIE PROVINCES

Hon. Martha P. Bielish: My question is directed to the Minister of State for the Canadian Wheat Board. Would the minister indicate if he is in agreement with the stated intention of his colleague, the Minister of Transport, to rescind Orders in Council, 1980-83, and 1980-84, an action which, if taken, would result in the abandonment of some 30 branch lines in the prairie provinces which serve the needs of the producers and the elevator companies?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): In reply to the honourable senator, I do not think it is correct to say that the Minister of Transport has said that he will make a recommendation that those lines be taken out of the permanent system.

I very much appreciate that these lines are important to the producers who live along them. I believe it would be a major step to bring out of the permanent system something that has been placed in the system until the year 2000. I certainly feel that there are many arguments that should be considered in favour of keeping those lines in the permanent system.

I may even go further and say that there may be lines not now in the permanent system to the year 2000 which may warrant the same kind of consideration that has resulted in other lines going into the permanent system. Therefore, the lines in the permanent system are not likely to be taken out without a great deal of study, discussion and consideration.

EMPLOYMENT AND IMMIGRATION

JOB CREATION PROGRAM

Hon. Jack Marshall: Honourable senators, my question is for either the Minister of State for Economic Development or

the Leader of the Government in the Senate. It has to do with the job creation program announced recently by the Minister of Employment and Immigration. This program is designed to assist the disadvantaged: women, youth, handicapped, native peoples, refugees, former prisoners and the poorly educated.

Under the Canada Works Program, which would appear to be a similar program, senators did not participate. This was indicated to me, as a former member of Parliament, by the then Minister of Employment and Immigration.

Would the Leader of the Government in the Senate give us some assurance that those senators particularly interested in the disadvantaged parts of the country could have full participation in this program, and access to the information emanating from the Department of Employment and Immigration in order to ensure that those programs are directed to those people to whom they should be directed?

Hon. Raymond J. Perrault (Leader of the Government): I want to assure Senator Marshall that if he has suggestions concerning the allocation of funds in his area, he should feel quite free to write the Minister of Employment and Immigration, the Honourable Lloyd Axworthy, and express his views.

The honourable senator is quite correct in emphasizing the importance of this program. There will be a series of measures totalling $137 million in this fiscal year to respond to the critical and immediate employment problems faced by many Canadians—many of them in the honourable senator's area.

Does the honourable senator suggest that there should be a consultative mechanism established in each region involving senators in some formalized manner? Perhaps that is what the honourable senator is suggesting.

• (2110)

Senator Marshall: I have a supplementary question. Besides the members in the other place who are named with regard to the consultative process, I would like to point out that there are senators who are just as involved, just as interested in the good of the parts of the country they represent, and who should be a part of that process. In the endeavours I made as a member of the other place this was not so. I am therefore asking the Leader of the Government if he would bring to the attention of the minister the fact that senators should be participating in the consultative process so that the benefits of the program may be directed to those areas concerned.

Senator Perrault: I think the Honourable Senator Marshall has advanced an idea with real merit. I shall certainly discuss it with my colleague the minister.

INDUSTRY

GRANT TO MICHELIN TIRE COMPANY—FINANCIAL ASSISTANCE FOR SYDNEY STEEL CORPORATION

Hon. Robert Muir: Honourable senators, a very significant event occurred in Nova Scotia over the weekend, and here I am not speaking about the selection of the new leader of the Liberal Party, important as that may be. I am speaking of the even more important agreement that was signed between the Province of Nova Scotia and the federal government by the Premier of Nova Scotia and the Deputy Prime Minister regarding assistance to the Michelin Tire Corporation. This has been raised by Senator Smith, Senator Donahoe and others.

I would ask the Leader of the Government, and, indeed, the Minister for Economic Development—and I am sure I speak for thousands of Nova Scotians—if they would commend the federal government and the Government of Nova Scotia for coming to this happy arrangement, despite the fact that such intensive lobbying was carried on in even the highest offices in this Parliament by people opposing their working "brothers" in Nova Scotia. When I say this I speak as one who has been active in the labour movement, though only for about half the period that can be claimed by our honourable and gracious Speaker.

Would both the ministers I referred to please express the commendation—I am sure I can speak for them—of thousands of Nova Scotians to the federal government and the Government of Nova Scotia?

Hon. Raymond J. Perrault (Leader of the Government): The honourable senator has commended this government for its assistance, which has already been announced, for this program. There may be an opportunity to speak to this, and also with regard to the Sydney Steel Corporation—

Senator Muir: That was to be my supplementary.

Senator Perrault: All this and heaven too.

On Saturday, June 7, the Minister of Finance announced, as the honourable senator stated, the signing of a federal provincial subsidiary agreement for a grant to Michelin Tires (Canada) Limited. This agreement, developed by DREE of the Nova Scotia Department of Development, will provide $56 million in assistance to Michelin, of which $42 million will be federal and $14 million the provincial share.

As a result of the federal-provincial funding—and this is often ignored by those who comment on this issue—a $400 million expansion program by Michelin Tires (Canada) Limited in Nova Scotia will now proceed. There is an enormous investment from the private sector. The program includes the construction of a new plant at Waterville. This Annapolis Valley community will be the recipient of the multi-million dollar radial tire manufacturing facility, which, when in full production, in an estimated four years, will provide in excess of 1500 new job opportunities in a region now heavily dependent on seasonal work operations.

Senator Asselin: Answer! Answer!

Senator Perrault: In addition, the company is planning expansion of its existing steel tire cord manufacturing facilities at Bridgewater, and a major addition to its rubber mix manufacturing operation at Granton.

Job potential will be increased at the Bridgewater plant by 230 and at Granton by 120, creating a total of 1,850 new, year-round skilled or semi-skilled employment opportunities. That should considerably add to the payrolls in that area.

I now come to SYSCO. The federal commitment for at least $50 million for a realistic rehabilitation of SYSCO, based on a—

Senator Asselin: Did you ask leave to revert to motions? Or are you answering the question?

Senator Perrault: The honourable senator may not have been listening earlier, but I was asked a question by Senator Muir on June 5—

Senator Muir: On a point of order here, if the honourable the minister is going to give us some good news on the Sydney Steel plant, please let him continue.

Senator Perrault: The question was asked on June 5, and since that time we have spent many hours amassing this information. I am determined that the Senate shall hear it.

The federal commitment for at least $50 million for a realistic rehabilitation of SYSCO, based on a business plan for SYSCO which draws upon completed business studies, remains valid. The federal commitment is going to be kept.

INTERNATIONAL TRADE

REPORTED DEFICIT

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have an answer to a question asked by Senator Doody during Question Period on June 4 concerning Canada's merchandise trade deficit in April.

I would like to assure honourable senators that the deficit recorded in merchandise trade during the month of April is not viewed as the beginning of a trend. Month-to-month changes in exports and imports often reflect irregular movements, making meaningful analysis of the monthly merchandise trade figures difficult. Recent experience is no exception. In April, the trade balance fell to a deficit position of $7 million, and the March figures recorded a merchandise trade surplus of $649 million. On a balance of payments basis, the year-to-date trade surplus amounts to $1,748 million ($5.2 billion at annual rates), up considerably from the surplus of $760 million ($2.3 billion at annual rates) recorded over the first four months of last year.

On a customs basis, exports declined 2.9 per cent in April, after increasing by 1.8 per cent the previous month. The export declines were concentrated in the broad categories of food products (down $69 million or 11.4 per cent), fabricated materials (down $220 million or 9 per cent) end-products (down $113 million or 6.2 per cent). Amongst fabricated materials the largest declines were for lumber, pulp, chemicals and non-ferrous metals. The weakness in exports of end-products was accounted for by passenger cars, aircraft and other transportation equipment.

Imports on a customs basis rose 6.2 per cent in April, after rising by close to 7 per cent in March. Sizeable increases were recorded for coal, crude petroleum, chemicals, and motor vehicle parts.

ENERGY

DELAY IN DEVELOPMENT OF ALSANDS PROJECT—EFFECT ON ONTARIO

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have an answer to a question asked by Senator Balfour on June 4. It is a long, two-page reply, and I would ask that it be taken as read.

Hon. Senators: Agreed.

(*The answer follows:*)

Honourable senators, on June 4 the Honourable R. James Balfour asked for some information relative to employment effects of the Alsands Project in the Athabasca oil sands area. He wished to know what the effects of a delay in the project would have on potential new jobs lost in Ontario. While we do not have the information with specific reference to Ontario employment, I can provide employment statistics relative to Alberta and the rest of Canada, consequent upon the opening up of this important new oil development project.

Construction Phase: In the first year of the Project the total number of workers engaged in construction would be relatively small, not in excess of 1,000, but employment at the Project would peak at 9,600 in the third year of construction. This construction work force would rapidly decline to zero two or three years later. These employment figures relate to construction workers on the plant, the new town and related infrastructure. Another way of expressing the total employment during construction would be to say that it would involve 48.6 million man hours of employment. Sixty percent of the work force employed on direct construction would come from Alberta, thirty-five percent from the rest of Canada and five percent from foreign sources.

Engineering Phase: In addition to workers employed directly on construction, there would be employment of 6.4 million man hours on engineering and management services for the plant, the new town and the infrastructure. One-half of these requirements would be from Alberta, 25-30 percent from other parts of Canada and about 25 percent from foreign locations.

Operations Phase: Once the Alsands plant went into production, 2,800 workers would be employed in this phase. All of this work force would be recruited within Canada, 60 percent from Alberta and 40 percent from the rest of the country.

Employment Multiplier Effects: Indirect employment impacts—the multiplier effect—will be of the same order of magnitude as both the construction and operations employment, that is to say, the employment generated in other industries as a result of the Alsands Project will be about equal to the direct employment in the construction phase and in the operations phase. The division of this work force, as between Alberta and the rest of Canada, would be similar to that applying to the direct employment.

FORESTRY

FIRE DAMAGE—ASSISTANCE TO INDUSTRY

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a further reply to a question asked by Senator Roblin respecting forest fire assistance. This reply is three pages long. I am prepared to send Senator Roblin a reply immediately, and to table the document for any other senator who may wish to receive a copy of it.

Hon. Duff Roblin (Deputy Leader of the Opposition): That will be satisfactory.

Senator Olson then tabled:

Copies of document respecting federal support of fire-fighting operations in Western Canada and Northern Ontario, being a reply to Senator Roblin's question of June 5, 1980. (*English text*).

CANADIAN WHEAT BOARD

PAYMENT FOR PROTEIN-TESTING EQUIPMENT

Hon. Hazen Argue (Minister of State for Canadian Wheat Board): Honourable senators, I have a delayed answer to a question. This was a question by Senator Bielish with regard to protein-testing equipment. The reply is as follows.

Since August 1, 1979, the Canadian Wheat Board has contributed a protein selection allowance of 75 cents per tonne for all wheat binned at terminal position as No. 1 CW Red Spring 13.5 per cent protein. The money is credited to a special protein fund from which grain companies may draw in proportion to their terminal unloads of high protein wheat. Money from the fund is available to the companies for the purchase of protein-testing equipment and for training and other expenditures necessary to develop protein-testing systems for country elevators. Payment of the protein selection allowance by the Canadian Wheat Board will terminate at the end of this crop year, July 31, 1980. Grain companies will be able to draw from the fund up to their respective limits until August 1, 1981. Up to May 31, 1980, a total of approximately $2 million had been credited to the protein fund.

● (2120)

ENERGY

OIL—CONSERVATION MEASURES

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I have a reply to a question asked by Senator Sherwood on May 28. The Government of Canada is interested in developing alternative sources of energy to replace and/or supplement conventional fossil fuels. Ethanol, or gasohol, produced from the fermentation of agricultural crops is just one of a number of possible energy alternatives that the government is currently investigating.

Some months ago an interdepartmental task force on alcohol fuels was set up by the government to look at the technology, the economics and the implications of using alcohol as an energy source in Canada. This task force is composed of representatives from the following departments and agencies of government: Energy, Mines and Resources; Agriculture Canada; Industry, Trade and Commerce; Revenue Canada; Transport Canada; and the National Research Council. This interdepartmental group recently released its first report entitled "Discussion Paper on Alcohol Fuels from Agriculture". A second report is expected in the not too distant future.

CANADA

DISPLAY OF FOREIGN FLAGS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to questions asked by Senators Bosa and Williams on May 16 dealing with the protocol respecting the display in Canada of a flag or symbol of another country, and why the law governing the flying of the Canadian flag in Canada differs from the marine law respecting the flying of flags on ships in Canadian waters.

Following contact with the state protocol division of the Secretary of State, I have been informed that the general rules for flying and displaying the Canadian flag and other flags in Canada were adopted by cabinet in 1966. Those rules are followed in the case of federal buildings, ships and other official places. However, a private individual is free to fly any flag he or she wishes. The rules involving the flying of the flag serve, therefore, only as guidelines for private individuals, but in no way do they carry the weight of the law. The rules are the same for the flying of flags both on Canadian land and in Canadian waters.

[*Translation*]

Honourable senators, I ask for leave to table a document entitled "General rules for flying and displaying the Canadian flag and other flags in Canada."

[*English*]

This is a bilingual document issued by the Secretary of State. I seek leave to table it. It provides more detail than I have given in my reply.

Hon. Senators: Agreed.

Senator Frith then tabled:

Document entitled "General rules for flying and displaying the Canadian Flag and other flags in Canada" issued by the Department of the Secretary of State, being in reply to Senator Williams' question of May 16, 1980.

TRANSPORT

TORONTO AND MIRABEL AIRPORTS—INTERNATIONAL AIR SERVICES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Smith (Colchester) on May 29, 1980. The honourable senator asked whether airlines had withdrawn from Mirabel Airport and whether the government was considering providing additional rights at Toronto International Airport.

In May, 1976, the Minister of Transport, with cabinet agreement, announced a moratorium on further access to Toronto by carriers from other countries until additional airport facilities became available for the Toronto region. The moratorium was to remain in effect until 1980 when a review of the situation was to be undertaken. That is now being done. The review might lead to an easing of the moratorium under certain conditions.

Aer Lingus, Ireland, has suspended, and SAS, serving Denmark, Norway,and Sweden, will be suspending in July service to Mirabel, ostensibly because they have not been given access to Toronto because of the moratorium. Olympic Airlines, Greece, suspended service to Mirabel some time ago for entirely different reasons. The airlines which have suspended, or will suspend, service to Mirabel did not ask for gateways in Canada other than Toronto.

Certain other airlines, such as Iberia, Spain, and TAP, Portugal, have indicated a desire for entry into Toronto. However, at the present time we have no indication that they are contemplating suspending service to Montreal.

As many honourable senators may know, a study is currently under way concerning appropriate short and long-term roles for Mirabel and Dorval Airports in the Montreal airports system. The results of this study should be available late this year.

Honourable senators, I have delayed answers to several more questions, but in view of the hour and the fact that some senators who asked the questions are not in their place, I shall delay giving the answers until tomorrow.

• (2130)

LEGAL AND CONSTITUTIONAL AFFAIRS

MOTION TO AUTHORIZE COMMITTEE TO STUDY CERTAIN ASPECTS OF THE CONSTITUTION—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Lamontagne, P.C., seconded by the Honourable Senator Frith:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to consider and report upon constitutional provisions regarding individual and collective rights and upon the future role and composition of the Canadian Senate and alternative constitutional arrangements compatible with true federalism;

That the membership of the committee be increased to thirty members and that rule 67(1)(*j*) be suspended in relation to membership of the committee;

That the committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purposes of its examination and consideration of such legislation and other matters as may be referred to it; and

That the committee have power to sit during adjournments of the Senate, and

On the motion in amendment thereto of the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Tremblay, that the first paragraph of the motion be amended by striking out all of the words after the word "upon" in the second line and substituting the following therefor:—

"the matter of constitutional reform with special attention being given to the question of the division of powers between the federal and provincial governments and to constitutional provisions regarding individual and collective rights".—(*Honourable Senator Tremblay*).

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, I ask you not to be overly worried if we come so late to the first item on our agenda. My remarks about the amendment proposed by Senator Flynn will be as brief as possible, considering the importance of that matter.

The first question that we should ask ourselves, I think, about the amendment is what it retains of the main motion and what it changes in it. It maintains the reference to the Standing Senate Committee on Legal and Constitutional Affairs of some constitutional questions so that the committee may study them and report to the Senate. Neither the amendment nor the main motion mention a subcommittee or a special committee. So there is no discrepancy there.

What the amendment does change in the main motion is the content of the terms of reference of the standing committee.

According to the main motion, that committee would only consider:

—constitutional provisions regarding individual and collective rights and . . . the future role and composition of the Canadian Senate and alternative constitutional arrangements compatible with true federalism.

I notice in passing that the expression "and alternative constitutional arrangements compatible with true federalism" is not perfectly clear. To what does it refer exactly? Does it refer to everything that comes before in the sentence, individual and collective rights and the Senate or only to the Senate? Or has it a wider meaning, as there is a comma in the French text before the expression "and alternative constitutional arrangements compatible with true federalism.

Senator Lamontagne will probably give us a further explanation about this. However, according to the explanation he already gave last week, I take for granted that his motion tries in fact to limit the terms of reference of the committee to those two subjects: individual and collective rights and the role and composition of the Senate.

Senator Lamontagne: There are three subjects, not just two.

Senator Tremblay: The Senate is one subject considered in two aspects. I do not object to counting each aspect as a subject, but as the mandate refers to the Senate I consider it as the main subject.

Senator Asselin: If you accept a third subject, you can also accept a fourth one.

Senator Tremblay: On the contrary, the amendment of Senator Flynn aims, first of all, at extending this mandate to constitutional reform as a whole. He then suggests that, according to the text of his motion, special attention be given to the question of the division of powers between the federal and provincial governments and to constitutional provisions regarding individual and collective rights.

In his intervention last week, Senator Lamontagne explained the procedure which would be followed if his motion were accepted. I have taken special note of the following part of his explanation:

> —the Committee on Legal and Constitutional Affairs would form a subcommittee to carry out its mandate described in the motion. The subcommittee, once it would have completed its work, would give its findings to the committee, which would report to the Senate through its chairman, Honourable Senator Goldenberg.
>
> This procedure seems totally acceptable—

Senator Lamontagne continued.

> —in view of the restricted nature of the mandate, and now I am speaking of the amendment. This mandate in the motion is viewed as a preliminary step to be followed by a more extensive study of Canadian federalism.

In his view and in his approach to the eventual work of the committee, there is no opposition in principle to enlarging the mandate of the committee so that it may study the constitutional issue as a whole. Therefore, he should have no objection in principle to what the amendment suggests since it aims at such an enlargement of the mandate.

All things considered, I am wondering if, finally, the gap between the ultimate intentions of Senator Lamontagne and what he has in fact written in his resolution would not come from some confusion between the mandate and the work program of the committee, a confusion which effectively transforms into a mandate part of the complete work program that the senator is considering instead of defining the issue of the work program or rather of the work schedule within the extension of a mandate which would include all phases. This question of the work program is in fact mentioned both in the amendment and in the main motion, but quite differently.

In the main motion, it is to limit the mandate; in the amendment, it is to give the work program its proper place within a comprehensive mandate from which we must set priorities and therefore determine the work schedule.

As for the mandate to be given to the committee, it seems to me that the text of the resolution that we shall pass must be clear; that it must state categorically the way we see our role in the process of constitutional reform and the aspects of this reform which correspond to this role. It must indicate that we are interested in and are concerned with all aspects and all dimensions of the constitutional issue. It must indicate so now, at the outset, at the very time when we are taking our first institutional action in the new context of the constitutional reform.

This is, I think, a matter of principle that involves not only the objective scope and extent of our work but also how we will be perceived outside these walls.

The problem is not, as the issue was raised a bit the other day, whether we have any particular technical competence to consider given aspects of the reform, and whether we should be sticking to those aspects. It has to do with our institutional competence. In that respect, we have full competence, full and total competence. Those we represent would be the first to blame us, and rightly so, if we limited the exercise of that competence too narrowly.

That is why I think the terms of reference we are giving the Standing Senate Committee on Legal and Constitutional Affairs could be extended to the whole issue of the constitutional reform, as Senator Flynn suggests in his amendment.

As to the working program of the committee and the priorities it could and should set in the consideration of specific issues, it goes without saying that we can give it certain indications in the motion we will be passing. Those indications should not, however, be overly restrictive. I think the committee should have enough latitude in that respect.

Two criteria could be used in determining the order of priorities to be set or suggestions we could make to the committee in the wording of the motion itself. The first criterion is the relative importance that we, the committee, attach to the various themes that make up the constitutional issue; the second criterion, which I think is extremely important, is the context created by those who have the initiative of the operations in the circumstances, the first ministers, who started yesterday the process of constitutional reform and whose work was precisely the subject of several questions that were put during Question Period today in this house.

We undoubtedly can and are free to make our own judgment on what is more important or less important in the reform to be made, and set our priorities on that sole criterion. However, nobody will understand, except ourselves, why we are ignoring the priorities that the first ministers' conference gave itself, as well as the aspects to be dealt with and the work schedule it set out for itself. It seems we have no choice in that.

Presumably the September conference will lead to agreements on a good number, if not all subject matters which appear on the list tabled in the Commons this afternoon by the Right Honourable the Prime Minister. So, we would have to form in our minds relatively clear ideas on all those questions in a very short period of time. We should also make our views known on these matters in some way or other before the die is cast; otherwise, we will be confronted in the performance of our institutional function with the dilemma I was referring to the other day.

I find that at least six of the themes on the premiers' list deal with the distribution of powers: ownership of resources, interprovincial trade, offshore resources, fisheries, powers dealing with the economy, communications including broadcasting, family law. Six out of 12. Did I skip fisheries? I said: "Les pêches," because it is so referred to in the text.

With a view to supplying us with a work schedule and taking part at the right time in the current constitutional reform process, I find the amendment put forward by Senator Flynn to be better suited to current conditions than the main motion.

Honourable senators, such are the considerations that lead me to support Senator Flynn's amendment. Certainly the amendment is not contrary to the true intent of the main motion, but it places things in the perspective that should be ours, that of this house as a component of the Canadian Parliament.

On motion of Senator Frith, debate adjourned.

• (2140)

[*English*]

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 426.*)

(As distributed at the Press Conference, June 9, 1980)

SUGGESTED AGENDA FOR THE MEETING OF FIRST MINISTERS ON THE CONSTITUTION OTTAWA, JUNE 9, 1980

1. Review of developments since the Constitutional Conference of February 1979.

2. Principles for a New Canadian Constitution.

3. The Process for achieving a new Constitution including:
(a) the subjects to be given priority consideration;
(b) the arrangements for federal-provincial meetings and other work over the coming months.

CALENDAR FOR FUTURE MEETINGS OF FIRST MINISTERS AND MINISTERS ON THE CONSTITUTION PROPOSED BY THE GOVERNMENT OF CANADA

(a) *June 17:* An organizational meeting of Ministers would be held in Ottawa or at some other convenient location. At that time a schedule for consideration of particular items during the summer months would be worked out and agreed upon.

(b) *June 18 to July 6:* Governments would prepare for intensive discussions.

(c) *July 7 to July 25:* Federal and Provincial Ministers and officials would remain in continuous session (except for weekends) for 3 weeks, and provision would be made to continue for an additional week if necessary.

(d) *July 26 to August 24:* Break in negotiations to allow governments to consider or reconsider positions and to prepare for further intensive discussions. The Provincial Premiers meet in Winnipeg on August 21 and 22.

(e) *August 25 to August 29:* Federal and Provincial Ministers and officials meet again in continuous session.

(f) *August 30 to September 7:* Governments consider positions and prepare for First Ministers Conference.

(g) *September 8 to 12:* First Ministers Conference in Ottawa to reach conclusions on work under way, and to put in train a further work program.

PRIORITIES FOR NEW CANADIAN CONSTITUTION PROPOSED BY THE GOVERNMENT OF CANADA ON JUNE 9, 1980

The time has come for the Government of Canada and the Governments of the Provinces to join together in the task of drafting a New Canadian Constitution.

As it enters upon that task, the Government of Canada is dedicated to a full review of all constitutional measures now applying to our federation.

The whole task constitutes a great enterprise and will take time to achieve. Not all of it can be accomplished at once, nor can we wait until all of it is done to demonstrate to the people of Canada that tangible progress is being made.

The Government of Canada believes, therefore, that intensive work should now begin on a list of items of particular priority to the people of Canada and to governments, with the understanding that some or all of these could well become the subject of early adoption as parts of the New Canadian Constitution.

The list of proposed items is this:

Package for the People
(Principles, Rights and Patriation)
- A Statement of Principles
- A Charter of Rights, including language rights
- A dedication to Sharing: the reduction of regional disparities
- The Patriation of the Constitution

Package on Government Powers and Institutions
- Resource Ownership and Interprovincial Trade
- Offshore Resources
- Powers affecting the Economy
- Communications, including broadcasting
- Family Law
- A new Upper House, involving the provinces
- The Supreme Court, for the people and for governments
- Fisheries

The Government also proposes that the leadership of the native peoples continue to be involved in the discussion of constitutional changes which directly affect the native peoples, in the context of the joint work on the item "Canada's Native Peoples and the Constitution". In addition, governments would pay special heed to representations from them on the items in the Packages set out above.

June 6, 1980

A STATEMENT OF PRINCIPLES FOR A NEW CONSTITUTION

We, the people of Canada, proudly proclaim that we are and shall always be, with the help of God, a free and self-governing people.

Born of a meeting of the English and French presence on North American soil which had long been the home of our native peoples, and enriched by the contribution of millions of new Canadians from the four corners of the earth, we have chosen to create a life together which transcends the differences of blood relationships, language and religion, and willingly accept the experience of sharing our wealth and cultures, while respecting our diversity.

We have chosen to live together in one sovereign country, a true federation, conceived as a constitutional monarchy and founded on democratic principles.

Faithful to our history, and united by a common desire to give new life and strength to our federation, we are resolved to create together a new Constitution which:

shall be conceived and adopted in Canada,

shall reaffirm the official status of the French and English languages in Canada, and the diversity of cultures within Canadian society,

shall enshrine our fundamental freedoms, our basic civil, human and language rights, including the right to be educated in one's language, French or English, where numbers warrant, and the rights of our native peoples, and

shall define the authority of Parliament and of the Legislative Assemblies of our several Provinces.

We further declare that our Parliament and provincial legislatures, our various governments and their agencies shall have no other purpose than to strive for the happiness and fulfillment of each and all of us.

THE SENATE

Wednesday, June 11, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Canadian National Railways Securities Trust for the year ended December 31, 1979, pursuant to section 17 of the *Canadian National Railways Capital Revision Act*, Chapter 311, R.S.C., 1952.

FOREIGN AFFAIRS
OFFICIAL LANGUAGES

SECOND REPORT OF COMMITTEE OF SELECTION PRESENTED AND ADOPTED

Hon. William J. Petten, Chairman of the Committee of Selection, presented the following report:

Wednesday, June 11, 1980

The Committee of Selection appointed to nominate senators to serve on the several select committees during the present session makes its second report as follows:

Pursuant to the motion adopted in the Senate on Wednesday, May 14, 1980, increasing the membership of the Standing Senate Committee on Foreign Affairs to twenty-eight members, your committee has the honour to submit the list of additional senators nominated by it to serve on the said committee, namely, the Honourable Senators Hicks, Langlois, Marshall, Molgat, Molson, Roblin, Smith (*Colchester*) and Stanbury.

Your committee also has the honour to submit herewith the list of senators nominated by it to serve on the Special Joint Committee to study Reports of the Commissioner of Official Languages, namely, the Honourable Senators Asselin, Cottreau, Frith, Guay, Murray and Wood.

Respectfully submitted,

William J. Petten,
Chairman

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Petten: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that this report be adopted now.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and report adopted.

OFFICIAL LANGUAGES

SENATE MEMBERS OF JOINT COMMITTEE—MESSAGE TO COMMONS

Hon. William J. Petten moved:

That a message be sent to the House of Commons to inform that house that the Honourable Senators Asselin, Cottreau, Frith, Guay, Murray and Wood have been appointed to act on behalf of the Senate as members of the Special Joint Committee to study Reports of the Commissioner of Official Languages.

Motion agreed to.

DISTINGUISHED VISITORS IN GALLERY

CANADIAN WHEAT BOARD ADVISORY COMMITTEE

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, with leave of the Senate and before the Question Period is called, I wonder if I might draw to the attention of honourable senators the presence of some very distinguished guests in the gallery. They are members of the Canadian Wheat Board Advisory Committee, elected from eleven regions in the prairie provinces by their fellow farmers and fellow producers.

They have come to Ottawa at my invitation to meet with the Grains Group, and with members of the government. I must say that this is a first; this is the first time the Wheat Board Advisory Committee, representatives of the producers, have been invited to Ottawa to exercise their role in an official capacity. I am sure I express the wishes of all members on both sides of the house when I say that we are delighted and honoured to have them in our gallery this afternoon.

Hon. Senators: Hear, hear.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, may I say that on this side we echo the words of the Honourable the Minister of State for the Canadian Wheat Board.

When I looked at the gallery a few moments ago I noticed our former colleague, Senator Forsey, sitting next to the members of the Canadian Wheat Board Advisory Committee. It occurred to me to wonder if he is a member of that body and where he ever found the time to become an expert on wheat. In any event, I add my welcome to that of the other side.

Hon. Sidney L. Buckwold: Honourable senators, as a senator from Saskatchewan I should like to add a word of welcome to the distinguished agricultural experts who are visiting us today. I always like to remind members of the house that these men really represent a great part of the backbone of the economy of this country. It always seems a miracle to me that we can plant these tiny seeds and bring out literally millions of dollars worth of new wealth for this country. We do not destroy a forest; we do not deplete a mine; we do not use up an oil well; we have a resource that keeps producing new wealth for the country. These are the men who do it. I hope that we recognize the fact that they make this significant contribution.

Hon. Senators: Hear, hear.

LORD SMITH, ROYAL COLLEGE OF SURGEONS

The Hon. the Speaker: Honourable senators, I should like to call your attention to the presence in the visitors gallery of the very distinguished visitor, Lord Smith, Fellow of the Royal College of Surgeons. I should also like you to welcome the person who is accompanying him, our former colleague, the Honourable Eugene Forsey.

Hon. Henry D. Hicks: May I just add, Mr. Speaker, that on Thursday of last week I attended in the gallery of the House of Lords at Westminster. I do not believe his lordship was in the house at that time.

PARLIAMENTARY DELEGATION FROM THE ISLE OF MAN

The Hon. the Speaker: Honourable senators, I am delighted to inform you that we have a delegation here from the Isle of Man Parliament, with whom some of us had the pleasure of having lunch. I am pleased to welcome them and tell them that we are happy to have them with us this afternoon.

BUSINESS OF THE SENATE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I mentioned to the Leader of the Government a few moments ago that it was the view of the official opposition that we might forego the Question Period today, should the Senate feel that it could this afternoon dispose of Senator Lamontagne's motion and the amendment moved by me to that motion. My present understanding is that Senator Frith, who moved the adjournment, is not prepared to proceed. The reason for the suggestion was that we thought it was considered urgent to dispose of this subject in view of the deadline set by the Prime Minister with regard to constitutional review. If Senator Frith is not prepared to proceed, we can use the Question Period, as we normally do.

● (1410)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the matter does stand in my name, as has been pointed out by the Leader of the Opposition. We appreciate his suggestion, and I am not at all critical of it; but in the context of our preparedness on this side to proceed with the debate on that amendment, we are unable to accede to that request. We hope to proceed with that matter in due course tomorrow.

Senator Flynn: Fine. I suppose, under the circumstances, the debate can be prolonged into next week. If there is no rush today, there will be no rush tomorrow.

Senator Frith: I did not say that.

Senator Flynn: You may not have, but that is my interpretation.

QUESTION PERIOD

[*English*]

THE CONSTITUTION

ASPECTS OF SENATE STUDY

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government which will be preparatory to the continuation of the debate. Can he tell us at what point in the discussions aimed at developing a new Canadian Constitution, the subjects of immigration, cultural policy and social affairs will come up for consideration? Do they form part of a second list of items to be discussed after September, or before?

I understand that the Leader of the Government does not want the Senate to discuss anything else but the reform of the Senate or a new Senate, and the entrenchment in the Constitution of our individual and collective rights including linguistic rights. When shall we discuss all the other matters?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I shall take that question as notice. Certainly the subjects mentioned by the Leader of the Opposition were not inscribed on the list of subjects which are to be given priority attention between now and September. The information requested by Senator Flynn may be available; certainly an attempt will be made to secure it.

I wish to make it clear, honourable senators, that there is no attempt on the part of the government to circumscribe efforts by honourable senators to investigate other aspects of constitutional reform. What we are discussing, however, in the resolution before the Senate is whether or not one specific aspect of constitutional change and reform—namely, change affecting the second chamber of Parliament—shall be studied by a subcommittee of the Standing Senate Committee on Legal and Constitutional Affairs. That does not preclude the possibility of studies in other directions, at some point.

Senator Flynn: I would ask the Leader of the Government, if we are not circumscribing efforts to investigate other aspects of constitutional reform, why he opposed the amendment that I proposed yesterday?

Senator Perrault: I hope to speak to that amendment, as I said yesterday. I reiterate what I have just said, that before the September deadline I am certain there will be other opportunities for honourable senators and Senate committees to study more fully the list of items, and perhaps items that are not on the proposed priority list.

[*Translation*]

Hon. Martial Asselin: A supplementary, Mr. Speaker. Is the Leader of the Government trying to tell us that he will accept our amendment?

Senator Flynn: Or another one?

Senator Asselin: Or another one for the same purpose? If he decides to accept our amendment, the debate is over. Why wait until tomorrow to agree to the motion?

Senator Flynn: Or until next week?

● (1415)

[*English*]

Senator Perrault: Well, honourable senators, this question has been asked many times in the Senate chamber. It is not for me to impugn the opposition, but I do want to assure honourable senators once again that it may well be that a committee of the Senate will wish to study other aspects of the so-called constitutional "package." However, there could be great merit in the Senate investigating, as one of its priorities, the very future of this chamber of Parliament.

[*Translation*]

Senator Asselin: The government leader is still not answering questions. I am simply asking him: does he intend to accept the amendment proposed by the official opposition? If so, I have prepared a speech, but I will put it aside and work on something else until the matter is settled. Does he answer yes or no that tomorrow, if he speaks for the government, or if Senator Frith speaks for the government, he will tell us that he accepts our amendment?

[*English*]

Senator Perrault: As I stated yesterday, my present inclination is not to accept the amendment.

Senator Frith: Since I was referred to in the question I can answer it very quickly. My answer is, "No."

[*Translation*]

Senator Asselin: Therefore, if the government leader says, "No, we will not accept your amendment," he cannot add that he will favour other discussions on constitutional matters because the amendment proposed by the opposition is the very basis for constitutional review.

So if he decides not to accept our amendment, this means that the Senate Committee on Legal and Constitutional Affairs will not study anything other than the content of Senator Lamontagne's motion.

[*English*]

Senator Perrault: Naturally, in the course of the debate, the Leader of the Government could be persuaded to follow some other course of action. Let me say, however, that various options are now being considered actively by government supporters. Certain courses of action would facilitate the work of honourable senators and might broaden it to include other items.

At the present time we are considering a resolution sponsored by Senator Lamontagne, a resolution which most of us believe to be of great merit and deserving of support. Support of the motion does not rule out the possibility of later Senate consideration of other aspects of constitutional change.

[*Translation*]

Senator Asselin: Does that mean that the leader, on behalf of the government he represents, will never accept the excellent suggestions made by the official opposition, as has been his wont in the past? Give me one example of a suggestion which was made by the official opposition and accepted by your government. There have not been any. For our part, during the last session, we have accepted suggestions made by the official opposition in the other place. But you, because of your obstinacy—I know the government leader and I know he will never accept a suggestion from the official opposition simply because it does not come from his government. The party line is deeply ingrained in him.

Hon. Gildas L. Molgat: The question?

Senator Asselin: That is the question. I have asked it.

[*English*]

Senator Perrault: Honourable senators, I have difficulty in discerning whether or not there was a question implicit in that long statement just made by Senator Asselin; but for him to ascribe less than worthy motives to the government, I think, is unfair. The government supporters here have been very supportive of and open to suggestions made by the opposition. I would remind honourable senators that this debate has not yet been completed, and it may well be that those who serve in the opposition will be persuaded, before this debate is over, to support the government's view in this matter.

Senator Asselin: You did not receive such instructions from your boss.

[*Translation*]

Hon. Arthur Tremblay: A supplementary question. I hope the Leader of the Government will think it is a real question.

If I have understood correctly, he has alluded to reflections which are currently being made by his colleagues according to which the substance of the intent of the amendment moved by Senator Flynn will finally be accepted, albeit under another form maybe, but accepted nonetheless by the other side of the house. Did I understand correctly that this was the gist of some of his remarks a little while ago? I expect it was.

Here is my question: When are the government leader and his colleagues going to get their act together on this? It seems to me that in view of the work schedule and the Prime Minister's insistence, which is loudly echoed by the premiers of the rest of Canada, we should deal with this matter of constitutional reform with despatch. He even mentioned "dead-

lines". It seems to me that if we in the Senate take too long to get our act together in matters such as these, if we take too long to get to work, we are not respecting the wishes of the first ministers. We might also be adding substance to some aspects of the reputation we have been given.

Senator Lamontagne: You are right; that is true.

● (1420)

[*English*]

Senator Perrault: Honourable senators, a good deal of time has been spent by the opposition in this chamber in the process of, in effect, debating the motion on the amendment. If the honourable senator is accusing government supporters in this chamber of an unconscionable delay in the process of studying constitutional change, let me remind the opposition that they insisted upon advancing an amendment to an excellent resolution which could have been passed by now and be under discussion in committee. Of course, it is their perfect right to propose amendments, but, in light of that, to blame the government for the resultant delay is a rather remarkable accusation.

[*Translation*]

Senator Tremblay: I have a supplementary. In such a case I do not understand why the other side is considering accepting the substance of the amendment. Either they refuse it unequivocally or else they wonder about the possibility of accepting it. Therefore, we did not cause any unconscionable delay by suggesting this improvement to the main motion since the other side is considering agreeing to it.

[*English*]

Senator Perrault: Honourable senators, as you know, we have discussed this at great length. The government supporters in this chamber are fair and open-minded. We are seeking ways whereby the Senate shall be able to make as constructive a contribution as possible to this constitutional dialogue and debate. We believe there is, however, as far as honourable senators are concerned, a list of priorities.

Honourable senators know more about the second chamber than any other group of Canadians anywhere. It seems to me that this matter of the future of the second chamber, the Senate, should be given some priority, and that is the nature of the resolution advanced by Senator Lamontagne. It does not rule out the possibility of further Senate consideration of constitutional change, perhaps by authorizing the Special Committee of the Senate on the Constitution to complete its report. There could be other routes, involving the Standing Senate Committee on Legal and Constitutional Affairs. Surely, honourable senators, as reasonable representatives of their regions, can understand the resolution advanced by Senator Lamontagne, which establishes certain priorities of great importance to the future of this chamber and of this country.

Senator Flynn: The future of the country is more important than the future of this chamber.

Hon. G. I. Smith: I should like to address a question to the Leader of the Government in view of his comments. I would observe that it does not strike me that the future of the Senate is at the core of our constitutional problems. Therefore, it does not strike me that it should be a matter of priority in constitutional reform to which people should be addressing themselves.

● (1425)

In any event, in view of the comments made by the Leader of the Government about the select committee of the Senate that considered constitutional matters, including the Senate, in the Parliament that ended in March, 1979, is that report going to be completed and made available to whatever body may be selected to study this motion or any similar motion that may pass the Senate?

Senator Perrault: Honourable senators, that is one of the options that I would be pleased to discuss with the Leader of the Opposition. We should work in common cause here. Regardless of party affiliation, as Canadians we should interest ourselves in giving new meaning and vibrancy to Confederation and to the Constitution. Of course, the future of this country is more important than any institutions, including the Senate, which happen to be part of the constitutional process. I advance a view—which I know is shared by many honourable senators—that because of the knowledge that honourable senators possess of the second chamber, there is certain expertise which we are in a unique position to provide to the nation. That does not exclude the contribution of Senate expertise in other constitutional directions. Indeed, implicit in the Lamontagne resolution are the possibilities of consideration of other matters, and honourable senators are aware of that fact.

Senator Smith (Colchester): With respect to the select committee of the Senate, which worked so long and which was supposed to—and I believe did—constitute a fair sample of the wisdom which reposes in the Senate, does the leader not consider the report and work of that committee to be useful instruments to assist in further study?

Senator Perrault: I know that Senator Smith has great confidence in his leader. I would like to meet with his leader to discuss possible options and courses of action for the Senate with respect to the constitutional dialogue and debate. I do not think there is much ultimate value in prolonging at this particular time a discussion about which courses of action may be available. There are a number of courses of action which are available.

Senator Smith (Colchester): Of course I have great confidence in my leader. I will not comment on the confidence I have in certain other honourable gentlemen who are conspicuous in this discussion, but I would ask the Leader of the Government again if he would care to direct his attention to the question I asked, namely, is he prepared to see that the select committee, to which I referred, has an opportunity to place its report before the Senate which, in turn, could place it before the Standing Senate Committee on Legal and Constitutional Affairs, if that committee is the one to study this motion?

Senator Perrault: Yes, that is a distinct possibility.

Senator Flynn: Honourable senators, in view of the fact that the Leader of the Government has indicated that he might change his mind and yield to some extent to meet the wishes of the official opposition, would the deputy leader reconsider his firm and negative answer to any possibility of changing his attitude and that of the mover of the motion?

It seems to me that the deputy leader, by saying no at this time and before he has had a chance to discuss this matter with the Leader of the Government, was not sure what reasons he had to oppose the amendment. He was sure what stand he would take but he was trying to find reasons to say no. Now that the leader has cut the grass from under his feet I suppose he would be prepared to change his attitude.

• (1430)

Senator Frith: The question was whether it was my intention to support the amendment. My answer was no.

Senator Flynn: But you were not prepared to proceed this afternoon, so you were looking for reasons to say no.

Senator Asselin: It would have been easy to say no this afternoon.

Senator Flynn: I suppose the conciliatory attitude of the Leader of the Government must have weakened his stand.

Senator Frith: My intention at the present time and my intention at the time of the question with reference to the amendment has not changed at all.

Senator Flynn: You are as stubborn as Senator Lamontagne.

Senator Frith: I am honoured to be so associated.

Senator Flynn: You can have it.

LABOUR

RESTRICTIVE PROVINCIAL EMPLOYMENT LEGISLATION

Hon. Stanley Haidasz: I should like to ask the Leader of the Government, in view of the fact that the Chairman of the Canadian Human Rights Commission criticized as unacceptable narrow provincialism legislation of the Newfoundland and Nova Scotia governments restricting jobs in certain fields to local residents, what has been the reaction of the federal government to such unfair laws?

Hon. Raymond J. Perrault (Leader of the Government): I will take that question as notice.

Senator Haidasz: In view of the violation of fundamental rights of Canadians by such legislation, is it the intention of the federal government to include freedom of movement and equal employment opportunity rights in the Charter of Rights that is being proposed as an essential part of a new Canadian Constitution?

Senator Perrault: I will take that question as notice.

Hon. Robert Muir: Are Nova Scotia and Newfoundland the only two provinces that have done something along these lines? When the Leader of the Government answers would he reply accordingly?

[Senator Perrault.]

Senator Perrault: Two-thirds of labour-management relations are under provincial jurisdiction in this country, and I think this is very dangerous landmined territory for a federal person to walk under present circumstances. As I said, I will take the question as notice. I make no accusation against any level of government.

ATOMIC ENERGY OF CANADA LIMITED

PORT HAWKESBURY AND GLACE BAY—REPORTED SHUTDOWN OF HEAVY WATER PLANTS

Hon. Robert Muir: Can the Minister of State for Economic Development confirm the story by Jeff Carruthers in today's *Globe and Mail* that Atomic Energy of Canada Limited is considering "rationalizing" its production of heavy water by mothballing its Port Hawkesbury and Glace Bay heavy water plants?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, my staff anticipated that this question would be asked today. The answer is as follows: The 1980-81 main estimates for AECL provide an amount of $110 million for heavy water inventory costs. This amount, which covers the heavy water production costs from AECL's heavy water plants at Glace Bay and Port Hawkesbury, Nova Scotia, is recoverable upon sale of the product.

Canada is not at this time in a situation of surplus heavy water supply; all existing supplies are allocated to reactors now under construction. Continued lower offshore sales could produce a surplus situation in time. However, it takes one year of heavy water from AECL's plant to supply a single 600 megawatt Candu reactor. AECL is continuing to pursue actively further reactor sales, both domestic and offshore, which would absorb future heavy water production.

• (1435)

AECL is analyzing various long-range scenarios for heavy water production which recognize future sales estimates. There are no existing plans, however, to shutdown or to cut back the operating plants in Nova Scotia, both of which have achieved in the past year record levels of production.

Senator Muir: I wish to thank the minister for having his music with him. His answer was very encouraging, and we can take from that that there are definitely no thoughts whatsoever of cutting back, laying off or reducing operations at both these heavy water plants, particularly in view of the fact that AECL is budgeting, as I understand it, a total of $15.3 million this year for capital expenditures for both of these plants. Is that correct?

Senator Olson: I should tell my honourable friend that I am not going to make announcements on behalf of the ministers who are directly charged with this responsibility. I really must stand on the answer that was given. As he said, I had my music with me, so obviously the answer was prepared.

The fact is that the production of heavy water to date is committed and will not go into a surplus stockpile, if you wish to call it that. Therefore, the question is whether more heavy water ought to be manufactured on the basis of prospective sales. That decision will be made sometime in the future, and I am not sure how much sooner or how much later. I want you to understand the accuracy of the situation now, and that it could change rapidly if sales of new plants come to fruition or materialize. As I said, that may change quickly. I am not sure how many days' production are required to take care of the committed requirements. It may be a few days, or it may be quite a number, but the accuracy of the situation is that there has not been any manufactured to date that is destined to go to a surplus stockpile.

Senator Muir: I thank the minister for his further reply. I shall only be too glad to give him all the time required to discuss with his colleagues the future of these two plants.

By way of a supplementary question, I wonder if he would consider, along with his colleagues, directing AECL on behalf of the government not to close its Nova Scotia plants, so that no one will be able to accuse this government of creating employment in Altantic Canada by giving assistance to Michelin, and reiterating commitments to Sysco, as did the Leader of the Government yesterday, and then creating unemployment on the other hand by closing the heavy water plants.

Senator Olson: Honourable senators, the contradictions that come along all sound great. Even though all these plants are located in the same part of Canada, whether or not there are further sales of reactors, necessitating more heavy water, really stands by itself. That is not dependent on whether there are markets for steel or justification for renovating the Sysco plant, nor, indeed, is either one of those dependent on whether or not there is a projected viable market for Michelin tires.

So I hope the honourable senator is not trying to confuse that. If we are selling tires, that does not necessarily mean that we will continue to produce heavy water.

Senator Muir: Far be it from me to try to confuse the very intelligent and capable minister, whom I served with in the other place. I would never attempt to do that. However, I do detect a note of pessimism. If he is suggesting to us that the government cannot direct a crown corporation to do certain things and that the government has a policy of non-interference with the activities of crown corporations, I would remind him that the government decided to move the new Eldorado plant from the riding of the Honourable Allan Lawrence to a Liberal riding in northern Ontario at a cost to the Canadian taxpayer of $60 million, and this despite the fact that the Eldorado Board of Directors had unanimously advised that the new plant be located in Port Hope.

Senator Olson: Honourable senators, if I may modify slightly the comment of the honourable senator respecting the location of the uranium refinery, it is a fact that the Liberal Party announced before the election took place that it was one of our policies to move processing plants as close to the source of the raw material as is practical. So the honourable senator should take that into account when he discusses the movement of the Eldorado plant.

Senator Flynn: Very practical.

INTERNATIONAL TRADE

SALE OF CANDU REACTOR TO TAIWAN

Hon. Robert Muir: Honourable senators, can the Minister of State for Economic Development inform the Senate as to whether or not any negotiations are now taking place with the Government of Taiwan in respect of the purchase of a reactor? The Government of Taiwan, at one period of time, was very anxious to purchase reactors.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I shall take the question as notice. I shall have to make some inquiries as to whether active negotiations are under way specifically with Taiwan.

GRAIN

REPRESENTATION AT MEETING OF WHEAT EXPORTING COUNTRIES HELD IN BRUSSELS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have some questions for the Minister of State responsible for the Canadian Wheat Board. Recently, a meeting of the wheat exporting countries was held in Brussels, and the report of that meeting I have in my hand indicates that the Canadian Wheat Board was not represented. My first question for the minister is whether there was any representation on behalf of the Government of Canada at that meeting.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Canada was represented at that meeting by Mr. W. M. Miner, the Co-ordinator of the Grains Group. Mr. Miner has led the Canadian delegations now for some years and has been our chief negotiator in international negotiations respecting wheat.

Senator Roblin: Is there any reason why the Canadian Wheat Board was not represented at that meeting?

Senator Argue: It was felt that the representation by Mr. Miner was quite adequate for Canada. Mr. Miner, in a sense, is my deputy minister. As a Minister of State with no department as such, I do not have a deputy minister, but Mr. Miner is head of the Grains Group. He has headed Canadian delegations on previous occasions in negotiating international wheat agreements. So, to my mind, this was a satisfactory arrangement for Canada.

Senator Roblin: While I recognize Mr. Miner's competency in this field, I would have been happier had the Canadian Wheat Board, since it is concerned as a seller of wheat, been represented directly at that meeting. It seems to me that at meetings of grain exporting nations, the agency responsible for Canada's export effort should be in attendance. However, I shall allow the minister to deal with that matter at his leisure.

WHEAT SALES TO THE U.S.S.R.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I want to go on and deal with the general topic of wheat exports. Reports dealing with the wheat embargo that the U.S. put into place recently indicate that some developments have been taking place which do not seem to be advantageous to this country. While I have no means of confirming these reports, there are indications that both the United States and Australia are currently in the position of having set records in terms of wheat sales to Russia, whereas the same cannot be said of Canada.

The minister made a statement to the press in respect of this matter of the embargo and our wheat export position—

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): When was that?

Senator Roblin: The press release is dated January 9, 1980. It is not a recent one, but it evidently indicates his position in respect of this matter.

Senator Argue: What was the date, again?

Senator Roblin: January 9, 1980.

Senator Argue: What was my capacity then?

Senator Roblin: That was when the minister had the delightful luxury of reposing on the benches of the opposition. It may be that between then and now there has been some sea change that has altered my honourable friend's views, and I think I should explore that matter to find out where he stands these days.

The minister stated at that time that he felt that the grain producers needed more help with the price of wheat. That was one of the things he said in that statement, and certainly we would agree with that. As a matter of fact, the Leader of the Progressive Conservative Party, on January 11 last year, when he was Prime Minister, indicated that Canadian producers would be compensated for losses arising out of the American embargo policy espoused by the government.

Since there has been a fall in the price of wheat since then, of about 75 cents a bushel—which, to some extent at any rate, must be linked to the embargo situation—may I ask my honourable friend whether he has decided to follow through with his sound opinion of January 9 last to provide some financial assistance to the wheat farmers in respect of their sacrifices owing to the American embargo?

Senator Argue: I thank Senator Roblin for his series of questions. I may have to make something of a speech in my endeavour to cover the territory that he has examined. I do not know the context of my January 9 speech, and I really do not need to get into that—

Senator Roblin: It was a good speech.

Senator Argue: I would hope it was. I have taken the attitude over the years—and I take the same attitude now—that there should be developed amongst the wheat exporting countries of the world a real solid measure of exporter co-operation. That was my opinion on January 9, and I am more firm in that belief today, if that is possible, than I was even at that time, because I think recent events have shown that exporter co-operation is fundamentally necessary for the welfare of the wheat producers of this country and other countries. Therefore, I am in favour of that.

I have some general statements on the so-called embargo, or partial embargo that the United States put in place and asked Canada to go along with, and I hope my statements will provide the house with some information in that respect.

It is perfectly clear that the Clark government went along with the general principle of this embargo of sales of grain to the Soviet Union. It was stated at the time by the Clark government that Canada's position should be to provide, with the embargo being in place, "normal and traditional" amounts of grain to the Soviet Union. This was defined—and this is part of the record—by Prime Minister Clark at a press conference as an amount of 3 million tonnes for Canada. I am informed—and this may not be accurate, so I do not put it forward as such—that the then Prime Minister, the Right Honourable Mr. Clark, was not able to get through all of the advice that was given to him by the department, as a result of which he came up with a figure that was unduly low, and it was unduly low even based on the advice that he was being given at that time. So since that 3 million tonnes figure was stated publicly by the former Prime Minister, there has been a small escalation in the amount that has been exported, and I think this has been done by general agreement.

The agreed-upon quantity as of that time which Canada would export was slightly increased, but it is still considered as being in accord with the agreement that was made. It is a fact that in the present U.S. crop year, which I believe ends in June, the United States has exported the largest quantities of grain in its history, including its exports to the Soviet Union. It is also true that Australia has exported in the current crop year its largest exports of grain to the Soviet Union. It is also true that in our current crop year Canada will export to the Soviet Union something slightly less than the amount that was exported by Australia, putting us in a very definite inferior position within that market.

• (1450)

There is a feeling—and I don't want to put undue emphasis on this—that there has been some considerable leakage into that market and that perhaps the private grain trade of the United States is so aggressive and so efficient that grain may leak into that market. I put that forward as a debatable point, because the Canadian Wheat Board takes the stand that there has been a lot of leakage. The advice that I have been given is in this direction.

The Americans come back with the proposition, based on their own argument, that there has not been leakage or certainly there has been no substantial leakage into that market. Here I come to what I think is the crux of the question. Canada said it would be prepared to agree to normal and traditional sales to the Soviet Union, not to be aggressive or endeavour to supplant the American position in that market. Those words are all right and they sound all right, but

they really do not fit the Canadian context, because over the years the normal and traditional pattern of trade with the Soviet Union has been for the Soviet Union to come to Canada as its first choice, and give us the opportunity of being the first supplier. That has been a long-established practice. The Soviet Union has bought from Canada in the last ten years grains varying greatly in amount from year to year. I think the low figure was 350,000 tonnes and the high figure was 5.4 million tonnes. Taking a three-year period from the recent past, those sales have been 4.4 million tonnes ranging to 5.4 million tonnes, or somewhere in that neighbourhood.

The Americans have not exercised a complete embargo on grain sales to the Soviet Union. They had a five-year treaty providing for eight million tonnes of American wheat to go to the Soviet Union and they said, "That is a treaty, we are not going to break it. Even though Soviet troops go into Afghanistan, we are not breaking that treaty."

As to what I think the position of the former government should have been—I suppose I am being critical but I am not trying to make any special point of it; I am trying to take a stand that is in the positive interest of Canada and the wheat producers—I think the former administration made a mistake in defining "normal and traditional" as being a somewhat optimistic arithmetic average of what we have been selling, because I don't think you can do it that way. Our tradition has been that when the Soviet Union needs wheat they come to Canada first, and if we have the wheat and the transportation facilities we have the first chance to supply it. In that normal and traditional period for normal and traditional amounts it has been around five million tonnes as the higher figure. I think that as a nation we should have stood firm in saying, "We are prepared not to go in and smash your rules and we will not try to occupy your position, in the Soviet Union, but we want to defend Canada's own trade position as being one of continued opportunity to supply normal and traditional quantities."

As to price and what has happened, it is true that the former government said that if there was a financial loss that could be directly attributable to this particular action, compensation would be considered. I believe the principle of compensation is being carried forward, although, of course, this is a new administration, a different administration. But I believe that that commitment is going forward. I have, however, taken this position, and I suppose I shall be criticized for it; I just do not think it is possible to say that the price was such and such on January 4 and it has gone down such and such and the difference is all attributable to the embargo. I personally do not have all that much faith in the so-called world price as being a price that accurately reflects at any given time the supply and demand position.

My information is that on January 4 the Wheat Board asking price was just that, an asking price. It was probably above the price for which they would have been prepared to sell grain in substantial quantities at that time. The drought, I suppose, has an effect on world markets as has the supply available generally throughout the world. Then there are interest rates. I am no commodity expert but I have read that interest rates have a tremendous effect on commodity markets. High interest rates will depress commodity markets. As I say, I am not an expert on that but it is something that should be looked at.

The price of Durum Wheat has gone up since the embargo. I can only give a guess for now, but my estimate would be, if my memory serves me right, that it has gone up probably in the neighbourhood of somewhere between $20 and $30 a tonne. I do not suppose that one could really say that the Russian embargo resulted in Durum prices going up. I don't think that would make any sense at all, but in that period of time Red Spring Wheat has definitely gone down and Durum prices have gone up.

Anyway, there are many, many factors to be considered, and certainly this whole question should be looked at. My own view is that Canada should co-operate with the United States in principle on the question of exercising restraint in dealing with the Soviet export market so that we are not endeavouring to replace in a real way or in any way the market that the Americans have wished to withdraw from, but I do feel that in light of our normal and traditional markets in that country the current arrangements are not in the best interests of our wheat producers.

Senator Roblin: Would my honourable friend be kind enough to investigate two specific aspects of the matters he raised in his statement just now? The first is in connection with price. I quite agree with him that the establishment of a price and the factual demonstration as to what losses the farmers have suffered as a result of the embargo policy is not a question to which the answer is immediately obvious. But I think that what is concerning the people in my part of the country is this: What is the official assessment of the situation? They know of the statement by political parties that they want to save them harmless from the result of this embargo that no doubt has been undertaken for national interests. And they want to know whether there is a price variation there that ought to be taken into account. So I ask my honourable friend if he would be kind enough to put his people to work so that he can give his opinion or the government's opinion as to what that price problem really is. That is the first question.

My second question is this: What attitudes or what representations or what actions are going to be taken in dealing with people who may be, to use an inaccurate but illustrative word, cheating on the embargo? The opinion has been advanced by important sections of the grain producing community in western Canada that the United States has not played quite fair in respect to the embargo, and really has not accepted the principle that they should restrain their sales to the U.S.S.R. Although they may have done so nominally, by way of making sales to associated countries in eastern Europe they play an end-run. I think this is becoming a matter of real concern in the west. Is the embargo being approached on a fair and square basis by the three participants, namely, Canada, Australia and the United States, in respect of sharing the market, or is there an end-run being conducted?

• (1500)

I agree with the minister that we do want to have some co-operation in this matter. There is no argument on that. But I think it is the part of ordinary common sense to make sure that our position is equitable, all things considered.

To refer back to the question of the price again, I want to remind him that his thought on "motherhood," namely getting the four main grain producers to agree on wheat pricing, is commendable. However, he and I both know it is a difficult question and that the question which should really be addressed is whether the Canadian economy as a whole should take into account the losses, whatever they are, in the price of grain rather than relying on some indefinite agreement that is really not probable.

Senator Argue: I thank Senator Roblin for his fair and important questions. Just a moment ago he referred to the matter of exporter co-operation and alluded to my thoughts as "motherhood," whatever that means. My assessment of exporter co-operation is that up until January 4 it was being developed in a real sense and there was co-operation. Certainly, there was frequent consultation.

Senator Roblin: Lots of talk!

Senator Argue: I think, if you followed the market, it was having an effect. I see Senator Roblin shaking his head, so we differ on that point.

Senator Roblin: I only do so because of my experience of listening to the authorities in the American Department of Agriculture. The views of the leaders of the Congress were quite different from the views of the department. The department was pretty tough.

Senator Argue: In any event, I stand by what I said. There may be other arguments and there may be particular reasons why the U.S. Department of Agriculture officials are saying that. I do not know that. I do not have information on that. I think exporter co-operation has suffered because of this situation and I hope that before too many months go by we can see the kind of effort required so that exporter co-operation can be successfully achieved.

There are Canadian parliamentarians, as I am sure the Honourable Senator Roblin knows, on both sides of the House of Commons and on both sides of this chamber—certainly on both sides of this house—co-operating with American parliamentarians in an effort to achieve exporter co-operation.

I have had conversations with some distinguished members of the Conservative Party on this very question. I have not had a report yet. I am the worse for that, but I have not been able to arrange an appointment yet so that I can receive the reports of some of these important Canadian parliamentarians on recent talks they have had. It is an important matter. Senator Roblin was in on the discussions we had some time ago when we met with the Senate Agricultural Committee in the United States. He was an important and constructive member of the team that took part in those negotiations.

[Senator Roblin.]

The specific question, however, is whether I, as the minister, would either instruct them or do what I can to have officials look into the question of just how much was the real price effect. What in fact was the real price effect of the grain embargo? Although I am not the authority in charge of the studies, I can tell Senator Roblin that studies are under way in government circles and that this information is being sought and is being assembled. I just hope the officials are able to get at the actual facts.

On the question of an end run and whether or not that can be proven, what we hear Canadians say so far is, "There is a lot of leakage and here is our evidence." That is the evidence of Canadians, many of whom are not parliamentarians and are outside the scope of government. They say, "Here is our evidence as Canadians, that there is leakage and that this is not working." The Americans come back with what they say is pretty hard evidence that the embargo is being effective and is in fact hurting the Soviet economy.

All I can say is that a lot more work must be done on the Canadian side to be able, effectively, to counter those arguments from the American side. The position taken by Canadian authorities in the grain business, outside of the government circles, is that the American system lends itself to these leakages because it is a free system in which there are many sellers, whereas the Canadian Wheat Board is a single selling agency for export wheat, and all that is needed is to check with the Canadian Wheat Board to see our position. We are at somewhat of a disadvantage when we try to obtain evidence that perhaps only the Americans can provide to us. That suspicion is around and many Canadians—informed Canadians—feel sincerely that there has been and is a good deal of leakage.

WHEAT SALES TO U.S.S.R. BY THE ARGENTINE

Hon. Sidney L. Buckwold: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board. It has been reported to me by some of my farmer friends that the Argentine, as a major exporter of wheat, is stepping into the breach created in the supply of grain to the U.S.S.R., and has been cashing in by charging much higher prices than would normally be the case. Is the minister prepared to comment on that?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): The Argentine has officially stayed out of the arrangement. The Argentine is not in the arrangement. That is certainly public information around the world in the grain business. Although this is only an estimate, I think it is accurate to say that the Argentine has gained a good deal in terms of price by dealing directly with the Soviet Union in these circumstances. It was said to me just a few hours ago by a person who understands the grain business, but who is outside the official government circles, that the information they had was that the gain might have been as high as $50 a tonne. That would have been a high premium because of the situation.

At any rate, I will take that question as notice and check on whether I am correct in suggesting that there was a gain of $50 a tonne, because I would not want to put inaccurate information before this chamber. Certainly, the Argentine has obtained a substantial premium.

Senator Buckwold: Has the Argentine been a traditional supplier on some large scale to the U.S.S.R.? If not, might this situation result in the establishment of that market by the Argentine to the detriment of the Canadian exporters?

Senator Argue: I am not too sure how important the Argentine has been in the Soviet market in recent years or, for that matter, over the history of grain marketing. Certainly, it has been a supplier in that market. I do not think there is any major danger that the Argentine will displace Canada or the United States in that market, however, because the Argentine in relation to Canada is a fairly minor grain exporter. I think it exports about one-third the amount that Canada normally exports. In the normal context of things, I doubt that the Argentine is big enough to cause other exporters into the Soviet market any major trouble in the years ahead.

However, it is an important point and undoubtedly—and this is just a guess—in normal human relations, if the Argentine were supplying grain when the Soviet Union was in dire need, I suppose that would have to count for something. I am certainly no authority on the operations of the grain trade in that country.

INTERNATIONAL GRAIN AGREEMENT—BREAKDOWN IN TALKS

Hon. Jack Austin: Honourable senators, I should like to address a supplementary question to the minister responsible for the Wheat Board.

I understand that U.S. Agriculture Secretary Bob Bergland is quoted as saying that there is a virtual breakdown in talks relating to an international wheat or grain agreement, and that as a consequence he is giving serious consideration to having the United States enter into an aggressive program of bilateral agreements with major grain importing countries.

• (1510)

I should like to ask the minister whether that type of activity by the United States would have a depressing effect on Canadian grain prices; secondly, whether he believes that Mr. Bergland is simply verbalizing part of the negotiation to bring the international wheat agreement back to a more rational course; and, thirdly, whether indeed some position has been taken in the United States with respect to renewing or not renewing the five-year agreement with the Soviet Union, which the minister mentioned a few moments ago, in view of the continued occupation of Afghanistan by the Soviet Union.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I have not seen the statement to which the honourable senator referred as having been made by Mr. Bergland, the American Secretary of Agriculture, and therefore I am not in a position to comment on it.

Over the years, and within the past year or so, there have been discussions about the desirability of having an international wheat agreement. The old international wheat agreement broke down. At that time the attitude of Canada was that we were losing by having been a participant in that unworkable international wheat agreement. So Canada participated in the wheat agreement discussions of a few years ago in a cautious mood, feeling that some really important rules would have to be put in place, particularly as to the down-side guarantees. The Canadian government was not satisfied. In its delegation there were some of the leading farm spokesmen in Canada, and it was generally agreed among members of the delegation that on account of the way the international wheat talks were going at that time, it was not in Canada's interest to continue those talks, that nothing was being accomplished.

There may now be some warm-up towards an international wheat agreement. I sense that from conversations I have had with the Honourable Peter Nixon of Australia, who is their minister in charge of grain marketing. So another look may be given to this whole question. An international wheat agreement ideally would be the best way to go, but the path is fraught with many dangers.

I have not seen Mr. Bergland's statement, so I shall not comment on it. The evidence we have is that the Americans are being exceedingly aggressive—I do not complain about that—in many markets of the world. They are doing everything they can to compensate for the fact that they are in a partial embargo position with the Soviet Union. I do not have any information as to whether or not they are going to go forward with an extension of that five-year agreement. I would simply observe that the American presidential election is not far away and the chances are that this agreement will be looked at following that election. The honourable senator's guess might be better than mine as to who might be occupying the Oval Office in the White House to deal with this question.

Senator Austin: Could I say to the minister that I hope that in the discharge of his responsibility—and I have great confidence in him—we will not end up in a situation where the United States decides to terminate its treaty agreement with the Soviet Union and therefore seeks to replace that market by very aggressive bilateral arrangements with many other countries who are major wheat importers, including Japan, Mexico, Egypt, Poland, the Philippines and China. If that happens, we shall find that because of our moral commitments, or past commitments of either the Clark government or this government, we cannot pick up some of the slack in the Soviet market. The Americans may have their reasons. I hope that we shall be very careful to examine our own.

Senator Argue: All I can say to the honourable senator is that I believe his comments are important and I shall certainly take them into account.

WHEAT SALES TO THE U.S.S.R. BY THE ARGENTINE

Hon. Jean-Paul Deschatelets: May I ask the minister a question? If I recall him correctly, he said a few minutes ago that Argentina would sell wheat to Russia for about $50 per tonne.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Premium.

Senator Deschatelets: What was the price that Canada was charging the Russians?

Senator Argue: I cannot inform the honourable senator, because the exact price for a given sale is kept confidential by, I believe, every major grain organization in the world. I have not asked the Wheat Board for that kind of information. However, in general terms, the sales would reflect the market at the time. It could be a deal that resulted in huge sales at a shade less than the asking price for a given day. At least, that is my understanding.

In recent times the asking price for the basic grade of wheat out of Thunder Bay has been between $195 and $210 per tonne. If you add $50, they would be getting a premium of about 20 per cent. In putting forward those figures, it is just an estimate. I am not able to tell the senator precisely what the Wheat Board charges at any given time.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have some delayed replies. However, they are not particularly urgent and if honourable senators on the opposition side are satisfied, I shall delay them until tomorrow.

Hon. Duff Roblin (Deputy Leader of the Opposition): Having had a quick word with my leader, I would propose that if they are not questions of universal interest, the answers might be provided to the persons who asked the questions. If the replies are of wider interest, perhaps they could be printed and we could avoid the necessity of having to listen to them in detail.

Senator Perrault: That procedure is quite satisfactory.

FOREIGN AFFAIRS

SOMALIA—ASSISTANCE RESPECTING REFUGEES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a reply to a question asked by the Honourable Senator Macquarrie on April 24 about the Canadian government's response to the plight of the refugees in Somalia.

(*The answer follows:*)

Somalia has not been approved as a project eligible country but does have an allocation of $25,000 annually. In the past the Mission Administered Fund allocation has not been fully utilized, mainly due to the difficulty in communication between Mogadishu and Dar es Salaam, in Tanzania, the post of accreditation. This year, however, with accreditation having been moved to Jeddah in Saudi Arabia from where communication with Mogadishu is improved, it is expected that much greater use will be made of the Mission Administered Fund allocation.

Somalia is eligible for emergency relief, and in response to major food needs occasioned by severe drought conditions, CIDA made two emergency food contributions of $2 million each in 1975 and 1976. Also the Cabinet has just approved an additional contribution of $3 million for 1980-81.

The Government of Canada is also responding to the refugee crisis in Somalia through the regular multilateral channels. For example, Canada contributes to the World Food Program (WFP), the International Fund for Agricultural Development (IFAD) and the United Nations High Commissioner for Refugees.

PLIGHT OF IRANIAN STUDENTS ENROLLED AT AMERICAN UNIVERSITIES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a reply to a question asked on May 1 by Senator Lawson regarding the plight of Iranian students enrolled at American universities.

(*The answer follows:*)

The five Iranian students concerned were enrolled in an architecture course at the University of Idaho. Four of these students have now left Canada to continue their studies elsewhere. The fifth student, who is married to an American citizen, has been granted a three-month extension to his visa as of May 30 so that he can remain in Canada pending the outcome of his application to the American authorities to re-enter the U.S.A.

PARLIAMENT

APPOINTMENT OF TASK FORCES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a reply to a question asked on May 27 by Senator Marshall regarding the recently established parliamentary task forces. It is a short question and honourable senators might like to have the reply verbally.

At the present time, the parliamentary task forces report to House of Commons committees and are made up solely of members of the other place. This, of course, does not preclude the Senate from establishing task forces of its own which would report to Senate committees.

FOREIGN AFFAIRS

HELSINKI FINAL ACT—PREPARATION FOR REVIEW CONFERENCE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a reply to a question asked on May 27 by Senator Haidasz regarding implementation of the

Helsinki Final Act. That reply could be printed in the record of today's proceedings.

Senator Flynn: Senator Haidasz is here. He can speak for himself.

Senator Perrault: The reply could be dealt with in the chamber tomorrow or could be printed in our record of today's proceedings.

Senator Haidasz: I would prefer tomorrow.

Senator Perrault: Very well. I will give it tomorrow in the chamber.

TRANSPORT

AIRPORTS—LANDING FEES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a lengthy reply to a question asked by Senator Smith (Colchester) with respect to user and landing fees at airports owned and operated by the Ministry of Transport. The reply is rather detailed.

Senator Smith (Colchester): Perhaps that could be dealt with tomorrow.

Senator Perrault: That is perfectly satisfactory.

CANADA-UNITED STATES RELATIONS

FISHERIES—EAST COAST BOUNDARY CONTROVERSY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a reply to a question asked on June 3 by Senator Marshall regarding fisheries and the east coast boundary controversy.

(*The answer follows:*)

Since the signature of the East Coast Fishery Treaty and the Gulf of Maine Boundary Adjudication Treaty in March 1979, the Canadian Government has consistently and repeatedly urged the U.S. Administration to take the necessary steps to ratify these treaties.

The U.S. Administration has assured us that it remains committed to the treaties as signed. There is, however, opposition to the fishery treaty in the U.S. Senate, which has deferred action to ratify and implement it and the boundary adjudication treaty to which it is linked. Canada has expressed to the U.S. government strong concern about significant increases in U.S. fishing activity in the boundary region inconsistent with the purposes of the treaties, detrimental to Canadian fishing interests. The government is actively examining available options in the event that these treaties are not given Senate consent in the very near future.

POST OFFICE

SETTLEMENT WITH CANADIAN UNION OF POSTAL WORKERS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on June 5 Senator Doody asked a question with respect to the total impact of the postal settlement. There are two replies to that question. The Post Office officials approached their task with zeal in providing as much information as possible.

The honourable senator asked whether the same circumstances and conditions as those in the postal settlement—40 hours work in a 37½-hour week—will be applied to other people employed by the Public Service or by crown agencies.

(*The answer follows:*)

A key to achieving this negotiated settlement, the first without any disruptions in nearly 10 years is the recognition, as recommended by the Conciliation Board report, of the factory-like environment quite different from other groups in the Public Service, in which inside postal workers work. Theirs is also a quite different environment and job from the letter carriers.

The honourable senator also asked for the total cost of the settlement with the Canadian Union of Postal Workers.

(*The answer follows:*)

The basic wage package during the life of the contract represents an increase of 8.1 per cent.

The overall expenditure of the monetary settlement including increased shift and weekend premiums, COLA payments, and improved vacations for long-time employees represents an increase of approximately 10.4 per cent over the life of the contract.

In monetary terms, the President of the Treasury Board has set the total cost of the settlement at $36,068,232 that is inclusive of COLA, cost-of-living index adjustment and improved fringe benefits, and it is calculated on the base of a straight-time payroll plus COLA, which is $345,829,659.

• (1520)

SMALL BUSINESSES LOANS ACT

BILL TO AMEND—SECOND READING

On the Order:

Second reading of the Bill C-17, intituled "An Act to amend the Small Businesses Loans Act".—(*Honourable Senator Perrault, P.C.*).

Senator Perrault: Honourable senators, I yield to Senator Bosa.

Hon. Peter Bosa: Honourable senators, it is my pleasure to introduce Bill C-17, an Act to amend the Small Businesses Loans Act. The provisions contained in this bill will provide continuing government support to the very important small business sector of our national economy.

Basically, the bill makes provision for a number of changes in the act: a two-year extension of the Small Businesses Loans Act from July 1, 1980, to June 30, 1982; a new authorized lending ceiling of $850 million; and an increase in the loan limit to any single borrower from $75,000 to $100,000.

First let me provide honourable senators with some background to the act. The Small Businesses Loans Act came into being on January 19, 1961, to facilitate the entry into term lending for capital purposes of major financial institutions, and in that respect it has been successful. Since the inception of the program some 65,000 loans with a value of over $1 billion have been granted, providing financing to the small business sector which, in many cases, would not otherwise have been available.

Another major feature of the program is the lack of direct government involvement. All negotiations take place directly between the lender and the borrower, and, if the guidelines are met, the loan automatically qualifies for the government guarantee. The chartered banks have participated in the program from the beginning. More recently trust companies, credit unions, caisses populaires and the Province of Alberta treasury branches have also become qualified lenders under the act.

The program has broad national acceptance by both borrowers and lenders. Introduction of a floating interest rate of 1 per cent over the chartered banks' prime lending rate in early 1978 contributed significantly to acceptance of the SBLA by private financial institutions. Prior to that time the rate on SBLA loans was set in accordance with interest rates charged on Government of Canada securities, and frequently resulted in a return to lenders below going market rates. This change to a rate more in line with prevailing market rates has resulted in a surge in lending activity, with $256 million being lent in 1979 alone, as compared to $90 million in 1977, the year just prior to this change. Losses under the program have remained minimal, with only $1.8 million in losses for 1979, or 0.4 per cent of outstanding loans—a rate well in line with the private sector's own experience. I should reiterate that activity under this program is taking place with minimal government intervention and at very little cost for the benefits it delivers.

Honourable senators, I will now deal with the major amendments mentioned in the bill.

I would like first to bring to the attention of honourable senators one minor change with respect to lending undertaken during the lending period ending June 30, 1980. It is proposed that the financial ceiling under the present SBLA be increased from $600 million to $675 million. This is intended as a temporary measure to cover higher than anticipated lending under the act.

Secondly, a two-year extension to the act is being requested rather than the usual three. This will allow time for completion of a comprehensive policy review of the government's small businesses financing programs. The results of this review may give rise to substantive changes in the federal government's financial support programs for small entrepreneurs, and should be completed in approximately eighteen months time; hence the request for a shorter than usual extension.

Thirdly, honourable senators, the bill proposes a new loan ceiling to which the government guarantee applies. The present $600 million, in effect for the three-year period July 1, 1977 to June 30, 1980, goes to $850 million for the extended two-year period from July 1, 1980 to June 30, 1982. That this amount is considerably increased over that previously in effect, and for a shorter period, indicates the growing need for such assistance, and the government's willingness to fill these requirements.

Finally, and perhaps most important, honourable senators, is the increase in individual loan limits from $75,000 to $100,000, reflecting the demand for larger loans to cover the increased costs of capital assets which are being financed. Smaller companies are those most vulnerable to inflationary cost increases, and this program provides a measure of protection for them. In this respect, the interest rate ceiling for loans of prime plus 1 per cent is considerably better than that which would be required for similar purposes without the benefit of the guarantee.

A final minor amendment, honourable senators, reflects transfer of administration of the program from the Department of Finance to the Department of Industry, Trade and Commerce, as their mandate includes supporting and servicing the needs of small business.

Hon. C. William Doody: Honourable senators, perhaps I may take just a moment to speak to Bill C-17.

Senator Bosa has very carefully covered the details of the bill, so I will take very little time. The main thrust of the bill, as Senator Bosa has said, is to increase the loan limit from $75,000 to $100,000. I understand that the last time this was changed was some three years ago, when the ceiling was raised from $50,000. It would appear that perhaps the increase that is now before us in this amendment will barely cover the inflation that has taken place during the past three years, and perhaps it is not such a significant change in actual terms to the borrowers.

The ceiling has been raised, as has the total amount available for the program, and of course this is a laudable thing. I fully expect that a great many more small business firms will be taking advantage of the program.

The interest rate of 1 per cent over prime is, of course, a very competitive rate for the small business people. The tragedy is that it is the government that has to find it necessary to supply this service to the small business community. One would think that the private sector would be capable of taking up this relatively small amount of money so that the government could perhaps find other avenues to work in. There is no doubt in my mind that it is necessary.

The private sector has not seen fit to involve itself in this sort of program, despite the fact, as Senator Bosa has pointed out, that the percentage of losses in the program has been relatively small. I think that perhaps some effort should be made to convince the chartered banks to get more active in this field, and perhaps the Standing Senate Committee on National Finance can take that up with a representative of one of the major chartered banks in the near future.

One other item which gained my attention as I skimmed through the bill, honourable senators, is the change in the ministry. The minister responsible under the original act was the Minister of Finance, and now I find that under the bill the

minister responsible will be the Minister of Industry, Trade and Commerce. To make it even more mysterious, the minister who has been given the responsibility of piloting the bill through the other place, and who has defended the bill in committee and in the house, is the Minister of State for Small Businesses. This adds to my confusion with regard to the actual lines of authority that ministers of state have in these areas. Perhaps someone can explain the difference to me. It seems strange to me that the minister charged under the act with responsibility for administering the fund is not the minister charged with the actual administration of the act. Honourable senators, I simply bring these items to your attention. I commend Senator Bosa. In my opinion there is no need to bring this bill before committee. That is all I have to say in this regard.

• (1530)

Hon. Senators: Hear, hear.

Hon. John Morrow Godfrey: Honourable senators, I should just like to add one word to what Senator Doody has said. When listening to Senator Bosa, I was puzzled why the banks were not in this on their own when there was only a loss of 0.4 per cent. Possibly Senator Bosa could explain that to this chamber.

Senator Bosa: Honourable senators, my understanding is that the banks will not make such loans to small businesses unless they are guaranteed to the banks based on the security of the assets of the borrowers.

Another question was raised by Senator Doody concerning the transfer of jurisdiction for the administration of the Small Businesses Loans Act from the Department of Finance to the Department of Industry, Trade and Commerce. I feel it is worthwhile to point out that the Department of Industry, Trade and Commerce has responsibility for supporting and servicing the needs of small businesses. This comes under the responsibility of the Ministry of State for Small Businesses, which is part of the same department.

Motion agreed to and bill read second time.

Senator Bosa moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

FARM IMPROVEMENT LOANS ACT

BILL TO AMEND—SECOND READING

Hon. Sidney L. Buckwold moved the second reading of Bill C-27, to amend the Farm Improvement Loans Act.

He said: Honourable senators, I am delighted to be able to propose second reading of this bill. The bill is entitled, "An Act to Amend the Farm Improvement Loans Act," and is one which I think will receive the acquiescence of the Senate reasonably easily. I always remember my seatmate, Senator Laird, referring to a bill as being a very simple bill, and we proceeded to take about three weeks to pass it. However, I do feel that this particular bill is one which will meet with the approval of senators, although I will point out a possible amendment.

First, let me explain what the Farm Improvement Loans Act is all about and what it attempts to do. This act was first introduced in 1945 and has since become a major source of funding for intermediate term loans to Canadian farmers. I might say that most of the loans are from 10 to 15 years. These are loans made to farmers by chartered banks at a rate which is one per cent above prime, and are guaranteed by the Government of Canada. However, the banks deal with the loans on the same basis as they would with any normal loan in the sense that it is their responsibility to make sure the loans are adequately secured, that there is a reasonable repayment opportunity, and that there is a minimum of risk. The result has been an excellent record of repayment.

Since 1945, $4.2 billion has been loaned. Honourable senators may be interested to know that last year the net cost to the Government of Canada for guaranteeing this immense amount of money was $262,000; the year before, $289,000; and the year before that, $190,000. The loss experienced is probably lower than any other credit instrument. The Government of Canada, in guaranteeing these loans which are there to provide farmers across the country with the opportunity to borrow money for farm improvements, for their buildings, for the purchase of equipment, for the acquisition of land, and for a variety of other farm needs, has created an opportunity which has not been abused.

The major impact of the bill is to increase the present amount of $75,000 available to an individual farmer to $100,000. The other major item in the bill is that it extends the act for another three years. The existing act will expire on June 30.

You may be interested in how the loans are used. In 1978, 78 per cent of the loans was for the purchase of farm machinery; 10 per cent was for the construction, repair, and alterations of farm houses, buildings, et cetera; eight per cent was for purchases of additional farm land; and four per cent was for other improvements such as clearing of land, irrigation and projects of that nature. These loans are certainly very useful.

In itself the Farm Improvement Loans Act would not be enough to satisfy farmers across the country. There are many other substantial assistance programs under federal and, indeed, most provincial jurisdictions designed to assist farmers in getting into the farming business and being able to carry on. In Canada we have the Farm Credit Act, which is very important. The Province of Saskatchewan has a Farm Start Program that enables young farmers to borrow money at reasonable interest in order to acquire land to start farming.

What is contained in this bill is first, an opportunity to extend the act for three years, and secondly to increase the amount available to an individual farmer from $75,000 to $100,000.

The argument with respect to this bill is perhaps the same as Senator Bosa mentioned in connection with the Small Busi-

nesses Loans Act, that is, with inflation a higher capital loan value is required. It is important that farmers have enough money to be able to carry on their operations; to borrow money from banks at reasonable interest rates; and to have encouragement to improve their productivity by the purchase of machinery and other required improvements to their farm operations.

You may recall that I mentioned the possibility of an amendment. I am not sure that $100,000 is enough. I am not even sure whether the Senate would have the authority to increase that amount.

Senator Flynn: No.

Senator Buckwold: I have been talking with the Minister of Agriculture, and he indicated that they might consider another amount. If I am advised that it would be beyond the power of the Senate to increase the amount to $150,000, which, I remind senators, results in very, very little cost, if any, to the Government of Canada because of the excellent loan repayment record, then perhaps it would not be possible for us to deal with it here. I am certainly in your hands in this regard.

• (1540)

I commend the bill on behalf of the farmers of Canada for your approval. I hope that it will be dealt with in due course so that by June 30 a new act will be in place to enable this important part of our economic society to participate fully in the growth of our economy.

Hon. Senators: Hear, hear.

Hon. John Morrow Godfrey: I would like to ask the same question that I directed to Senator Bosa. Fortunately, Senator Buckwold also happens to be a director of the Bank of Montreal, so we do not have to worry about bringing in some of the experts from the bank. May I ask Senator Buckwold, in view of this very excellent loss rate, why the Bank of Montreal would need a government guarantee?

Senator Buckwold: Perhaps I am in a conflict of interest here, but I am not trying to speak as an experienced bank expert, which I am not. I just happen to be a very major debtor of banks; maybe that is why I am in the position that I am. The answer is that there are many businesses that have a risk element, such as farming, that will not be able to borrow at one per cent above prime. Those of you who are close to the farm scene would agree, I am sure, that most farm loan rates would be much higher, so that the one per cent above prime represents a loan that may not be the very best. General Motors might not pay it, but certainly for most borrowers one per cent above prime would represent a very good loan. That would not be available to farmers under most bank programs without the government guarantee.

Hon. Cyril B. Sherwood: Honourable senators, I support what has been said by the Honourable Senator Buckwold, and I would suggest favourable consideration of this bill, Bill C-27, to amend the Farm Improvement Loans Act.

[Senator Buckwold.]

First, the amendment would renew the program for another three years, that is, from July 1, 1980, to June 30, 1983; and, secondly, it would raise the maximum a farmer could borrow from $75,000 to $100,000.

I would be inclined to support an amendment to go to $150,000—as was intimated by the honourable senator opposite—but I understand the Senate is not competent to deal with that sort of an amendment. Certainly, as the bill indicates, to raise the maximum from $75,000 to $100,000 is required when you consider rising costs for machinery, equipment and land. Other requirements for farmers to maintain and to expand their production are such that the maximum should at least be $100,000, as spelled out in the bill.

As Senator Buckwold pointed out, the Farm Improvement Loans Act has been in place since 1945, and the program has been extended from time to time usually, I believe, for three years. This certainly indicates the requirement for the program and the need for its continuance. Farmers are good credit risks. The farm improvement loans have cost the federal government very little.

Some comment was made in Senator Buckwold's opening remarks about the loss ratio. I understand it has been in the realm of .14 per cent down to .08 per cent last year, and that something over 22,000 farmers have used the program. I recommend passage of this bill, and I see no reason for referring it to committee.

Hon. Senators: Hear, hear.

Senator Macdonald: Is there any particular reason why the bill is renewed for three years at a time?

Senator Buckwold: I could not give an expert answer on that. I could only guess that three years gives an opportunity to review the capital amount, that is, the $100,000 limit which is being recommended now; and that in three years we will take another look at it and it may go up to $150,000. If we do not have any more inflation or if we have deflation, it might go down to $75,000. But that is wishful thinking. You never know, with a very good government on this side! Perhaps that is one of the reasons for the three-year period: it gives an opportunity to review it quite often.

Senator Macdonald: It would seem to me that there is no point in having any time limit on it. You can always review it and always raise the amount. Was there any particular reason why it was for a three-year term?

Senator Buckwold: There may be some restrictions by the Department of Finance in this kind of a commitment, which is a loan guarantee, by the Government of Canada.

The Hon. the Speaker: I do not want to be too formal in procedure, but I presume the debate has been concluded?

Senator Buckwold: Yes.

Motion agreed to and bill read second time.

The Hon. the Speaker: When shall this bill be read the third time?

Some Hon. Senators: Next sitting.

Senator Buckwold: Unfortunately, I will be away tomorrow. If you wish to deal with it today, I would be glad to move third reading now. I see that the Honourable Leader of the Opposition is very pleasantly shaking his head, and so I will move that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, June 12, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Nielsen had been substituted for that of Mr. Hnatyshyn on the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORTS OF COMMITTEE BUDGETS TABLED

Hon. B. Alasdair Graham, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled reports approving budgets of the following committees:

Banking, Trade and Commerce;

Foreign Affairs;

Health, Welfare and Science;

National Finance.

(*For texts of reports, see today's Minutes of the Proceedings of the Senate.*)

REPORT APPROVING SALARY REVISIONS TABLED

Hon. B. Alasdair Graham, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled a schedule of authorized salary revisions for certain Senate positions, effective April 1, 1980, as approved by the committee today.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*g*), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, June 17, 1980, at 8 o'clock in the evening.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, the motion as put is, of course, quite customary, and I have no problem with it. However, I think this is a good occasion on which to ask the Deputy Leader of the Government what the intentions are for the following two weeks. Is it the intention of the Senate to sit on the Wednesdays following June 24 and July 1?

Senator Frith: The present intention is to sit on those days.

Senator Flynn: Which days?

Senator Frith: The Wednesday after St. Jean Baptiste Day and the Wednesday after July 1. It is also our intention to consult with our counterparts, when we know what kind of business we are going to be dealing with, and decide whether it would be worthwhile for us to come back for both those weeks.

Senator Flynn: Would you say that we would be sitting on the Wednesday afternoon in both cases?

Senator Frith: Yes.

Senator Flynn: I understand there may be some interest on your side in regard to not sitting in the week of July 1, in view of the events of the following weekend.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE CONSTITUTION

ABSENCE OF OIL-PRICING AGREEMENT—EFFECT ON SEPTEMBER MEETING OF FIRST MINISTERS

Hon. R. James Balfour: Would the Leader of the Government tell us if it is the policy of the government that an agreement on oil pricing with the energy-producing provinces is critical to the achievement of success in the constitutional negotiations now under way?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, this is an important question. The government, of course, would like to have that as a prior condition. The matter is presently being discussed.

Senator Balfour: As a supplementary, is the Leader of the Government aware of the fact that yesterday Premier Blakeney of Saskatchewan joined Premier Lougheed in suggesting that there is a direct relationship between the two sets of talks, and that the absence of an oil-pricing agreement will directly affect the chances for success of the constitutional negotiations in September?

Senator Perrault: The government is aware of certain positions taken by certain premiers with respect to the talks and

the priorities which have been established by these governments. It should be borne in mind that statements have been made by other provincial and party leaders on other aspects of the talks. This process is not unexpected. The information is known to the government.

Senator Balfour: As a final supplementary, would the leader tell us if the government agrees with the sentiments expressed by Premier Blakeney and if it still expects resolution of the oil-pricing situation before the existing agreement expires on July 1?

Senator Perrault: I think the honourable senator is aware that strenuous efforts have been made by representatives of the federal government to achieve some agreement with respect to oil pricing. Those efforts are continuing and will continue during the weeks to come. Hopefully this matter can be resolved in advance of the September meeting of first ministers.

AIRLINES

APPLICATION OF EASTERN PROVINCIAL AIRWAYS TO EXTEND SERVICES

Hon. Heath Macquarrie: Honourable senators, my question relates to the air service between Halifax and Toronto sought by Eastern Provincial Airways. An appeal was launched to the cabinet not long ago. I base my question on a remark attributed to the Minister of Transport the other day, to the effect that there are people in the maritimes who prefer the CP service. I should like to say, as a preamble to my question, that there are some, a few, in that category, and I would also say, "Shame on them."

I would ask the Leader of the Government to bear in mind the importance and significance of EPA to the total Atlantic economy, especially Prince Edward Island. Can he give us an indication when the cabinet may be acting upon the very important appeal for the reversal of a very wrong decision?

● (1410)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, first of all, may I say that in the view of most Canadians who are well served by the air carriers of this nation, including Air Canada, CP Air and Eastern Provincial Airways, these are three good airlines. There are many others in this country. Secondly, may I say that the question of routes in Atlantic Canada, and connections to Toronto, has been of active interest to many members of cabinet. Discussions have been held during the past week. I personally, as a government minister, have been involved in meetings with both Canadian Pacific and EPA, and I think that a useful solution is going to be found to this particular problem.

THE CONSTITUTION

ASPECTS OF SENATE STUDY

Hon. Orville H. Phillips: Honourable senators, I would like to direct a question to the Leader of the Government. My question is based on item number four on the order paper, the motion made by the Honourable Senator Lamontagne, and the amendment made by the Honourable Senator Flynn. The Task Force on Canadian Unity listed seven functions of a second chamber, and then went on to state that this chamber has failed in all except the first two. Would the leader consider having the Standing Senate Committee on Legal and Constitutional Affairs study this aspect, and then report back? In the meantime the motion of Senator Lamontagne and the amendment of Senator Flynn could be held in abeyance. I think it would help both sides of the debate if this study were carried out first.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators may wish to reconstitute that committee, to complete its report or investigate other aspects of constitutional reform. It is not for the Leader of the Government in the Senate to dictate or direct that that activity be undertaken.

Senator Flynn: Did you say that without a smile?

POST OFFICE

REQUEST BY LETTER CARRIERS UNION TO RENEGOTIATE CONTRACT

Hon. C. William Doody: Honourable senators, I have a question for the Leader of the Government. In the light of the answer that the minister kindly provided yesterday, relative to my previous question on the settlement with the Canadian Union of Postal Workers, I wonder if the minister would inform the Senate as to what the government's plans are in response to the request of the Letter Carriers Union, who have asked that their contract be reopened in view of the settlement with the inside workers. I recognize that the working environment is somewhat different, as the minister pointed out yesterday, but nonetheless the letter carriers feel they have a legitimate grievance in this connection.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, it would be unwise and unfair for me to offer an opinion on a looming negotiation when the facts are not before me and when the rationale for any settlement has not been spelled out to the interested parties.

Senator Doody: I gather, then, from the answer of the minister, that there is in fact a set of negotiations looming, which means that the contract will be reopened.

The others who seem to be particularly concerned with this situation—and this arises out of a question that I asked prior to today—are the supervisors. There are some four thousand plus supervisors, who apparently feel that the settlement they have received gives them lesser benefits than those of the people they supervise. As I asked earlier, how do we expect these supervisors to see that forty hours of work is done in a 37½ hour week if the people they are supervising will be getting greater benefits than they? Is it the intention of the government to reopen their contract as well?

Senator Perrault: The question will be taken as notice.

[*Translation*]

THE CONSTITUTION

ENFORCEMENT OF SEPTEMBER DEADLINE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government. In view of the fact that the position of Mr. Claude Ryan, Leader of the Quebec Liberal Party, is similar to that adopted by five provincial premiers concerning the ultimate date in September to report substantial, perhaps even final, progress on the items on the agenda, as stated by the Right Honourable Prime Minister, could the Leader of the Government ask the Prime Minister whether he is still inflexible with respect to this ultimate date in September to obtain a final consensus concerning the items on the proposed agenda?

• (1415)

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, inquiries will go forward on the point made by the Leader of the Opposition. The statement made yesterday by the Minister of Finance was to the effect that there has been no decision on whether the September 12 deadline will be strictly enforced. Agreement on all 12 topics of discussion has not been reached. Indeed, he would offer no comment, and that must also be my decision.

THE ECONOMY

ASSISTANCE TO SMALL BUSINESSES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wish to reply to a question asked by Senator Roblin on June 10, concerning the government's intention to introduce legislation to authorize the small business development bond program.

I am pleased to inform the Senate that my colleague the Minister of Finance intends very shortly to announce guidelines which will remove any confusion which may exist among small businessmen concerning the operation of this program. I can confirm that it is definitely the intention of the government to proceed with legislation in this area in the near future, and the assurance of the honourable senator that his colleagues in the other place will co-operate to facilitate passage of this measure is much appreciated. This co-operation will ensure that an important program to assist the key small business sector of the economy will proceed without undue delay.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, on a point of privilege, I really cannot allow my honourable friend to put such an outrageous interpretation on my remarks or to put such words in my mouth. If he will kindly read to the Senate what I said, I will be content to stand on that; but to have him put the interpretation he has just placed on the words I used is really quite out of order.

Senator Olson: Honourable senators, I will withdraw that part of the reply that refers to the honourable senator's assurance. Perhaps I am at fault for putting that interpretation on what he said. So I withdraw that part of the comment.

Senator Roblin: I should hope so.

INTERNATIONAL TRADE

SALE OF CANDU REACTOR TO TAIWAN

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a reply to a question that was asked by Senator Muir yesterday as to whether negotiations are under way with Taiwan for the sale of Candu reactors. I can tell the honourable senator that no discussions are being held or contemplated with the Government of Taiwan concerning the sale of Candu reactors. The honourable senator may be aware that no such discussions have been held with the Government of Taiwan since Canada announced recognition of mainland China. There is no immediate prospect of a change in this situation. This is due to the fact that Canada does not recognize Taiwan's claim to be the government of all of China, thereby precluding the government-to-government agreements that are necessary in the field of nuclear sales.

FOREIGN AFFAIRS

STATEMENT TO PRESS BY CANADIAN AMBASSADOR TO UNITED NATIONS

Hon. Heath Macquarrie: Honourable senators, if that is the last of the delayed answers, I should like to rise to point out that on May 14 I asked a question about the alleged utterances of Ambassador Dupuy who, in my judgment, made imputations against the former government which were not appropriate from any ambassador of this country.

• (1420)

I asked at the time this matter was to be looked into whether or not the ambassador did make those statements. If he did, it strikes me that he cast implications and aspersions upon the then government; but if he did not make them, I am casting imputations upon him. I think that in the virtue and value of the proper decorum of Canada's representatives abroad, this matter should have been dealt with. An answer should have been given in this chamber as to whether or not this distinguished ambassador made those comments and cast those reflections upon a former government and, as it turns out, on a former minister who happens to be a member of this chamber, Senator Asselin.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, as yet no reply has been received from the office of the Secretary of State for External Affairs. I understand that they are in the process of attempting to obtain a copy of the speech or the alleged remarks, and that information will be brought before the Senate as quickly as possible. A further inquiry will go forward this afternoon.

HELSINKI FINAL ACT—PREPARATION FOR REVIEW CONFERENCE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have an answer to a question asked by Senator Haidasz on May 27, 1980.

He asked whether, in view of the interest of parliamentarians of both houses in the implementation of the Helsinki Final Act, it is the intention of the government to give parliamentarians of both houses an input in the preparation for the review meeting of the Conference on European Co-operation and Security.

At the present moment the House of Commons Standing Committee on External Affairs and National Defence can consider it under the umbrella of the main estimates. Parliamentarians of both houses can participate in the discussion through the Helsinki Monitoring Group, which has members from both the Senate and the other place.

TRANSPORT

TORONTO AND MIRABEL AIRPORTS—INTERNATIONAL AIR SERVICES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on May 29 Senator Smith (Colchester) asked whether the government was considering increases in user and landing fees at Ministry of Transport owned and operated airports.

Transport Canada has proposed increases in landing fees and general terminal fees at Transport Canada operated airports, effective October 1, 1980. Transport Canada has advised air industry associations of these proposals and has invited them to meet and discuss the proposals. Meetings have already taken place with several of these associations, including the Air Transport Association of Canada, and the Canadian Owners and Pilots Association. The proposed increases include:

—a 15 per cent increase in domestic and international landing fees for turbo-prop and jet aircraft at all Transport Canada operated airports, except those in the Arctic;

—a 15 per cent increase in domestic and non-domestic general terminal fees at 23 major airports where the fees are in place;

—an increase from $1.65 to $5.00 in the piston-engine aircraft landing fee at four airports: Vancouver, Toronto, Dorval and Mirabel. These are the only four airports where piston-engine aircraft are subject to a landing fee and there is no proposal to extend the fee to additional airports. An increase in the fee to $5 is required to raise the fee to a reasonable level;

—an increase in minimum landing fees for turbo-prop and jet aircraft at all Transport Canada operated airports, except those in the Arctic. The proposed minimum fee is $3 at the smaller airports, $4 at 12 regional airports, and $5 at 23 major airports. Few aircraft (less than 100) would be affected by this increase;

—a 15 per cent increase in flying club or commercial flying school landing fees for turbo-prop and jet aircraft at all Transport Canada operated airports, except those in the Arctic.

Transport Canada has also developed preliminary proposals for increases, effective April 1, 1981. These proposals include:

—a 20 per cent increase in domestic and international landing fees for turbo-prop and jet aircraft at all Transport Canada operated airports, except those in the Arctic;

—a 15 per cent increase in domestic and non-domestic general terminal fees at 23 major airports where the fees are in place;

—extend domestic and non-domestic general terminal fees, at reduced rates, to 12 additional airports;

—a 19 per cent increase in the Polar Route Fee.

Air industry associations have been advised of these preliminary proposals for April 1, 1981, and consultations are planned.

• (1425)

Hon. G. I. Smith: Honourable senators, I thank the Honourable Leader of the Government for his full answer.

As a supplementary question, I should like to know whether or not these increases are in pursuance of some announced policy of the Department of Transport or of the government with respect to the principle of "user-pay," which was the subject of lively discussion a year or so ago.

Senator Perrault: The question will be taken as notice.

CANADA-UNITED STATES RELATIONS

FISHERIES—EAST COAST BOUNDARY CONTROVERSY

Hon. Jack Marshall: Honourable senators, I have a supplementary question arising out of a written answer which appeared in yesterday's *Debates of the Senate* at page 451, having to do with the controversy over the fishery boundaries between Canada and the United States. The answer indicates that "The government is actively examining available options in the event that these treaties are not given [U.S.] Senate consent in the very near future." Can the Leader of the Government produce the available options that Canada might take if the dispute is not resolved in the near future, because it is playing havoc with the fishing industry in Canada?

Hon. Raymond J. Perrault (Leader of the Government): While the question will be taken as notice, I would suggest to the honourable senator that describing in detail the options available to this nation would not assist our bargaining position vis-à-vis the United States. The question will go forward.

TRANSPORT

PASSENGER TRAFFIC AND EXPENDITURES AT AIRPORTS

Question No. 2—**By Hon. Joan Neiman:**

With respect to airports in:

St. John's, Nfld.
Halifax, N.S.
Dorval, Que.
Mirabel, Que.
Ottawa, Ont.
Toronto, Ont. (Terminal I) (Terminal II)
Winnipeg, Man.
Saskatoon, Sask.
Edmonton, Alta.
Calgary, Alta., and
Vancouver, B.C.

1. What was (a) the volume of passenger traffic, and (b) the value of cargo traffic through each airport in each fiscal year from 1969-70 to 1979-80, inclusive, and what are the anticipated figures for each airport in the fiscal year 1980-81?

2. What sums of money have been expended, or allocated, for disbursement during each of the aforementioned years with respect to each airport in the following categories:

(a) Repairs, renovations, alterations and additions to existing passenger facilities;

(b) New passenger facilities;

(c) Repairs, renovations, alterations and additions to cargo facilities;

(d) New cargo facilities; and

(e) Repairs, renovations and additions to runway facilities?

Reply by the Minister of Transport:

(*See appendix, p. 470.*)

SMALL BUSINESSES LOANS ACT

BILL TO AMEND—THIRD READING

Hon. Peter Bosa moved the third reading of Bill C-17, to amend the Small Businesses Loans Act.

He said: Honourable senators, before the question is put, may I say that there were two questions put to me in yesterday's debate which, if it is agreeable, I would be pleased to answer now.

The first question I should like to answer was put to me by Senator Guay after the debate. Senator Guay wanted to know what safeguards the government had undertaken to prevent a loan being denied to a qualified borrower because of personal animosity that might exist on the part of the manager of a lending institution. The answer is that the government does not become aware of the transaction until the transaction has been made. Therefore, the only recourse the borrower would have would be to go to another branch or to another lending institution.

[Senator Neiman.]

The second question I should like to answer was put to me by Senator Godfrey and is found at page 453 of yesterday's *Debates of the Senate*. Senator Godfrey said he was puzzled "why the banks were not in this on their own when there was only a loss of 0.4 per cent." The answer is that small businesses could not possibly obtain such a favourable rate were it not for the guarantee of the government. Furthermore, my understanding is that the banks are prevented from making long-term loans on the basis of the kind of collateral that these small businesses would put up.

Motion agreed to and bill read third time and passed.

DISTINGUISHED VISITORS IN GALLERY

SOUTH-EAST ASIAN PARLIAMENTARY DELEGATION

The Hon. the Speaker: Honourable senators, may I draw to your attention the presence in the gallery of an important parliamentary delegation from Malaysia and Singapore?

• (1430)

FARM IMPROVEMENT LOANS ACT

BILL TO AMEND—THIRD READING

Hon. Royce Frith, for Hon. Sidney L. Buckwold, moved the third reading of Bill C-27, to amend the Farm Improvement Loans Act.

Motion agreed to and bill read third time and passed.

SAFE CONTAINERS CONVENTION BILL

SECOND READING—DEBATE ADJOURNED

Hon. William J. Petten moved the second reading of Bill C-21, to implement the International Convention for Safe Containers.

He said: Honourable senators, the object of Bill C-21 is to provide enabling legislation for the implementation in Canada of the International Convention for Safe Containers. I might add that this bill has been through this chamber on three previous occasions, twice presented by myself and once excellently presented by my colleague the Honourable Senator Macdonald, on October 31 last. This is the fourth occasion, so I shall try to be as brief as I can and still cover the bill.

Senator Flynn: Think of the new members.

Senator Petten: The bill is identical to former Bill S-5, with the exception of some technical changes. I would like briefly to review the purpose of the bill by outlining its main provisions. The bill and the convention scheduled to the bill set out criteria for the safety approval of containers used in international transport, thereby providing for conformity by the Canadian container industry with internationally accepted minimum safety standards. Container owners will obtain safety approval for such containers, and this approval is to be evidenced on each container by a safety approval plate. Container owners will be required, in addition to the initial safety approval, to carry out periodic inspection of containers in

accordance with Canadian coast guard approved procedures. Criteria to be examined in the approval of examination procedures submitted to the coast guard are to include a description of the examination procedure to be used, the qualifications of inspection personnel to be employed by the container owner and the nature of the trade in which the containers are engaged. Based on this information, a period between examinations for the specified containers will be approved, with a maximum period of two years.

● (1435)

It is expected that, for the most part, present container periodic examination schemes employed by owners will satisfy this requirement. The date of the next required examination is to be marked on or adjacent to the safety approval plate, for the benefit of inspection by national authorities. If at any time there is evidence to believe that the condition of the container is such as to create a risk of safety, the owner will be required to take such container out of service until it has been restored to a safe condition. A valid safety approval plate will constitute a safety passport, in effect, facilitating the movement of a container internationally. The evidence of safety certification to internationally accepted standards, and the periodic inspection having been carried out on a container, will minimize requirements for inspection by national authorities.

Structural safety requirements and tests in addition to those specified in Annex II of the Schedule to this bill can be imposed only for purposes of air transport and for containers specially designed for the transport of dangerous goods and bulk liquids.

There are provisions for the Minister of Transport to direct an inquiry with respect to an accident or incident involving a cargo container where personal safety, property or environmental damage is a factor.

With this summary of the provisions of the bill and the contemplated approach to give effect to the container safety measures, I should like to emphasize that the container industry currently has a fine safety record. It is necessary to ensure that this be maintained, given the increased use of containerized traffic in international transport. The regulatory approach proposed to implement the International Convention for Safe Containers, which has been developed in concert with the private sector and with provincial governments, and which has their support, will contribute significantly to the maintenance of this standard.

I should further like to emphasize that the administration of the regulations made pursuant to the enactment of this bill will not incur any requirement for increased resources. The regulations will be administered by the Canadian coast guard. It is intended that safety certification of containers will be done by utilizing organizations such as those already providing classification standards in Canada for shipbuilding and structural steel construction. I am speaking of such organizations as Lloyd's Register of Shipping, Bureau Veritas and the American Bureau of Shipping. This process will be audited, but not duplicated, by the coast guard.

Control is to be exercised by coast guard marine surveyors at the ports of exit and entry to the country, where there will be spot checks of containers. They will be assisted as required on an on-call basis by rail safety inspectors of the CTC at offices in major centres across the country, and communication channels are being established with customs exit and entry points to respond to cases where containers with obvious safety risks or invalid safety approval plates are observed in transit in the course of normal operations. These cases are expected to be rare exceptions.

Honourable senators will recall that the International Convention for Safe Containers was adopted by the 1972 Conference on International Container Traffic, which was held jointly by the United Nations Economic Commission for Europe and the Intergovernmental Maritime Consultative Organization, IMCO, a specialized agency of the United Nations.

A Canadian delegation participated in the development of this international convention and signed it subject to its later ratification by Canada. This convention has not as yet been ratified by Canada, a process which requires the prior enactment of this legislation. There are now some 27 contracting parties to the International Convention for Safe Containers.

● (1440)

Honourable senators, the implementation of this convention will provide the Canadian public with a system that involves a minimum level of regulation essential to maintaining the necessary degree of safety assurance required in Canada in the international movement of container traffic. It will avoid possible disruption in the flow of Canadian containerized goods to and from the many countries which are contracting parties to the convention, and which will be checking containers entering their territories for conformity with the terms of the convention.

I should like to note here that such controls are expected to be applied in full force by September, 1982, so the time remaining for the Canadian industry to bring container fleets into compliance with the terms of the convention is becoming short.

Lastly, and perhaps of most importance, implementation of the International Convention for Safe Containers will ensure that Canadian interests can benefit from international uniformity in the application of the national laws concerning safe usage of freight containers in international transport.

Honourable senators, in summary, passage of this legislation will allow compliance with the convention with a minimum amount of industry control, will deal responsibly with Canada's international interest and public safety requirements in this important transportation area, and will benefit Canadian industry and the Canadian public by facilitating the movement of Canadian containerized goods in foreign ports. Honourable senators, I ask for your support for Bill C-21.

Hon. Senators: Hear, hear.

On motion of Senator Macdonald, debate adjourned.

LEGAL AND CONSTITUTIONAL AFFAIRS

MOTION TO AUTHORIZE COMMITTEE TO STUDY CERTAIN ASPECTS OF THE CONSTITUTION—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Lamontagne, P.C., seconded by the Honourable Senator Frith:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to consider and report upon constitutional provisions regarding individual and collective rights and upon the future role and composition of the Canadian Senate and alternative constitutional arrangements compatible with true federalism;

That the membership of the committee be increased to thirty members and that Rule 67(1)(*j*) be suspended in relation to membership of the committee;

That the committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purposes of its examination and consideration of such legislation and other matters as may be referred to it; and

That the committee have power to sit during adjournments of the Senate, and

On the motion in amendment thereto of the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Tremblay, that the first paragraph of the motion be amended by striking out all of the words after the word "upon" in the second line and substituting the following therefor:—

"the matter of constitutional reform with special attention being given to the question of the division of powers between the federal and provincial governments and to constitutional provisions regarding individual and collective rights".—(*Honourable Senator Tremblay*).

[*Translation*]

Hon. Maurice Lamontagne: Honourable senators, I rise on a point of order. First of all, I would seek leave to make a few comments, which will last about 12 minutes and which I was unable to make last Wednesday during my first intervention. They will provide clearer explanations on the third element of my motion which concerns the following:

—alternative constitutional arrangements compatible with true federalism;

I consider this third part of the motion to be probably the most important, and I believe that it extends the terms of this motion much further than the reform of the Senate. In my opinion, honourable senators are entitled to know the full significance of this third element before voting not only on the motion but also on the amendment. In fact, I have another reason for seeking leave at this time, and it is that I shall not be able to be present in this house next Tuesday and Wednesday.

[Senator Petten.]

Senator Flynn: Well, if I understand the honourable senator, what he is saying is that he has forgotten to tell us about the most important part of his proposal. Why did he not do so? I do not know. However, I find this a bit strange. In any case, if he has now realized that he failed the first time, perhaps he wants another chance. Does Senator Frith intend to speak after him?

Senator Frith: Yes.

Senator Flynn: You will therefore explain the speech of Senator Lamontagne!

Senator Frith: This might be.

Senator Lamontagne: Do I have consent?

[*English*]

The Hon. the Speaker: It is moved by the Honourable Senator Lamontagne—

[*Translation*]

Senator Flynn: Senator Lamontagne has asked permission to speak a second time on the amendment to provide some explanations.

Senator Denis: He has already done so.

Senator Flynn: No, he said he would speak for 12 minutes. He has not spoken for 12 minutes. At least, it did not seem that long to me. Permission granted.

[*English*]

The Hon. the Speaker: It is agreed?

Senator Lamontagne: Honourable senators, I certainly do not want to start another quarrel with my great friend, Senator Flynn.

Senator Flynn: What quarrel? I give you leave.

Senator Lamontagne: Yes, of course. I wish to thank honourable senators for giving me leave to explain that part of my motion which refers, and I quote, to

alternative constitutional arrangements compatible with true federalism.

To me, renewed federalism—quite apart from other things, including a new division of jurisdiction—also means the development of a truly federal system within which the two orders of government will be legally and really sovereign. This last aspect of constitutional reform may be seen as being as important as the division of jurisdiction. Indeed, over the years—and I am sure that Senator Roblin would agree with me—and at least until recently, provincial governments have been complaining not so much about their lack of legislative powers as about federal intrusion into their areas of jurisdiction. Moreover, this problem arises in Canada irrespective of the division of powers or the division of jurisdictions, and it must be solved as a separate issue.

In 1867, for reasons that I still believe were justified at that time, the Canadian Constitution put the provinces under a system which I describe as federal tutorship or domination. In other words, we had a quasi-unitary state. That system was

expressed by several extraordinary powers conferred upon the federal government, including the power of disallowance and a practically unlimited spending power. It enabled the central government to intervene in various arbitrary ways into areas of provincial jurisdiction. According to a great number of Canadians, such a system of federal tutorship is no longer desirable, and in the future it should evolve toward a regime of true federalism within which the two orders of government would be sovereign within their respective jurisdictions.

This basic federal principle of constitutional reform has been proposed by the white paper entitled "Time for Action" issued by the Canadian government in 1978, by the Pepin-Robarts Task Force, by the beige paper of the Quebec Liberal Party and by most other federalist groups.

In some respects, however, the application of that principle raises difficulties. For instance, all the groups I have just mentioned agree that the central government should keep the spending and the declaratory powers it now has in order to maintain some flexibility within the whole political system. But then the question arises, is it possible to devise a new constitutional arrangement that would preserve those federal powers and, at the same time, respect the principle of sovereignty of both orders of government? Such an arrangement, in my view, would have to meet two basic requirements. First, it would have to enable provincial governments to control the exercise of the federal extraordinary powers in their areas of jurisdiction. This is what I call the provincial requirement. Secondly, this arrangement would also have to be compatible with true federalism, and respect the integrity and sovereignty of the federal order of government. This is what I call the federal requirement.

● (1450)

It is obvious that the Senate, as presently constituted, cannot meet what I have just described as the provincial requirement. This chamber cannot claim to be a credible spokesman for provincial governments.

Senator Asselin: Why not?

Senator Lamontagne: It was not designed originally to fulfil that function, and it was never expected to do so, although, as Senator Tremblay reminded us the other day, it was expected to reflect broad regional interests and aspirations, which is quite a different thing. That inability of the present Senate to meet the provincial requirement, which I described a moment ago, led various groups, more particularly in the last two or three years, to look for a more suitable constitutional arrangement. The House of the Federation proposed in Bill C-60 proved, for various reasons, to be an unacceptable alternative. Basically, as in the case of the present Senate, it could not satisfy the provincial requirement. It would represent political parties, not provincial governments, and it would still be dominated by federal forces. Thus, alternative arrangements have been put forward.

The Pepin-Robarts Task Force, the British Columbia government and other groups have proposed that the Senate be replaced by a new second chamber of the Canadian Parliament, to be called the House of the Provinces or the Council of the Federation, and composed exclusively of representatives of provincial governments. I made a detailed criticism of the Pepin-Robarts proposal in a speech in this chamber on January 30, 1979. Senators Connolly and Lang have more recently presented their own forceful arguments against it.

In my view, that proposal and other similar projects, while they could, in a rather clumsy way, satisfy the provincial requirement, do not meet the federal requirement. They are not compatible with federalism. They would replace federal tutorship by provincial tutorship. They would introduce a confederal chamber into a federal Parliament. They would introduce into a legislative body, the Canadian Parliament, a second chamber composed exclusively of representatives of the executive branch of another sphere of government. Perhaps we would have to accept such a hybrid and monstrous body to satisfy a most serious provincial grievance, if there were no other and better alternatives available to us.

However, the beige paper contains such an alternative, as Senator Godfrey so rightly pointed out in this chamber recently. Indeed, the federal council proposed by this document would meet the provincial requirement, because it would enable provincial governments to control the exercise of federal powers in their areas of jurisdiction. But it would also, in its basic features, satisfy and meet the federal requirement.

It is important to note that the council proposed in the beige paper would not be a legislative body, and it would not be part of the Canadian Parliament. It would be a special inter-governmental institution whose intervention would take place before the beginning of the formal federal legislative process. In this way, the sovereignty of the Canadian Parliament and its integrity as a federal institution would be preserved. In other words, such an arrangement would put an end to what I call federal tutorship without replacing it by provincial tutorship. My main objection to it is that it would add another highly complex institution to an already cumbersome political system.

Is this really necessary? I do not believe so. Canadian federalism has already developed a unique kind of mechanism called federal-provincial conferences. In spite of the criticisms that have been made against this typical Canadian institution, it is true to say that it has accomplished a most useful role in the past. The beige paper, the Pepin-Robarts report and other similar documents agree that this mechanism be preserved and improved as an essential feature of our federalism. Bill C-60 contained constitutional provisions to institutionalize it. Why not, then, assign to that institution, in addition to its other traditional functions, the constitutional role that the federal council would be expected to play? This mechanism, federal-provincial conferences, could even be identified from now on in our Constitution as the federal council. Such an approach would represent an important evolution, but not a revolution.

Senator Flynn: Would you get rid of tutorship, anyway?

Senator Lamontagne: Indeed, it has been the general practice for many years to submit federal proposals related to joint

or shared-cost programs to federal-provincial conferences prior to their presentation to Parliament as legislative measures. The proposed arrangement would merely extend that practice and make it compulsory and more effective, in terms of provincial control, by inserting it into a new Constitution. That is why I describe this proposal as evolutionary rather than revolutionary.

I understand from press reports that Premier Lougheed has expressed his preference for this alternative arrangement over the creation of a separate federal council. According to the same sources, Mr. Ryan is prepared to look favourably at this new proposal. It is also possible to conclude, in the light of recent federal-provincial meetings, that most premiers would favour that approach, which is so uniquely Canadian. I suggest, therefore, that the Senate subcommittee, if it is created, should consider this alternative very seriously and very carefully.

I believe very strongly that, if we can find a practical and acceptable way that is compatible with true federalism to end the federal tutorship that has existed in our Constitution since 1867, we will have accomplished a major step toward a renewed federalism, better adjusted to the political realities of today and tomorrow. For this reason alone, although there are others, I feel that the mandate proposed in my motion is extremely important and is sufficiently broad, at least for the time being. It is also very urgent. Indeed, if we want to have an impact on agreements that might be reached in September at the inter-governmental level, we should be in a position to submit concrete proposals on this alternative arrangement not later than early in August.

As the subcommittee develops a new constitutional mechanism to end federal tutorship, in the spirit of true federalism, it should also, as the motion mentions, examine the future role and composition of the Senate, not as a confederal body but as a genuine federal institution. More particularly, it should consider how this chamber could play a specific role in the areas of the official languages and regional interests and aspirations. We have talked about Senate reform for many years. Now, in my view, is the time for action. We should not be ashamed of presenting concrete proposals for Senate reform; after all, many other groups have done so, although I feel they are much less knowledgeable than we are in this chamber. What is wrong with an institution that looks at itself and seeks to improve its role and usefulness?

● (1500)

Once this new scenario becomes available, it will be up to the Canadian people, the provincial governments and the Canadian Parliament to decide whether they still want such a reformed Senate as a federal parliamentary institution.

In conclusion, I submit that it would be unrealistic to expect the committee to do more from now until the first part of August than to produce a report with concrete recommendations on the three important topics mentioned in my motion. In the meantime, if we want to tackle the other subjects on the agenda of the First Ministers Conference that will be held in September, the only practical way of doing it is to organize a special debate in this chamber at the appropriate time, as the Leader of the Government has already suggested.

Finally, I suggest that we should review the whole situation after the September meeting and decide then, in light of the results of that conference, what further initiative we as the Senate should take. If we then consider that it would still be desirable for us to launch an inquiry into the other aspects of renewed federalism, including the division of jurisdictions, we may come to the conclusion that it would be preferable to assign that task to a special committee rather than to the Standing Senate Committee on Legal and Constitutional Affairs.

For all those reasons, I must state again that unfortunately I cannot accept Senator Flynn's amendment. I plead: Stop quibbling and move on to the urgent, important and practical job that lies immediately ahead of us and which is contained in my motion.

Hon. Senators: Hear, hear.

[*Translation*]

Hon. Jean-Paul Deschatelets: Would Senator Lamontagne allow me a question?

He insisted on the importance of the committee's being in a position by August to examine the whole issue of the composition and role of the Senate in the Constitution. I think Senator Lamontagne spent several minutes stressing the priority of that question, is that not right?

Am I to understand that the first duty of that committee, according to the remarks Senator Lamontagne has just made, would be to consider the question of the Upper House? Am I to understand that?

Senator Lamontagne: First of all, as the motion says, and as I tried to explain—indeed, the motion is very clear on the first two points, I think—the committee would consider and report upon individual and collective rights.

Secondly—

Hon. Martial Asselin: You dropped that.

Senator Lamontagne: Pardon?

Senator Asselin: You dropped that?

Senator Lamontagne: No, no.

Senator Asselin: You gave priority to—

Senator Lamontagne: No, no.

Senator Asselin: You did not explain that.

Hon. Jacques Flynn (Leader of the Opposition): He cannot explain it.

Senator Lamontagne: That is in the motion.

Senator Asselin: But are you not dropping individual and collective rights?

Senator Lamontagne: No.

Senator Asselin: And are you concentrating your consideration only on the renewal of the Upper House?

Senator Lamontagne: First of all, the terms of reference of the committee would be to consider—in light of the documents that already exist, and there are already several of them—individual and collective rights.

Second, the future role and composition of the Senate as a federal chamber, not a confederal chamber.

Third, to develop a new mechanism which henceforth would allow provincial governments to have control over the exercise of the extraordinary powers the federal government has in their fields of jurisdiction which is another matter, I think, apart from the reform of the Senate as a purely federal institution.

So I say that this motion has three different and very important elements, and the committee should consider those three elements concurrently.

Senator Asselin: And report by August 1?

Senator Deschatelets: Your remarks today, Senator Lamontagne, if I understand correctly, do not change in any way the order of priorities you set in your motion?

Senator Flynn: Honourable senators, I would like to rise on a question of privilege.

I believe that the speech Senator Lamontagne has just made has enabled him to gain the floor under a pretence that is, in my opinion, very doubtful.

He could have mentioned that during the debate on the main motion, or on the amendment. However, if every time we are not satisfied with the reaction we get we have a right to speak twice, well, honourable senators, I submit everyone in this house will have the right to speak two or three times. The tactic of Senator Lamontagne is simply to rally his troops.

I therefore submit that this discipline of the party in power is the best argument of the opponents of the Senate. You are totally lacking in flexibility and you are unable to accept that the opposition could be right.

Senator Lamontagne: Honourable senators, I firmly object to the comments of Senator Flynn. I would simply like to explain that there is absolutely no tactic—

Senator Flynn: Is this another speech?

Senator Lamontagne: No, I am simply replying to your question of privilege. Are we not a democratic assembly?

Senator Flynn: No, unfortunately.

Senator Lamontagne: Because of you! I was saying that I did not make a speech on the main motion because at that time I was convinced, because of our discussions and consultations, that there would be no objection to the main motion. I therefore did not make a speech at that time.

Senator Flynn: You knew quite well what would happen.

Senator Lamontagne: In the second place, after my honourable friend moved his amendment, when I tried to elaborate on my comments and to say precisely what I stated this afternoon, it was Senator Flynn who objected.

• (1510)

Senator Flynn: Not at all. You are raising an issue which is irrelevant to the one I raised, because when I rose following introduction of the motion, I invited you to explain your motion if you wanted to, and I gave you notice that I wanted to move an amendment. I did so. Afterwards, you had the opportunity to make your comments, but you did so badly. You then decided that you wanted another chance today, especially since there was some hesitation on your side of the house and you are now trying to rally your forces.

Senator Asselin: I have a question for Senator Lamontagne. In his speech today, he mentioned a new work method. He said that what was most important was to suggest a renewed formula for the Upper Chamber and that this should be done before August 1. I want to ask a very simple question, and I could also ask it of the Deputy Leader of the Government.

Last session, a special committee was formed with Senator Stanbury as chairman. This committee worked for many weeks before proposing exactly what Senator Lamontagne wants to propose. Instead of wasting our time considering the motion moved by Senator Lamontagne, would it not be more reasonable, first of all, to re-establish the committee chaired by Senator Stanbury, and to ask it to table its conclusions, because a number of senators worked hard during the last session on this special Senate committee to find a new formula for an Upper Chamber, such as suggested by Senator Lamontagne. He says no because this is not his idea.

Senator Lamontagne: That is not what I suggested.

Senator Asselin: Honourable senators, in order to expedite our work, would it not be more practical that Senator Stanbury's committee be re-established and the conclusion of its report tabled? Time and money have been invested by the Senate to establish that committee, and we could then consider what Senator Lamontagne has in mind. Apparently there is a desire to put aside that committee's report. We did not re-establish that committee, yet Senator Lamontagne would like us to start anew. Is that what you want, or not?

Senator Lamontagne: Honourable senators, I do not think I am a complete idiot.

Senator Asselin: We shall see.

Senator Lamontagne: I included in the motion the consideration of individual and collective rights. But that was Senator Tremblay's suggestion. There is no intention to start over again the work already undertaken in that area. There now exists a unanimous report by a joint committee of the Senate and the House of Commons that was published in the fall of 1978, and it includes very specific recommendations in that area.

So there would be no question of that group starting from scratch, but it would simply be a matter of taking note of that committee's recommendations and determining whether they still apply under the current conditions.

When it comes to considering the future role and make-up of the Senate, clearly the group will not start over again all the studies that have been made. It will take note of them, as well as the proceedings and public hearings of that special commit-

tee, in addition to the reports already prepared and published. The aim is not at all to re-invent the wheel. However, I feel that we could put some emphasis on the third part of my proposal. It involves something that is new, in my view. I would further remind Senator Asselin that the third part is not aimed at creating a second chamber within our Canadian Parliament, but quite the opposite, preventing what in my view would be a serious mistake, and trying to ensure that from now on—

Senator Flynn: We heard that point before.

Senator Lamontagne: As I said, in considering that third part we would attempt to ensure that from now on the monitoring by provincial governments would proceed at the intergovernmental level rather than within Parliament.

Senator Asselin: I would like to ask a question of Senator Frith, the deputy government leader. What happens to that special committee that was chaired by Senator Stanbury? Is it still-born? Will it report to the Senate? What are the contents of the studies made by that committee for weeks on end? Were taxpayers' money and the energy of senators spent so that we can never know the conclusions? In these circumstances, maybe the report could answer all the questions asked by Senator Lamontagne, and that will be asked anew by that sub-committee on legal and constitutional affairs. Could he answer my question as to what happens with that special committee that was not re-established?

Senator Frith: Honourable senators, I would like to make a few comments on the amendment, and I would therefore address that question within the context of my remarks.

Senator Asselin: No answer. As far as I am concerned, I would like to look more closely at what was said this afternoon by Senator Lamontagne, since he served us terms out of the ordinary, especially when he spoke of trusteeship federalism.

Senator Flynn: Hear, hear!

Senator Asselin: So I would like to know where that stems from. As far as I am concerned, I move the adjournment of the debate, quite simply.

[*English*]

Senator Smith (Colchester): Honourable senators, I rise on a question of privilege. I was one of those who happily agreed to allow Senator Lamontagne to intervene in the way he has, thinking, of course, that what he was going to deal with was some relatively small and incidental matter that somehow he had overlooked in his main speech. Now I find that really what he has been saying—or it seems so to me—is the main subject matter of what he meant to say in his speech.

My point of privilege is this. I spoke on this amendment, and therefore, by the ordinary rules, just like Senator Lamontagne, I would not have the right to speak in reply to the comments he has made today. I am not prepared to speak to them today, but at some future date it seems to me that the same privilege should be accorded to those of us on this side, and on the other side, too, who spoke on the amendment, of speaking again in reference to the remarks of Senator Lamontagne.

[Senator Lamontagne.]

The Hon. the Speaker: If you will allow me, honourable senators, I should like to say that when Senator Lamontagne rose to speak I tried to intervene because Senator Lamontagne was supposed to speak instead of Senator Frith. I wanted to have the agreement of honourable senators but you did not give me a chance. You all said, "We agree," and he spoke. I did what I could. I have no power to do more than that, unless you find something different in the rules. Perhaps you are right when you say that you thought he was only going to make a few remarks, but there was no indication of any kind that would lead one to believe that it would be so. I did not know it would be a speech, but I think I made the effort at the beginning. I know it is not the custom for the Speaker to stop the discussion and say, "Wait a minute. I have something to tell you," and indeed, you would not have accepted that; but I made the effort to say, "This is not according to the rules." I wanted to have your agreement, and you gave your agreement, even before I asked you. This is what happened. Senator Flynn agreed and even you, Senator Smith, agreed. If you agreed then, you cannot now disagree.

Senator Flynn: That is not the point.

Senator Smith (Colchester): Mr. Speaker, if I may address my comments to what you have just said, I must say that I was not in the slightest way aiming any criticism at your honourable self. I had agreed, and I was not trying to withdraw that agreement, or to disagree. All I am saying is that having agreed, and having received something greater than I expected, it would not be unreasonable if I requested the same privilege, and if honourable senators were to agree to give it to me. I do not have the slightest criticism of your honour in any way.

Senator Lamontagne: In answer to this question of privilege I must remind my honourable colleague that I was very clear and very honest when I asked for leave to make my remarks. I said that I would limit my comments to this aspect of the motion.

Senator Flynn: Yes, that was the point.

Senator Lamontagne: I said also that unfortunately I would not be in the Senate next Tuesday night and next Wednesday, so that I would not even have the chance to speak on the main motion, though it would have been my right to do so.

I think I was very straightforward and very honest with my colleagues. Leave was given and I expressed gratitude for the fact that it was given. I do not see why you should be quibbling again, or regret having given leave after the fact.

The other day, when Senator Tremblay intervened, completely out of order, after the debate had been closed on the third reading of a bill, we gave him consent to speak. There was no problem.

Senator Asselin: Out of order, you say? Will you explain that?

Senator Smith (Colchester): Honourable senators, I think that what was intended to be simply a request that I be granted the same privilege as was granted to the honourable

senator, has sparked some misunderstanding. I say again that I agreed willingly, and I would agree if the same question were put to me again. I do not regret that I agreed. I do not try to withdraw my agreement. I only say that having agreed, and having heard what was said as a result of the agreement of all senators, I wish only to claim the same sort of privilege for myself.

• (1520)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, if we have covered this particular point sufficiently, I might suggest that the comments indicate that more was said by Senator Lamontagne than was perhaps anticipated. I am sure that there is no intention on the other side to suggest any trickery, but merely some disappointment that more was said than was expected. I know that honourable senators realize that it is proper to speak on the motion as well as on the amendment, when speaking on the amendment, but I want to make it clear that if I misled my learned friend, the Leader of the Opposition, in any way by warning him that Senator Lamontagne was going to ask for leave, and that he would not speak fully on both the motion and the amendment, then—

Senator Asselin: But he did.

Senator Frith: I knew that he was going to do so. If I misled the other side by suggesting that he would be saying less than that, I apologize for having done so. If it turns out that someone on the other side wishes, in the course of this debate or any other, to speak on an amendment and asks for leave to speak a second time, then I am sure that not only will it be received, I hope generously, but the comments of Senator Smith (Colchester) and other senators on the other side will be noted for that purpose.

Unless I have misunderstood the status of the matter, I believe that Senator Asselin has proposed the adjournment of the debate—which in itself is not a debatable motion. I draw that fact to the attention of honourable senators and would suggest that we are now in a position to move on to the next order of business.

On motion of Senator Asselin, debate adjourned.

CONSUMER AND CORPORATE AFFAIRS

BANNING OF GLASS CONTAINERS FOR CARBONATED DRINKS—REQUEST FOR INFORMATION—DEBATE CONTINUED

The Senate resumed from Wednesday, May 14, debate on the motion of Senator Fournier (Madawaska-Restigouche):

> That there be laid before this house copies of all correspondence, notes, minutes of meetings and other communications between the Minister and officials of the Department of Consumer and Corporate Affairs during the year 1979, related to the banning of certain glass containers of carbonated drinks.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the wording of Senator Fournier's motion, which can be found on page iii of the *Minutes of the Proceedings of the Senate* for today, is as follows:

> That there be laid before this house copies of all correspondence, notes, minutes of meetings and other communications between the Minister and officials of the Department of Consumer and Corporate Affairs during the year 1979, related to the banning of certain glass containers of carbonated drinks.

Honourable senators will recall that the minister took the position that the documents were privileged and should not be produced. Honourable senators will know that in connection with such claims the privilege is usually granted, with exceptions. I say usually granted, but there are exceptions. The position of the ministry to claim privilege in those circumstances is the subject of a fairly long line of precedents, the leading one being the case of *Duncan v. Cammell Laird Company Limited*.

Senator Fournier (Madawaska-Restigouche) quite properly, in my opinion, said that he did not wish to withdraw his motion, which was a normal request. The normal procedure is that once the privilege is claimed, the person asking for the documents is asked to withdraw his motion, although he is not required to do so. Senator Fournier (Madawaska-Restigouche) declined to withdraw his motion, and I then adjourned the debate.

Two things have happened in the meantime. Obviously Senator Fournier's motion, and his well-known position on this question, has come to the attention of the ministry—it must have or they would not have declined to produce the documents—and some action has been taken. The subject of that action is contained in a news release by the federal Consumer and Corporate Affairs Minister, Mr. Ouellet. I have already furnished a copy in advance to Senator Fournier. I will explain to the house what is in it and I shall then ask for permission to table it. It says:

> Federal Consumer and Corporate Affairs Minister André Ouellet today announced his intention of introducing regulations under the Hazardous Products Act which will allow the sale of 1.5-litre soft drink bottles of improved safety performance. The Minister stressed that the bottles must meet standards prescribed by his department and carry a warning label.
>
> Mr. Ouellet explained that under the regulations the soft drink industry will not be able to increase its supplies of the 1.5-litre bottle designs banned last year, and can market only those bottles which pass the department's combination of drop and drill tests. In addition, each bottle will have to carry a bilingual label stating, "Contents under pressure. Handle with care".
>
> The Canadian Soft Drink Association has stated that 1.5-litre bottles currently in stock can meet departmental standards if they are coated with a layer of plastic.

In addition, the industry's association has undertaken to initiate early action to improve current bottle designs so that future production will provide greater safety for consumers.

There is also the background paper. Might I ask honourable senators for leave to table this document, a copy of which was given in advance to Senator Fournier? The document is in both official languages.

Hon. Senators: Agreed.

Senator Frith then tabled:

Copies of a News Release issued by the Office of the Minister of Consumer and Corporate Affairs concerning the sale of 1.5 litre soft drink bottles of improved safety performance.

Senator Frith: Honourable senators, under those circumstances, I would ask Senator Fournier, in view of the privilege that was claimed and what—I say this by way of a footnote—may very well have been something that took place as a result of his efforts—perhaps including his refusal to withdraw his motion—whether he is now prepared to withdraw his motion, without, of course, any prejudice to introducing it at a later date if the steps that have been taken are found to be unsatisfactory.

Hon. Edgar Fournier: Honourable senators, I should like to shed some more light on this motion. Yesterday I received a copy of a news release dated May 19. It is now June 12. That was the first time I took notice of this. I don't know who gave it to me, but today I received a copy in French. Apparently it is from the minister's office and is a replica of the English version, but I didn't have time to look at. I presume it is a copy of the same document.

• (1530)

Last evening I had time to deal with this and I found that we are not getting anywhere at all, according to my reading of it. I should like to point out a few things and ask a few questions before I submit to withdrawing my motion.

In the first place, the Leader of the Government in the Senate tables dozens of documents weekly. There is no war; there is no secrecy. It is just normal routine administration, and I cannot see why the leader cannot produce these documents.

Knowing that the previous minister's knowledge on soft drink bottles was as poor as mine, I think surely he must have been guided by others. This involves Pepsi-Cola, Coca-Cola, Dr. Pepper, Schweppes, 7-Up, Sprite, Canada Dry, Orange Crush, Pure Spring and others. I am just giving the highlights, because I know time is pressing. It involves three Canadian bottle manufacturers and a Japanese manufacturer who has ambitions to build a plant in Toronto or somewhere in Canada.

Coca-Cola produced rubber rings on bottles which passed three consecutive times, yet that was not accepted. This concerns the consumer and retail prices, and there is no mention about layoffs or anything of that sort.

[Senator Frith.]

Coming back to the news release, I note that it is difficult—and I learned this from 20 years of experience in the House of Commons and in the Senate—for a government employee to admit he is wrong after a mistake is found. Reversing a decision is sometimes painful, and I can tell you about a few cases in that regard.

I should like to know why this news release was produced May 16, and who advised the producers. They didn't know anything except what they read in the papers. They are not free to promote sales because everything is frozen awaiting ministerial decision. This has been going on for almost a month.

The press release states:

The Canadian Soft Drink Association has stated that 1.5-litre bottles currently in stock can meet departmental standards if they are coated with a layer of plastic.

That is impossible. All these bottles would have to be emptied and transported from Moncton, to Montreal, then shipped back to Moncton plastic coated. That is just impossible. The cost would not permit it. So whoever made that suggestion didn't know too much about what he was talking about.

On page 2 of this paper it says that they made a study of bottles exploding. I should like to know the difference between an explosion and a breakage due to mishandling. In my studies, very few bottles exploded but some were damaged by mishandling.

The news release mentions a multi-million dollar investment in bottles and filling equipment. I agree with that statement, but there is nothing mentioned about the massive layoffs.

The release further states:

Because the hazard level of 1.5-litre torpedo-shaped bottles was significantly higher than nearly all bottles of a different design or size, the soft-drink industry was urged in June 1979 to remove them from the marketplace on a voluntary basis.

By whom? That is another question.

As far as the bottling people were concerned, the timing was definitely wrong. In the month of June the warehouses are usually full, because this industry does a lot of business in June, July and August. This was a bad time to urge these people to do that on a voluntary basis. That request failed because most of the producers had no warning except that they received a telegram of some sort saying that as of midnight there would be no more sales.

The release talks about torpedo-shaped bottles that failed, but it doesn't talk about Champagne bottles, beer bottles, whiskey bottles, ketchup bottles, vinegar bottles, or whatever, which, if dropped on the floor, are likely to break and do break.

This news release talks about what takes place in Japan, Spain, Germany and Holland. It talks about a drill test and a drop test. I know something about the drop test, but this is the first time I have heard of a drill test. I should like to know what it is.

• (1540)

Now, I would like to bring to the attention of the deputy leader the fact that the last paragraph seems to distort or destroy everything that has gone before. So I definitely want an explanation of that. It could be that I am simply not understanding what it means, but let me read it to you:

> Although the regulations will permit the marketing of modified 1.5-litre soft drink bottles that meet tests to be conducted by the department's Product Safety Branch, the addition to inventories of bottles of current design, as now banned, will not be permitted.

To me that destroys everything that has been done before. What is a "modified" bottle? Is there some suggestion that all of the bottles that are now on the shelves will have to be emptied and sent back to some factory somewhere to be modified—for instance, be coated and refilled? That is far from clear.

Just to put my questions again briefly, why has there been so much delay since this was released on May 16? What is the situation with respect to bottles exploding and the mishandling of bottles? Is there a connection? Why was the rubber ring that passed the test not accepted on a temporary basis?

With respect to the task force that has been mentioned, I would like to know whether the members of the task force are from the Department of Consumer and Corporate Affairs or whether it would include anyone from the production lines involved.

Again, I would like an explanation of that last paragraph in order to understand what they mean by "modified . . . soft drink bottles" and the expression "will not be permitted."

Until I have the answers to those questions I will not withdraw my request.

Senator Frith: Honourable senators, I regret that I am unable to answer the questions put by Senator Fournier. I would suggest that those questions could be answered, if he were to put them to the department. If they were not prepared to answer them, he could call for an inquiry and we could discuss the matter further in the Senate.

I can only say, however, that I cannot answer his questions and I must at this point draw the attention of honourable senators to the motion or the matter that is actually before us, which is separate and apart from those questions. In saying that, I am not in any way suggesting that Senator Fournier's questions are not valid or that they should not be answered. Indeed, I make no comment on that one way or the other.

The point we must consider is whether certain documents, which are copies of all correspondence, notes, minutes of meetings and other communications between the minister and the officials of the Department of Consumer and Corporate Affairs during the year 1979, should be laid before the house. That is the substance of the actual motion.

Whether I support his reasons or not, I understand why Senator Fournier does not wish to withdraw; but his having said a second time that he will not withdraw, I think that in order to deal with the specific item, which is much narrower than the questions raised by Senator Fournier just now, the question should be put whether or not these documents should be laid on the Table.

Hon. Jacques Flynn (Leader of the Opposition): It seems to me that the deputy leader is showing a certain unwarranted inflexibility in the circumstances. Surely it would be easy for him to ask the minister responsible if he could provide the answers to the questions put by Senator Fournier today. If so, Senator Fournier would no doubt withdraw his request and that would obviate the necessity of having the Senate say either yes or no to this motion.

I suggest to Senator Frith that he try to obtain the answers. If that fails, then we could follow the course he has suggested.

Senator Frith: I understand and appreciate that suggestion and I will undertake to forward a transcript of the comments and questions placed on the record today by Senator Fournier and see what answers we receive to them. In the meantime, with respect, I would like to have this item cleared up.

Senator Flynn: Why?

Senator Frith: Because the question we are looking at is not whether the ministry should give these answers but whether they should put the documents on the table. That is purely a procedural question. As I have said, I am prepared to undertake to see that these comments and questions by Senator Fournier are drawn to the attention of the minister and I will try to obtain answers. In the meantime I should like to deal with this pure question of privilege—

Senator Flynn: It is not a question of privilege.

Senator Frith: It is not a question of privilege in this chamber. It is a question of privilege in the legal sense of the term.

Senator Flynn: We do not have to force a decision of the Senate on that question now. If you were simply to let the motion stand for another ten days, for instance, you could in the meantime obtain the answers to the questions and probably they would be withdrawn upon receipt of the answers without necessitating the Senate's making a decision on that.

Senator Frith: I much prefer not to tie this motion to the questions, honourable senators.

Senator Flynn: You are not tying it to anything.

Senator Frith: With respect, that is exactly what we are doing. We are saying that the question of whether this correspondence should be furnished or not is to turn on whether or not satisfactory answers are given. I am undertaking to try to obtain those answers, but I submit, with respect, that standing the matter will not change anything because the ministry will not say, "We have given the answers and now we are going to put the correspondence on the Table." That issue is quite apart from the question of whether they can get answers to this.

Senator Flynn: We understand.

Senator Frith: That is why I am asking that the question be put.

Senator Flynn: In that case I move the adjournment of the debate.

Senator Frith: That is fine.

On motion of Senator Flynn, debate adjourned.

The Senate adjourned until Tuesday, June 17, at 8 p.m.

APPENDIX

(*See p. 460*)

MAINLINE UNTIL TOLL AND INTERNATIONAL CHARTER ENPLANED+DEPLANED REVENUE PASSENGERS
(000's)

Airport	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979 Estimate Based on 8 Months Data	1980[1] Forecast
St. John's, Nfld.	189.6	224.9	257.1	287.3	358.3	387.8	387.3	415.3	432.4	468.4	510	530
Halifax, N.S.	578.0	686.3	740.2	856.1	1046.1	1197.6	1212.4	1257.9	1289.4	1346.7	1520	1590
Dorval, Que.	4072.5	4606.2	4908.5	5550.3	6498.0	7029.0	6704.9	5260.2	5374.7	5560.0	6060	6370
Mirabel, Que.[3]							93.8	1428.1	1430.5	1487.0	1560	1660
Ottawa, Ont.	719.9	887.3	958.6	1054.3	1341.4	1509.2	1510.0	1493.5	1573.1	1657.4	1820	1920
Winnipeg, Man.	1125.5	1255.0	1267.8	1372.2	1721.5	1862.3	1977.4	1915.4	1946.8	1977.8	2200	2330
Toronto, Ont. (Terminal 1)							4036.0	4187.6	4560.2	4892.3	5600	6000
Toronto, Ont. (Terminal 2)[2]							6477.4	6594.5	6718.7	7122.2	8050	8360
Toronto, Ont. (Terminal 1 and 2)	5260.1	6414.8	6723.3	7671.4	9277.4	10483.1	10513.4	10782.2	11279.0	12014.6	13650	14370
Saskatoon, Sask.	195.2	226.7	246.7	258.8	338.3	390.4	427.4	436.1	443.5[5]	458.0[5]	600	610
Edmonton Int'l, Alta	537.5	633.0	646.0	754.6	935.0	1190.4	1441.8	1495.0[4]	1627.7	1802.2	2160	2280
Calgary, Alta	1059.7	1243.2	1301.5	1456.5	1879.0	2122.0	2283.1	2427.0[4]	2633.3	2954.3	3610	3780
Vancouver, B.C.	2248.0	2646.4	2780.1	3150.9	3845.1	4336.2	4677.1	4930.0[4]	5016.3	5483.2	6300	6650

[1]1980 forecast numbers are an interpolation of a longer term forecast (to 1986)
[2]Terminal 2 began operations in April 1973; data by terminal is not available prior to 1975
[3]Mirabel began operating in November 1975
[4]Traffic has been adjusted due to reporting problems.
[5]1977 and 1978 data at Saskatoon include Norcanair's Class 1 service.

MAINLINE UNIT TOLL AND INTERNATIONAL CHARTER ENPLANED+DEPLANED CARGO
(000's Tons)

Airport	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979 Estimate Based on 8 Months Data	1980[1] Forecast
St. John's, Nfld.	2.8	3.8	4.8	5.5	7.1	7.1	7.9	7.6	7.6	7.6	7.1	7.6
Halifax, N.S.	5.9	7.5	9.3	10.0	10.7	11.3	12.6	11.2	13.4	13.7	15.0	15.7
Dorval, Que.	93.5	104.3	115.3	126.2	138.7	123.0	120.6	47.7	50.8	47.8	49.0	52.4
Mirabel, Que.[2]							5.3	68.9	68.6	76.2	89.0	96.3
Ottawa, Ont.	3.0	3.9	4.6	4.3	5.4	6.3	6.5	6.5	6.1	5.9	5.5	6.2
Winnipeg, Man.	17.2	18.9	20.3	17.9	20.6	21.0	23.9	23.9	22.9	25.5	28.0	29.0
Toronto, Ont. (Terminal 1 and 2)	78.4	93.4	103.5	108.7	133.6	146.3	144.8	162.4	170.3	181.4	198.0	219.0
Saskatoon, Sask.	1.0	1.1	1.1	1.3	1.5	1.7	2.2	2.1	2.1[3]	2.0[3]	2.7	2.7
Edmonton Int'l, Alta	6.5	7.6	9.2	9.2	12.7	18.0	19.3	20.4	22.3	28.5	25.6	28.3
Calgary, Alta	7.3	8.7	10.3	10.5	13.7	15.5	16.0	19.1	20.0	21.5	27.0	29.1
Vancouver, B.C.	32.1	36.3	43.9	42.7	47.1	50.5	62.9	71.7	66.2	68.3	71.5	78.0

[1]1980 forecast numbers are an interpolation of a longer term forecast (to 1986)
[2]Mirabel began operating in November 1975
[3]1977 and 1978 cargo data at Saskatoon do *not* include Norcanair's Class 1 service.

REPAIRS, RENOVATIONS, ALTERATIONS AND ADDITIONS TO EXISTING PASSENGER FACILITIES
($000's)

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81 Estimate
St. John's, Nfld.	207.2	2.4	389.0	92.4	56.0	1,108.0	176.4	720.5	9.6	40.0	18.0	—
Halifax, N.S.	80.1	1.1	34.9	338.4	521.0	383.3	3,734.1	735.1	7.0	166.4	642.4	—
Dorval, Que.	12.0	.	—	1,124.0	85.0	789.0	414.0	781.0	130.0	51.0	120.0	447.0
Mirabel, Que.	—	.	—	—	—	—	—	613.0	335.0	87.0	40.0	922.0
Ottawa, Ont.	.	—	112.5	315.1	458.0	117.9	—	86.5	702.5	432.8	113.5	1,791.6
Toronto, Ont. (Term. I)	151.7	539.3	1,152.8	125.3	5,142.4	159.3	2,518.7	1,799.2	6,405.3	2,007.5	2,951.7	9,348.6
Winnipeg, Man.	—	26.8	103.1	—	49.8	58.2	22.7	51.6	96.9	86.3	253.3	150.0
Saskatoon, Sask.		—	—	23.3	1,152.2	1,823.6	1,075.7	330.4	913.1	168.3	10.2	—
Edmonton, Alta	22.5	11.9	—	—	291.6	110.2	389.9	—	29.3	353.3	679.0	8,541.0
Calgary, Alta	1,188.0	2.2	54.4	—	—	122.1	53.0	—	—	—	—	—
Vancouver, B.C.	34.1	—	508.3	—	273.7	2,020.4	3,818.5	8,522.2	4,559.4	8,217.2	5,147.5	3,691.4

NEW PASSENGER FACILITIES
($000's)

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81 Estimate
St. John's, Nfld.	—		—	—	—	.		—	—	—	—	
Halifax, N.S.	—		—	.	—	-		—		—	—	—
Dorval, Que.	—	—	-		—		—	—	—	-	—	—
Mirabel, Que.	—	—	—	—	—	—	100,702.0	2,638.0	1,795.0	1,667.0	5.0	—
Ottawa, Ont.	—		—	.	—	.		—		—		—
Toronto, Ont. (Term. II)	—	—	—	—	44,067.3	276.0	3,189.2	10,276.4	37,193.1	9,335.5	2,421.0	286.1
Winnipeg, Man.	—		—	—	—	—	7.6	40.0	14.4	—	—	—
Saskatoon, Sask.			—	—	—	—	—	—	12.0	25.3	60.1	—
Edmonton, Alta	—	—	—		—	—				—	—	—
Calgary, Alta		—			—	—	—	—		—	—	—
Vancouver, B.C.		—			—	—		—		—	-	—

REPAIRS, RENOVATIONS, ALTERATIONS AND ADDITIONS TO CARGO FACILITIES
($000's)

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81 Estimate
St. John's, Nfld.	—	—		.	—	—		.	—	—	—	—
Halifax, N.S.		—		-	—	—		—	—			
Dorval, Que.	—	—		.	—	—	.	—	—	—		—
Mirabel, Que.	—	—	—	—	—	—	—	4.0	—	—	5.0	217.0
Ottawa, Ont.	—	-			—	—		—	—	—		
Toronto, Ont.		—		—				—	—			
Winnipeg, Man.		—		—			.					
Saskatoon, Sask.	—		-			-				-		
Edmonton, Alta	—		—		—			—	.			
Calgary, Alta		—		-				—	—			.
Vancouver, B.C.	.	—		—			—	—				

NEW CARGO FACILITIES
($000's)

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81 Estimate
St. John's, Nfld.					—				—			
Halifax, N.S.	—					—						
Dorval, Que.				—					—			
Mirabel, Que.	—	—	—	—	—	—	4,105.0	176.0	67.0	—	—	—
Ottawa, Ont.						—	—					—
Toronto, Ont.	-		—	—		—					-	
Winnipeg, Man.	115.0	—	—	—	—	—	—	—	—	—	—	—
Saskatoon, Sask.					—							—
Edmonton, Alta			-		—		—			—	-	
Calgary, Alta		-	—	—		—		—	—		-	
Vancouver, B.C.	—				—					—		

REPAIRS, RENOVATIONS, ALTERATIONS AND ADDITIONS TO RUNWAY FACILITIES
($000's)

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81 Estimate
St. John's, Nfld.	114.3	236.8	1.6	9.3	667.0	—	—	—	186.1	—	0.5	516.3
Halifax, N.S.	1,469.0	680.3	75.8	337.5	1.0	1,821.9	—	—	30.1	20.2	86.2	520.0
Dorval, Que.	22.0	—	112.0	1,806.0	687.0	800.0	163.0	420.0	184.0	39.0	—	50.0
Mirabel, Que.	-	—	—	—	—	—	71,029.0	838.0	1,430.0	254.0	33.0	100.0
Ottawa, Ont.		42.1	129.6	24.5	130.9	—	—	175.7	973.6	432.0	—	—
Toronto, Ont.	13.6	141.9	417.5	46.4	5,680.6	1,666.1	75.7	—	—	—	—	4,924.7
Winnipeg, Man.	362.5	160.0	461.0	6.9	—	—	—	136.7	2,580.2	31.8	22.3	—
Saskatoon, Sask.	—	—	—	122.8	—	—	—	179.8	—	—	—	—
Edmonton, Alta	—	87.3	22.4	6.3	146.0	—	11.2	1,350.9	57.2	933.1	905.0	1,845.6
Calgary, Alta	303.6	95.9	1,092.4	539.2	—	469.9	403.5	21.4	13,311.0	1,644.0	4.8	207.6
Vancouver, B.C.	59.7	—	107.7	35.4	—	1,493.0	169.8	—	—	—	—	51.0

THE SENATE

Tuesday, June 17, 1980

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

• (2000)

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Copies of Agreement between the Government of Canada and the McDonnell Douglas Corporation Incorporated in the State of Maryland, United States of America, dated April 16, 1980, respecting the purchase of the CF-18 Aircraft.

Report of Agreements made under the *Agricultural Products Cooperative Marketing Act* for the fiscal year ended March 31, 1980, pursuant to section 7 of the said Act, Chapter A-6, R.S.C., 1970.

Report of the Canadian Human Rights Commission, dated May 27, 1980, respecting certain Acts which established superannuation or pension funds or plans for members of the public service of Canada, pursuant to section 47(2) of the *Canadian Human Rights Act*, Chapter 33, Statutes of Canada, 1976-77.

Hon. Duff Roblin (Deputy Leader of the Opposition): Could I ask my honourable friend if it is the intention to refer the document on the McDonnell Douglas Corporation to the subcommittee on defence, for examination?

Senator Perrault: The senator has advanced an idea that should be the subject of discussion. Perhaps the matter can be considered.

PROHIBITION OF INTERNATIONAL AIR SERVICES BILL

FIRST READING

Hon. Raymond J. Perrault (Leader of the Government) presented Bill S-7, to provide for the prohibition of certain international air services.

Bill read first time.

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

PRIVATE BILL

PYRAMID COMMUNICATIONS LIMITED—FIRST READING

Hon. Lionel Choquette presented Bill S-8, to revive Pyramid Communications Limited.

Bill read first time.

Senator Choquette moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

• (2005)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

SECOND REPORT OF COMMITTEE PRESENTED

Hon. John M. Godfrey, Joint Chairman of the Standing Joint Committee on Regulations and other Statutory Instruments, presented the following report:

Tuesday, June 17, 1980

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its second report as follows:

In relation to its permanent reference, section 26 of the Statutory Instruments Act, 1970-71-72, c. 38, and to its further reference set out in its first report of this session and approved by both Houses on June 4, 1980 empowering the committee to conduct a comprehensive study of the means by which Parliament can better oversee the government regulatory process, your committee recommends:

That it be given authority to attend a conference on the scrutiny of delegated legislation in Canberra, Australia, from September 29 to October 3, 1980; and

That your committee or its subcommittees and members of your committee have the power, when your committee deems it necessary, to adjourn or travel from place to place inside or outside Canada and that, when deemed necessary, the required staff accompany your committee, subcommittees or members of your committee, as the case may be.

Respectfully submitted,

John M. Godfrey
Joint Chairman

Senator Godfrey moved that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Last week I undertook to inform honourable senators of the program for our sitting in the next week or two. Perhaps honourable senators would like to look at their calendars. They will remember that St. Jean Baptiste Day falls on June 24, Tuesday of next week. It is our suggestion that we not sit on June 23 or 24, the Monday and Tuesday. We will sit on Wednesday evening, June 25. This will give those from the east and west an opportunity to arrive in Ottawa on Wednesday, Although I should say that committee meetings will take place on Wednesday afternoon. I know that the Standing Senate Committee on Banking, Trade and Commerce will sit on Wednesday afternoon. Before this week is through, you may receive notices of other meetings for next Wednesday.

• (2010)

We propose to sit on Thursday, June 26, at 2 o'clock. We are constrained to ask you to hold open the morning of Friday, June 27, as it might be necessary to sit then. I will advise you, if possible by the end of this week but more likely early next week, whether we will have sufficient business to require us to sit on the morning of June 27. My opinion, based on the amount of business I know of at this moment, is that we will likely sit on the morning of June 27. Royal assent may also be required that day.

The plan, then, would be not to sit during the week of June 30. Dominion Day, or Canada Day, falls on Tuesday, July 1, and we would plan not to sit on July 2, 3 or 4. It is our opinion at this time that if we sit for the three days in the previous week, we will not be required to be here that week at all for Senate sittings. Then we propose to sit again on Tuesday, July 8, as usual at 8 p.m.

CANADIAN WHEAT BOARD

DROUGHT IN PRAIRIE PROVINCES—CHARGES FOR USE OF HOPPER CARS

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I am not sure if this is the right place or not, but with leave of the Senate I should like to make an announcement at this time.

Senator Flynn: For you, we will always give leave.

Senator Choquette: If it is not the right place, it is the right day.

Senator Argue: The announcement is as follows:

The federal government and the Canadian Wheat Board have decided to drop the fee normally charged on the use of grain hopper cars moving grain screenings and other livestock feeds on the back-haul from Thunder Bay to Manitoba and Saskatchewan, but CP Rail seems unable to pass on that freight saving to shippers using the hopper cars for that purpose.

I am asking the railway to reconsider its position in the light of serious drought conditions existing in Saskatchewan and Manitoba where feed for livestock is in critically short supply.

[Senator Godfrey.]

Because this year's severe drought in Manitoba and Saskatchewan is hitting livestock producers especially hard—some are already beginning to deplete their herds because of a lack of feed—the Government of Canada and the Canadian Wheat Board have decided to drop the usual 7.5 cent per car mile charge for use of our 10,000 hopper cars in moving a needed feed like the Thunder Bay screenings for use in this emergency on the prairies.

We want the railways to pass this saving along to the shippers who will be transporting the screenings in order to reduce the actual cost to the farmers in the west who desperately need this feed supply and are already facing high costs in coping with the drought situation.

If CP Rail cannot cut its freight charges to save the shippers 7.5 cents per car mile, the fee would have to be collected in the usual manner, but the government and the board would then rebate an appropriate amount back to the shippers to ensure that the actual cost of screenings to drought-striken livestock producers will be kept to the absolute minimum. The administrative burden would be borne by the government and the board.

• (2015)

Our decision to cut the cost of backhauling screenings from Thunder Bay by 7½ cents per car mile is a further step by the Government of Canada to help farmers cope with this very serious drought situation.

As the days go by and the severe dry conditions persist, the federal cabinet will have before it additional measures which we shall consider taking. Timely general rains are the only perfect solution, but the Government of Canada stands ready to assist in this emergency in every practical way.

The major impact of the drought so far has been upon the livestock industry, although grain and oilseed crops are also suffering from a lack of moisture. Grain producers are at least partially protected against drought problems by the federal Crop Insurance Program and by the Western Grain Stabilization Plan.

DROUGHT IN PRAIRIE PROVINCES—BARLEY SUPPLIES FOR LIVESTOCK

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I might also at this time read into *Hansard* an announcement I made yesterday.

Senator Flynn: Where did you make it?

Senator Argue: Here in Ottawa. The announcement was as follows:

> I am asking the Canadian Wheat Board to arrange for the immediate issuance of import permits for feed grains. There is now a desperate need to have barley readily available to livestock producers in Saskatchewan and Manitoba.

Alberta, I might say, has had very timely rains, as a result of which Albertans feel they do not have a very severe drought. My announcement continues:

Prairie elevator stocks of barley, both Canadian Wheat Board and non-board, are low, totalling only some 17.5 million bushels. On-farm stocks of barley in Manitoba and Saskatchewan, which total about 55 million bushels, should be adequate. However, it is clear that many livestock producers need their own supplies for their own cattle and that the considerable existing surplus is being held off the market until prices rise.

In view of this emergency, and the need to save the basic livestock herd, I am today asking the Canadian Wheat Board to arrange immediately for the issuing of permits for the importation of barley from the United States. My information is that there are more than sufficient stocks available in the northern states and that it can be purchased at reasonable prices.

These imports will obviously relieve the immediate and critical shortage for many livestock owners, and may very well have the second beneficial effect of helping to free up barley stocks held on prairie farms. I have taken this action, rather than following through on the suggestion that feed grain shipments off the prairies be embargoed, as it is preferable to forcing the Canadian Wheat Board and the private trade to break their contracts in the domestic and export markets.

This action will be further to the steps already taken by the Canadian Wheat Board to stop selling barley into the eastern market and to make available at country elevators its stocks of barley at corn competitive prices.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I wonder if the minister would allow me to make a few comments on the statements he has just made.

Senator Flynn: Whether he agrees or not, go ahead.

Senator Roblin: My honourable leader tells me I have to do it anyway, and I always do what he tells me, so here goes.

I must say I had been hoping that we would hear some more from the minister tonight, because the measures that have been announced to date do not commend themselves to me as being commensurate with the problem. In connection with livestock in particular, the drought is particularly oppressive. With respect to field crops, the excellent crop insurance program pioneered some years ago by the Government of Manitoba has proved to be very useful.

Senator Marshall: Who was the premier at the time?

Senator Roblin: Modesty almost prevents me from saying that Manitoba beat the federal government and Saskatchewan in introducing a workable crop insurance program, and it is still the best in the country.

Senator Argue: Who was the premier at the time?

Senator Roblin: It is my birthday today, so I do not think I will tell you.

Hon. Senators: Hear, hear.

Senator Roblin: In 1961 we had a similar situation to that which exists today. I recall that the federal government then was considerably more active in dealing with the matter than the present government has been. For example, the then Minister of Agriculture himself went to the prairies and convened a meeting of the prairie Ministers of Agriculture and concerted their programs very well indeed. At that time they decided to make sure that water aquifers were identified throughout the prairies and that the water supply points were located so that we could then know what the water resources were.

• (2020)

What bothers me at the present time is that the livestock markets in Winnipeg are handling about double the number of livestock they normally would at this time. It indicates the considerable pressure the livestock industry is under. I can freely predict that at this time next year we will see that reflected in the price of beef in no uncertain way. The $7 million, which is the sum referred to in this minister's release, strikes me as being certainly the very minimum that could be allocated in this respect. In my opinion, it is far from adequate.

I should like to put on record with respect to Manitoba that precipitation this spring has been most difficult indeed. In the Portage la Prairie area, which is usually the garden of the province, precipitation has been 9.9 since the first of April, compared to 127.9 normal. So it is far less than 10. Around Winnipeg it is 7.8 compared to 116. In Brandon it is 16.8 compared to 109. In Morden it is 19.0 compared to 121. Dauphin is somewhat better: 30.6 compared to 111.4. When you consider that the rainfall prior to the first of April was also gravely deficient, you can get some idea of the probable depth of the situation we are encountering there. I predict that, crop insurance or no crop insurance, it will be slim pickings on the Manitoba prairies in the next few months. That will be true not only for the farmers but for everybody who does business with them. I think the minister will agree with me on that. Probably the same remarks could be made about eastern Saskatchewan as well.

I should like to know from the minister not only what plans he has to move feed to livestock, which I agree is necessary, but also what possibilities he has explored with respect to moving livestock to feed. In a sense that sounds like the wrong way to go about it, but there is a case to be made that, where there are adequate supplies of pasture in eastern Canada and other places, which I believe is the case, one can foresee the desirability of moving livestock, perhaps on their way to eastern markets, but certainly to eastern areas, to where they can be fed and fattened, rather than be left to the slaughter houses on the prairies. That would be a good investment in the price of beef, to say nothing else insofar as the consumer is concerned. So I say to the minister that his program is about as skimpy as one can get. If he is able and willing to give us some advance on this in the next few days it will be welcomed in the west.

Senator Argue: Before I reply to the remarks by the honourable Senator Roblin, I wish to congratulate him on his birthday. I am sure he is one of the most able senators we have, one of the most congenial and one who makes an outstanding contribution in this chamber.

I want to acknowledge that the statements he made about crop insurance in Manitoba in years gone by are factual. He can take a good deal of credit, and justifiable credit, for pioneering the crop insurance scheme. And it is a good one! Fifty per cent of the benefits are contributed by the farmer, and 50 per cent by the federal treasury. The provinces administer the act in each province, and the administration cost is something around 8 per cent. So it is a good investment from the standpoint of a provincial government. I know they would not say it in Manitoba, or at least they might not say it, but in Saskatchewan someone might say that the NDP machine had followed an earlier Liberal machine when it came to dealing with crop insurance benefits or PFA. At any rate, it is a very good program.

● (2030)

I appreciate what Senator Roblin has said, namely, that in his judgment the amounts in the federal program—the present program; the one that has just been announced—of approximately $7 million represent a conservative figure. That assures us the support of the opposition in having this figure increased if and when the need arises. I hope the need will not arise, which would mean that the rains had come. In discussion with the Ministers of Agriculture of both Manitoba and Saskatchewan, I believe it is fair to say that they considered this to be a reasonable amount at this time. Events will decide whether or not the figure should be supplemented.

I should point out that the information I have on the last major drought problem in 1977 indicates that only $1 million was spent on a program that had about the same application. However, the rains came early and the program was discontinued within a comparatively short period.

The honourable senator asked whether in this program, in addition to the sharing of costs involved in the moving of feed to livestock, there should be a provision for payment for the movement of cattle to pasture. That provision is in the program. The federal government is prepared to share those costs.

With regard to the agreements—and here I do not want to put up any barriers, because there are none—they will need to be signed by both the federal and provincial governments. I have seen draft copies of the agreements. The Minister of Agriculture for Manitoba, in a telephone conversation with me, said that he felt the points were satisfactory. If there are any points that are weak, representation can be made to us as to how they should be strengthened. I am sure I speak not only for myself but also for my colleagues when I say that we shall be very happy to consider any recommendations on how the program can be improved.

The announcements that I have made indicate that the federal government is taking initiatives in its own right, and will continue to take initiatives insofar as it considers they can be helpful. My own view is that one of the announcements that I made tonight—namely, that starting today the Canadian Wheat Board will issue permits for the purchase of barley from producers in the United States, to be transported to Canada for feeding to our livestock—is a very good measure. The fact is that there are substantial stocks of barley in the hands of producers in Saskatchewan and Manitoba, but the producers are hanging on to their supplies, and the percentage of barley in the elevators is really a small percentage of the amount that is on the farms.

[Senator Roblin.]

It has been recommended to me that there should be an embargo on all shipments of barley from the prairies to eastern Canada. It was said that it should be only non-board, and when I said that we cannot have one rule applying to private trade, or the non-board grains, and another applying to the Wheat Board, the reply was that we should apply it to everyone. But that would have been a desperate measure, because it would have said to the private trade and to the Canadian Wheat Board that the Government of Canada was taking action to force them to break their contracts.

In my view, this system of allowing purchases of barley in the United States to come into a feed-short province such as Manitoba and Saskatchewan is better. It will not only have the beneficial effect of bringing in extra supplies of barley, it is my guess that the secondary effect may be to free up some of those stocks that are on farms in both Manitoba and Saskatchewan.

Senator Roblin: The honourable minister is so agreeable tonight that I hardly feel like pursuing the matter any further. It is no part of my intention that anyone should proceed with the mandatory measures he has just outlined to the house. I think it would be a mistake to do so. My own feeling is, from having some experience, that while one can reasonably expect farmers to retain enough barley and other livestock feed for their own use, there is a pretty free and easy and neighbourly attitude toward the need of others. I would really be surprised if we did not find a good deal of co-operative support among farmers on the prairies after, quite naturally, their own requirements had been met. The minister would probably agree with that statement.

I do not like to go back to crop insurance—we have beaten it to death—but when we started the federal government was not in for a five-cent piece; they did not come in for some time, but I am glad that they are there now. Not more than once or twice have I ever looked a gift horse in the mouth. The point that I really want to make to the minister is that I appreciate his invitation to suggest how the measures his government has adopted can be improved upon, and if I have any constructive suggestions he can rely on me to produce them.

Senator Argue: I agree that most farmers are generous and want to help their neighbours, but the odd time one of them wants to make a dollar when he can avail himself of that opportunity. The information I have been given is that, after canvassing Saskatchewan very widely, the listing service of the Saskatchewan Department of Agriculture had only 20,000 bushels of barley, which is really only a drop in the bucket; so that something desperate had to be done, and I hope that this procedure I have announced today is working.

My information is that during this day alone—I do not have the exact total—permits covering the importation from the U.S.A. of some millions of bushels of barley have been issued, and this barley will be brought into Saskatchewan and Manitoba.

QUESTION PERIOD

[*English*]

ENERGY

DOMESTIC OIL PRICE—FEDERAL-PROVINCIAL NEGOTIATIONS

Hon. C. William Doody: Honourable senators, I have a question for the Leader of the Government dealing with the rapidly expiring energy agreement with the producing provinces.

I wonder if the leader could tell us if the understanding that I have is a correct one, namely, that the minister responsible for this department in Alberta has said that the federal ministry has agreed to increase the price but has not agreed to offer the other benefits or offsets which were offered by the previous administration. It appears that this is not an offer that is acceptable to the Government of Alberta. I wonder if the leader could tell us if this is to be the firm position of the Government of Canada in dealing with the energy-producing provinces, or whether there is a chance of getting an interim agreement. Obviously we need an interim agreement if we are going to work towards a long-term agreement.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, every effort is being made to resolve outstanding differences with the Province of Alberta with respect to oil pricing. I want to reiterate, however, that the Liberal energy package is not identical with the one which was proposed and under development by the previous government.

It is my understanding that the honourable senator's information is correct. The Honourable Merv Leitch of Alberta has stated that an offer has been made by the federal government. Indeed, I understand that a note of hope was sounded in his statement made in recent hours.

Senator Roblin: Let us hope so.

Senator Doody: As a supplementary, honourable senators, with regard to that note of hope, I observe that the Honourable Mr. Leitch also indicated that in his opinion serious negotiations had not yet taken place. This is a matter of concern to all of us, of course, because all of us will be affected by the energy pricing situation of eastern Canada, western Canada and the whole country. Mr. Leitch indicated that the two meetings that had been held over the past four months did not indicate, in his opinion, serious negotiations. I understand that the Minister of Energy, Mines and Resources, the apostle of peace, order and good government, the quiet man, will be leaving the country for 10 days. Is someone going to carry on in his absence in order to bring this set of negotiations to an amicable solution?

• (2040)

Senator Perrault: I know honourable senators are aware that this is a difficult negotiation. It was a difficult negotiation for the previous government which, at the time it left office, had still not concluded this negotiation with the oil-producing provinces. No one should regard this as a negotiation where solutions may be found easily. However, an effort is being made to achieve an equitable price arrangement. An effort is being made to ensure an adequate supply of oil to all sectors of Canada.

If the honourable senator has some constructive suggestions to make to the government as to how his political associates in the province of Alberta can be accommodated, I hope he will make these suggestions available to the government as speedily as possible.

Senator Doody: I would be only too happy to make one very positive suggestion right now, and that is that we offer Alberta a price at the same level as we are offering the Government of Mexico. That might be a start in the right direction, and I offer that as a suggestion.

Some Hon. Senators: Hear, hear.

Senator Flynn: Or even the proposal of last year.

Senator Doody: Having done my little bit from the opposition benches to help the Government of Canada in this dilemma in which it finds itself, I now continue with a supplementary question. Canadian consumers are obviously in a very serious quandary. They do not know if these negotiations that are taking place can lead to a one-three or six-month agreement, or even a five-year agreement. The minister in Alberta has given us a ray of hope, or a token of light; can we expect some positive statement from the Government of Canada to take some of the uncertainty out of consumers' minds, at least in the short term if not in the long term?

Senator Perrault: Every effort is being made to develop a comprehensive policy. May I quote from the Honourable Marc Lalonde, who has undertaken the onerous responsibility to negotiate with the first ministers and other ministers in the provinces. He said:

> Economically, looking ahead, Canadians have every reason for optimism. We have barely begun to tap oil and gas in our Arctic and off-shore territories. If we can survive politically, we can, in not too many years, be the strongest democracy in the world. And we can survive if we realize that our fortune and our freedoms hinge on our interdependence.

This is the spirit which motivates the negotiations with the provinces—the spirit that we are all members of the Canadian family. Some sections of the family are enjoying better fortune than others, but in the spirit of the family we share our benefits and we share our difficulties, and we attempt to keep the family united and strong in the process.

Senator Doody: I thank the leader for the latest quotation from the "Gospel of St. Marc" but I am afraid it is scant consolation to the people in eastern and western Canada who are looking for a long-term solution to their problems, which are appearing to be dealt with in isolation from the constitutional question.

Senator Donahoe: Is that the same quotation the minister used when he purported to have all the answers when he went to the country?

Senator Doody: I don't think we are allowed to mention the election; it is a very sore and sensitive point.

Senator Perrault: I would think you would like to forget it.

Senator Doody: In all honesty, I certainly would. I wish it had never taken place, and all the people of Canada feel the same way.

I would ask the leader if he could give us a more definite answer than he has just given. I appreciate the quotation and I love the sentiment and, but for the absence of the organ and the music of the gypsy violin player, it was a very touching scene. However, can he give us something more concrete than that?

Senator Perrault: Honourable senators, I hope to bring to the chamber a statement on energy policy very shortly. In the meantime, we can all welcome the generosity of spirit exemplified in those remarks by the Honourable Marc Lalonde.

Senator Flynn: Oh, oh!

NATIONAL DEFENCE

INTERNATIONAL CONFERENCE ON ARTILLERY SYSTEMS—PARTICIPATION OF SPACE RESEARCH CORPORATION (QUEBEC)

Hon. Heath Macquarrie: Honourable senators, I should like to direct a question to the Leader of the Government. Previously I asked a question concerning disarmament. I now discover that the Government of Canada is co-sponsoring a secret conference on armament and improvement of artillery, to which has been invited Space Research Corporation, which was fined in the United States yesterday, and the founder of which was sentenced to jail for providing armaments to South Africa. Is the government giving consideration to withdrawing its sponsorship of this particular group and its invitation to take part in the high-level meeting next week to be held in the Conference Centre?

Hon. Raymond J. Perrault (Leader of the Government): I understand, honourable senators, that this conference has something to do with the North Atlantic Treaty Organization. However, the facts will be ascertained and information brought to the Senate as quickly as possible.

Senator Macquarrie: Perhaps in the process it might be possible to have an examination made of an interesting view of justice. I have a quotation from an officer of the Department of Supply and Services which reads as follows:

[Senator Perrault.]

> We didn't think with Bull's connections that he would go to jail.

This is an interesting reflection of someone's view of the legal system.

Senator Perrault: Would the honourable senator give the source of that intriguing quotation?

Senator Macquarrie: That was an extremely good adjective to use. It is from a *Canadian Press* story by Gerard McNeil, and I quote:

> "We didn't think with Bull's connections that he would go to jail," an official of the Supply and Services Department said in another interview.

I believe that will be in the daily paper tomorrow. My research was a little faster than someone else's.

Senator Perrault: Does the honourable senator have the name of the publication and the page number? I am not trying to harass him, but it is a rather interesting quotation and I would appreciate any information he could provide, perhaps privately, with respect to the matter.

Senator Macquarrie: I have fully digested this, and I will be happy to send a copy to the leader. My final, succinct, laconic question is: Given that the Space Research Corporation in the United States has already been found guilty, and that the case in Canada is still under judicial consideration, and given that violation of the United Nation's ban against South Africa is a clear breach of international law, will the leader make the strongest representations possible to his colleagues that no further federal funds be provided to the Space Research Corporation until the allegations against the company in Canada are either proven or rejected in a court of law?

Senator Perrault: An inquiry will go forward immediately.

ENERGY

DOMESTIC OIL PRICE—FEDERAL-PROVINCIAL NEGOTIATIONS

Hon. Nathan Nurgitz: Honourable senators, my question is for Senator Olson, the Minister of State for Economic Development. Has the minister either seen the Sunday program called Question Period on the CTV network or read a transcript of the remarks by the Honourable Marc Lalonde in which, I am informed, the minister said that the package proposed by the present administration was identical to that proposed by the previous government?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I did not see the program and I have not read a transcript of it, so if that is the premise of the question I would not be able to answer directly. I would probably have some difficulty in answering questions with respect to that in any event because, as the honourable senator knows, there will be another very important meeting tomorrow between the Minister of Energy, Mines and Resources for the federal government and the minister responsible from the Government of Alberta. I would not comment one way or another on what they will be discussing. They will report that

to the Houses of Parliament and it will be public information when they are ready.

Senator Nurgitz: Without interfering with the negotiations, which I am sure are important and sensitive, the simple question is: Did the Minister of Energy, Mines and Resources of the present administration say on a television program on Sunday last that the package proposed by this administration is identical to that proposed by the previous government?

Senator Olson: I have some notes in front of me that I have not had time to read. As I say, I did not see the program and I did not read the transcript. Therefore, I am not an authority on what took place. However, if the honourable gentleman would like me to do some of his homework for him, I would be glad to try to get the transcript and he can read it for himself.

● (2050)

Senator Nurgitz: Fair enough.

Senator Flynn: That is not your homework.

Senator Nurgitz: I will accept the offer of the minister to do my homework and get back to the first question as to what was said or not said.

Senator Olson: The answer is very simple. I don't know. I didn't see it. I haven't read a transcript of it.

Senator Nurgitz: The offer was that you would do my homework and report back as to what was said, and I accept the offer.

Senator Olson: And I accept that I have made that offer to you.

TRANSPORT

DEVELOPMENT OF NORTHEASTERN BRITISH COLUMBIA COAL FIELDS

Hon. Lowell Murray: Honourable senators, my question is for the Leader of the Government and arises out of his announcement, as reported in yesterday's Vancouver *Sun*, to the effect that the federal government is still "massively involved" in the development of the northeastern British Columbia coal fields.

The minister is quoted as having said that Ottawa will spend $210 million on eight new coal trains for CNR; $75 million to upgrade the main line between Prince Rupert and Prince George, and more than $100 million to develop the port of Prince Rupert.

Will the minister confirm that this is, in fact, a commitment of funds from the federal treasury and explain how this is to be carried out?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I am very pleased to make a statement with respect to the proposed northeast coal development in British Columbia.

First of all, the two levels of government, provincial and federal, have worked over a period of four years to ascertain whether there is the possibility to develop on a commercially viable basis certain extensive metallurgical coal resources in the northeastern part of the province of British Columbia.

Market conditions have advanced to the point where there appears to be at the least a possibility that substantial amounts of this large coal resource can be sold in the Japanese market. It is anticipated that initially something in excess of 5 million tonnes per year could be sold there if an adequate price can be obtained from the Japanese buyers. Indeed, there are indications that there could be a need in the Japanese market for at least an additional 5 million tonnes of northeast B.C. metallurgical coal—perhaps 7 million tonnes a year.

As I have said, for four years the two levels of government have worked together on a co-operative basis to determine whether this huge coal resource can be brought into profitable production. This co-operation has involved cost-shared studies and surveys. Contrary to certain public reports, the recent series of negotiations has been conducted in the same co-operative spirit. Of course, there has been tough and vigorous bargaining on both sides as there is in most matters relating to federal-provincial relations.

On Thursday and during the early hours of Friday last we had a conference in Ottawa involving ministers and officials from the federal government as well as from the Province of British Columbia, the CNR, the National Harbours Board, and the coal companies. We achieved an agreement in principle at that meeting.

May I describe the degree and type of proposed and agreed federal government involvement? First of all it is anticipated that it will be necessary to upgrade the Canadian National rail link between Prince George and Prince Rupert to an extent of $60 million to $90 million. It is difficult to come down with precise estimates at this point, but the expenditure should be within that range. This rail upgrading will be necessary, of course, because of the substantially increased tonnages of coal flowing from northeast development. This upgrading will be in addition to upgrading required to transport other commodities, including increased wheat tonnages from the prairie provinces.

The important point here is that in this area of federal responsibility there will be a large investment of funds up front in the near future—from $60 million to $90 million—in order to make this project go ahead. With its national responsibility for ports, the agreement calls for substantial new federal investment, through the National Harbours Board, in the port of Prince Rupert. It is anticipated that the National Harbours Board will invest at least $35 million for site preparation for the new coal terminal at Ridley Island. In addition, the National Harbours Board will have to call tenders to construct a new coal terminal which will be a multi-million dollar project costing, perhaps, $60 million; indeed, as much as $75 million. In other words, in terms of federal investment, or investment under federal supervision in the Port of Prince Rupert, there could be another $95 million; indeed, as much as $110 million.

Again, these figures are only approximate, but they are knowledgeable "guesstimates."

In addition to this federal participation through the CNR and the NHB, the federal government offered to the Province of British Columbia a further investment amount of $70 million, an investment in the infrastructure necessary to establish the rail link from the coal fields to existent B.C. rail trackage leading to Prince George. It was agreed at the Ottawa meeting, however, that the $70 million federal offer would be applied to the non-rail sections of the infrastructure—townsites, roads, power lines, and so on.

This was agreed to on Thursday night and Friday morning last. It should be noted, honourable senators, that at this meeting the CNR representatives stated that if they were given the responsibility to build the infrastructure rail link from the coal fields they would invest something like $210 million in new rolling stock equipment. This $210 million would be spent to acquire eight unit coal trains to get those large coal tonnages to the west coast, and that again would have been a federal investment through the CNR.

At the Thursday-Friday meeting in Ottawa it was agreed that, with the exception of the CNR involvement in the rail infrastructure, all of these points would form part of the federal involvement in the proposed project, the details of which would be resolved the following day here in Ottawa. The British Columbia government in turn—

Senator Marshall: Answer the question.

Senator Perrault: Honourable senators, I was asked to put this on the record and I am pleased to do so.

The British Columbia government in turn stated that they would build the rail infrastructure through their entity, B.C. Rail. This was entirely a decision of the B. C. government. The B.C. government decided, unilaterally, that the higher-cost Anzac route would be followed. The choice of the rail developer and the route were exclusive decisions of the Province of British Columbia. It should be noted and repeated that at the Ottawa meeting, British Columbia proposed that the federal investment of $70 million go toward the establishment of community and other services in northeastern British Columbia. Despite the Ottawa agreement, we were advised on Friday morning that certain sections of the accord "must be ratified by the full provincial cabinet."

At the British Columbia cabinet meeting on Saturday morning—I am almost to the conclusion of my statement—in Vancouver, it was decided that the Province of British Columbia would not accept the federal offer of $70 million to be invested in the non-rail infrastructure. That was a policy reversal made by the Province of British Columbia. We accept that policy decision. They certainly had the right to make that decision.

It should be made clear, however, that both levels of government felt that if a sufficiently high price could be obtained for the coal, the project could be a viable one and that with the assistance of public "front-end" money, the coal development could repay this taxpayer investment. On that basis, both governments agreed that cost recovery, however it is done, should be part of any assistance package. That, too, was part of the agreement. This project must be a good deal for the taxpayer—a good deal or "no deal".

• (2100)

Honourable senators, this is where the situation stands today. I think both levels of government look forward to working together with the CNR, with BC Rail, with the National Harbours Board, with the private companies and other entities in order to develop a very important Canadian resource. Of course, whether or not this development goes ahead will depend upon whether this coal can be sold at a viable, economically sound price on the Japanese market. The Canadian taxpayer should not be involved in the process of, in effect, subsidizing the Japanese steel industry, or providing unjustifiable subsidies to any one private sector group in this country.

Senator Murray: I must be very careful in putting my supplementary question. God forbid that any supplementary question of mine should invite another verbal avalanche at our innocent heads. I should like to ask this for the purposes of clarification. Are these expenditures contemplated by the CNR of approximately $210 million for the new coal trains and the $75 million to upgrade the main line to be made by the CNR as part of its regular capital program without any subsidy from the federal government?

Senator Perrault: Yes, these would be part of the CNR's regular capital program. This has always been made clear in our negotiations and in public statements. However, this money is "up front". This investment would be recaptured over a period of years. These capital expenditures would be "amortized" over a period of time on behalf of the taxpayers of this country, and I know the honourable senator would not question that policy. With respect to the $210 million investment in equipment, it has yet to be determined now, in view of the fact that BC Rail will build the rail infrastructure whether BC Rail will undertake this equipment investment, whether the CNR will undertake the equipment investment, or whether both railway companies will be involved in the equipment purchase jointly.

Senator Murray: In any case, there is no question of any subsidy from the federal treasury in respect of these expenditures?

Senator Perrault: No.

Senator Murray: Is it correct to say that this expenditure by the National Harbours Board of approximately $100 million contemplated to upgrade the port of Prince Rupert will be made also as a strictly commercial venture on the part of the National Harbours Board without any subsidy from the federal treasury?

Senator Perrault: We are looking at the figures now. There may be some additional contribution necessary by the federal government to produce a competitive "through-put" rate in the initial stages. All of the implications are being considered. However, I understand the figures indicate that "down the

line" it will be possible for the taxpayer to recapture his investment.

Hon. Duff Roblin (Deputy Leader of the Opposition): I should like to express the hope that when we are selling energy outside the borders of our country we get what it is worth.

Senator Perrault: Hear, hear!

Senator Roblin: And it should not involve subsidies on our part. However, there is a difference, I suggest, between getting what it is worth and perhaps asking a little too much. The reason I make the point is that I am given to understand from the reports that have reached me that the reason why the Province of British Columbia declined the assistance of the federal government in building a rail link from the Sukunka Field to the main line was because of the insistence of the Canadian National Railways on a return of 20 per cent on their investment on a pay-off of fifteen years. Could the Leader of the Government tells us if that statement is correct with respect to the pricing policy of the Canadian National Railways?

Senator Perrault: It seems to me that the spokesmen for Canadian National Railways are in an excellent position to answer for themselves with respect to any policies they may have regarding rail development in British Columbia or in any other province. May I say that, from the figures produced by CNR at the hearings, they did not seem to vary from usual railway practice with respect to developments of this kind. The CNR representatives came to the negotiations at 4:00 o'clock on Thursday afternoon; they provided their views for all present and then they waited outside of the negotiating room for ten hours, available to discuss and presumably to negotiate any changes in their proposal. Perhaps they may have been prepared to consider the possibility of amortizing their capital costs over a longer period of time, thus reducing the proposed "per tonne" construction surcharge, or discussing the possibility of federal and provincial financial assistance to reduce the "per tonne', transport levies. There were no negotiations with CNR because the Province of British Columbia decided during the period of the talks that they would rather have their own entity do the construction.

Senator Roblin: I think it is probably inadvisable for the honourable senator to decline to discuss the CNR's position, if that is what he intends to do, because as principal bargainer on behalf of the federal authorities he is surely aware of all the components that go into this proposition, and this is certainly a very important one. I would suggest to him that the reason why the Province of British Columbia declined the offer for the CNR to build it is precisely because the pay-out is too fast. It results, I believe, in a price of $9 a ton for that particular segment of the transportation cost alone.

Bearing in mind the total cost of transporting the fuel to the seacoast, the disadvantages that Canadian producers struggle under because they are so far from the ocean compared with their competitors in Australia and elsewhere, the transportation segment of the pricing becomes very important. I think the British Columbia government decided that it would be reasonable to extend the period of amortization from 15 years to 20 years, which would certainly make a very substantial difference in the price.

I suggest to the Leader of the Government that, if he is really anxious to promote the development of these resources, it is necessary not only to be realistic in terms of recovering the costs, but not try to recover them too fast. I am not standing here as an expert in this matter, but it does seem to me that a 20 per cent pay-off and a 15-year recovery of your capital, on a railway that is going to last for a very long time, in a coalfield that certainly has a life of far more than 15 years, indicates that the CNR were a bit grasping.

Senator Perrault: The honourable senator has made some interesting points in his statement. First of all, he made the point that we should not be placed in a position of giving away our resources, and we find ourselves in total agreement with that view. If the coal is going to be sold below its market value, then that coal should remain in the ground and this project should not go ahead; we should not ask the people of Canada to put money in this particular development. So, price is all important. The market will decide whether or not this is a viable project.

Secondly, let it be said for the CNR that when they came to the table they came after being informed on only May 16 in Calgary that there was any desire by the provincial government in the Province of British Columbia to have them involved in any way. I understand that because of these time constraints they were only able to undertake a helicopter survey of the route to determine what the cost might be. Certainly, they did have more detailed engineering studies of the proposed Anzac route made available to them by BC Rail, but they expressed great concern about possible adverse rock formations, which could escalate substantially beyond estimates the cost of tunnel construction along the route—five tunnels in all. The honourable senator, with his knowledge of the west, knows how expensive tunnel work can be in the western provinces. Canadian National came to the bargaining table with a figure and said, in effect, "This is a construction figure that we have produced on the basis of our usual indices, standards and norms, an estimate based upon our best engineering assessment under the circumstances. This estimate does not include any allowance for additional assistance from any level of government but warns that there are cost overruns."

At one point the federal representatives suggested that our $70 million investment could be directed to reducing the cost of that CN or BC Rail rail construction process, thereby enabling the Province of British Columbia to quote a better railway rate to the coal companies. Perhaps if there had been an offer of matching provincial help to the CNR, a rate might have been developed "right in the ball park," as they say. BC Rail was chosen, however, by the Province of British Columbia. That decision is not disputed. Whether or not the Canadian National Railway asked for excessive profits is a question for them to answer for themselves. They came with certain figures, fully compatible, we were assured, with those

which would have been developed by any other railway entity in the industry.

• (2110)

As I said, as the negotiations progressed, the British Columbia government expressed emphatically their desire to have BC Rail undertake infrastructure work.

Let me say, honourable senators, that with Senator Roblin's knowledge of the capacity of provincial governments to levy resource royalties, it may be possible, as coal prices and profits rise, for the Province of British Columbia to recapture many of BC Rail's costs.

Senator Roblin: I hesitate to prolong this discussion. My honourable friend draws so many red herrings across the trail that I really have to try to clarify the issue. In the first place, to deal with his last point, if royalties are charged, surely they are part of the price and will only stand up to whatever the commercial propositions are.

The second point I should like to make is that he now talks of a $70 million contribution toward this by the federal government. How is that to be recovered if this is to be a self-supporting operation?

The third point relates to the question of what the engineering problems were. The actual cost figure involved did not enter into my comments at all. I was talking about the application of rate of return and pay-back of capital. The point I was making is that the 20 per cent rate of return with a 15 per cent pay-back on a railway in a place where there is lots of coal—and will be for some considerable time—seems to me to be a sweetheart deal. I wish that in other business operations with which I have been associated in the past, somebody gave me that kind of proposition.

Senator Perrault: The honourable senator may be well advised to direct further inquiries regarding the specific rates quoted to the CNR itself. I shall certainly attempt to obtain further information on that point.

Mention was made of the proposal put by the Government of Canada, to contribute $70 million. It was suggested originally that this amount might be applied to the cost of rail construction. I should add that the federal government, during the course of negotiations, proposed to recapture this contribution without interest and far down the line, only after all construction costs of the railway had been paid.

Senator Roblin: How?

Senator Perrault: That proposition was put forward.

Senator Olson: They did not accept it, in any event.

Senator Doody: The honourable senator has talked out the Question Period.

Senator Donahoe: May I ask a supplementary question? Would the Honourable Leader of the Government tell us whether or not he thinks it advisable that an undertaking of these dimensions should be proceeded with, without the necessary preliminary environmental studies?

[Senator Perrault.]

Senator Perrault: Honourable senators, that has been done. Let me say that the agreement achieved with the Province of British Columbia in Ottawa last week included an agreement at the initiative of the federal government relative to native Indian peoples, manpower, and the status of women in relation to the project.

Senator Donahoe: Have these studies taken place since February 18 last?

Senator Perrault: Did the honourable senator raise the question whether the environmental studies had been undertaken since February of 1980?

Senator Donahoe: Yes.

Senator Perrault: I have no information regarding the dates involved in the environmental studies.

TRANSPORT

CHURCHILL, MANITOBA—ICEBREAKING FACILITIES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have two delayed answers this evening. The first answer relates to a question raised by Senator Roblin on June 3. He wanted to know when the first federal icebreaker would arrive at Churchill, and what the plan was with respect to the motor vessel *Arctic*.

The date of arrival of the first government icebreaker at Churchill has not yet been determined, this being contingent on the timing of the first freight—grain shipment out of Churchill.

The motor vessel *Arctic* is operated on a commercial basis by the Canarctic Shipping Company Limited of Ottawa. Since February of this year, the company has made repeated attempts to secure a grain cargo for a mid-June loading out of Churchill.

Despite the fact that the company received every co-operation from those involved in the grain industry in Canada, it has become apparent in the last week or so that the international grain buyers are not prepared to consider an early Churchill cargo on a commercial basis. Having exhausted all possibilities of securing a Churchill cargo, the Canarctic Shipping Company had no choice but to commit the motor vessel *Arctic* to another trade.

CHURCHILL, MANITOBA—RAILWAYS INTERCHANGE AGREEMENT

Hon. Raymond J. Perrault (Leader of the Government): There was a further question asked by Senator Roblin on June 3 regarding a report on progress that may or may not have been made in respect of an interchange agreement between Canadian National and Canadian Pacific Railway on the Churchill grain subdivision to northern Manitoba.

I understand that a detailed answer was furnished to the honourable senator as a result of the same question being asked by him in the National Finance Committee. Because the answer is rather lengthy, I would ask your permission to have

the answer taken as read so that it may be made part of the official record, if that is satisfactory.

Senator Roblin: Yes, please do.

(*The answer follows:*)

The question of the interchange of cars from CP points so as to allow them to move to Churchill was considered by the Snavely Commission which found that

—the establishment of an open interchange between CP Rail and Canadian National for grain shipments destined to Churchill would have an insignificant impact on the costs and the efficiency of the rail transportation service;

—the economies that would result could probably be achieved through a concerted effort to originate Churchill grain on those CN lines which are proximate to Churchill; and

—the principal justification for the establishment of an open interchange for Churchill shipments must lie with the flexibility that would accrue to the shipper—namely, the Canadian Wheat Board.

To date, the main emphasis has been placed upon attaining a railway interchange agreement that will allow cars from CP points to move to Prince Rupert. The emphasis has been placed upon Prince Rupert because:

—of the need to allow for the planning of a new grain terminal at Prince Rupert; and

—the Churchill interchange is more complex by reason of the construction of railway interchange trackage that would be required.

The Prince Rupert Railway Interchange Agreement comes into effect on August 1, 1980. The Canadian Wheat Board and the Grain Transportation Authority have been asked to monitor the operation of the Agreement and to recommend any changes required. Following experience with the Prince Rupert Interchange Agreement, consideration will be given to an extension of the concept for the movement of CP cars to Churchill.

GRAIN

WHEAT SALES TO THE U.S.S.R. BY THE ARGENTINE

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, on June 11 last, Senator Buckwold asked if I would comment on the report that the Argentine is stepping into the breach created in the supply of wheat to the U.S.S.R. and whether it has been cashing in by charging much higher prices than would normally be the case. I replied in part:

At any rate, I will take that question as notice and check on whether I am correct in suggesting that there was a gain of $50 a tonne—

The premium of $50 per tonne which Argentina received on sales to the U.S.S.R. is based on trade reports. We do not have access to documentation which would confirm this figure, but we consider the reports reliable. While the U.S.S.R. was apparently prepared to pay such a premium for a period after the U.S.A. announced its partial embargo, it is believed that the size of the premium has since declined sharply.

CONSUMER AND CORPORATE AFFAIRS

BANNING OF GLASS CONTAINERS FOR CARBONATED DRINKS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have answers arising out of Item No. 3 on the order paper, a motion by Senator Fournier (Madawaska-Restigouche), that certain documents be laid before the house relating to the banning of certain glass containers for carbonated drinks. He also asked other related questions. I have the answers, but they include appendices. Perhaps I will simply inform you that Senator Fournier has a copy of both the answers and the appendices.

Senator Fournier asked why the news release, dated May 16, 1980, was produced and who advised the industry. The reason for the news release was to ensure that the Canadian public was aware of the minister's decision. The Minister of Consumer and Corporate Affairs met with officials of the Canadian Soft Drink Association on May 9. The meeting involved representatives of soft drink franchise houses and bottlers. The industry proposed certain courses of action during that discussion, and the basis of that understanding is found in the news release of May 16. Since that time officials have been working with the Canadian Soft Drink Association to finalize regulations, including associated test methods. Additionally, a socio-impact analysis of the regulations is being prepared by a consulting firm.

• (2120)

With regard to Senator Fournier's question concerning the task force mentioned in the press release, this was comprised of technical representatives selected by the industry—that is, representatives of franchise houses and bottlers—and representatives from the Department of Consumer and Corporate Affairs.

Senator Fournier questioned the matter of the coating of soft drink bottles. I can only state that this matter has been the subject of detailed study by senior officials of the industry, and I cannot identify any other group who would be more knowledgeable in that area.

Questions have also been raised regarding exploding bottles and mishandling. Since soft drink bottles are under a pressure of approximately 60 pounds per square inch, they are categorized as pressurized vessels. When the bottle breaks, whatever the cause, glass shards are released with explosive force which can cause injury. Many bottles break with explosive force when sitting undisturbed as the result of bruises received on one of the many trips they make in their use cycle. It is not possible to predict when such explosions may occur. Since the 1.5 litre bottles are large and heavy, they are more difficult to handle and are therefore more susceptible to damage in use. The plastic coating proposed by the industry will serve to provide for consumer protection from such explosions.

The drill test referred to in the news release of May 16 and referenced by Senator Fournier has been agreed to by the industry and simulates conditions found in spontaneous explosions associated with bruised glass.

With respect to who it was who initially asked the industry to co-operate by voluntary action in clearing the marketplace, I draw the senator's attention to a news release dated June 28, 1979. The minister of the day, the Honourable Allan Lawrence, in announcing his intention to take action under the Hazardous Products Act, appealed to retailers to halt the sale of all "torpedo-shaped" narrow neck 1.5 litre bottles and requested manufacturers to cease their distribution.

Senator Fournier asked for an explanation of the expression "modified soft drink bottle." A modified bottle means a bottle that has been coated with plastic.

With respect to Senator Fournier's question as to the meaning of "will not be permitted" in relation to additions to inventories of bottles of current design, the minister has an understanding, confirmed in writing with the industry, that bottles of the present design will not be newly introduced into the marketplace.

With respect to Senator Fournier's question as to why the ring proposed by Coca-Cola was not adopted, I can only draw his attention to a public statement made by the then minister, the Honourable Allan Lawrence, on the CBC program *Marketplace* of September 23, 1979, and I quote:

> In actual fact we did not get (the industry's) co-operation, and therefore we had to impose tests which were interim only. And then, as you know, one manufacturer came up with a device to circumvent that particular test . . . but which did absolutely nothing at all to reduce the injury susceptibility using the bottle.

The attachments to which I referred are comprised of the news release of May 16, 1980, and the news release issued by the previous minister, the Honourable Allan Lawrence.

I can also advise honourable senators that I did provide Senator Fournier with advance notice that I would be putting these answers on the record this evening, and he in turn indicated that he would like to have an opportunity to consider these answers and perhaps to discuss them with some of his informants within the industry following which we can deal with the item on the order paper standing now in the name of the Honourable Senator Flynn. We may be able to deal with that item either tomorrow or on Thursday.

NATIONAL DEFENCE

INTERNATIONAL CONFERENCE ON ARTILLERY SYSTEMS—PARTICIPATION OF SPACE RESEARCH CORPORATION (QUEBEC)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I can now provide a delayed answer to a question asked by Senator Macquarrie earlier this evening respecting the alleged participation of Space Research Corporation (Quebec) at the International Conference on Artillery Systems.

[Senator Frith.]

The participation of individual scientists from Space Research Corporation (Quebec) in that conference has no relevance to the preliminary hearing in the Court of Sessions of the Peace in Montreal. This conference was organized by the American Defence Preparedness Association, although it received the help and support of Canadian government officials. The invitations to interested companies and individuals were issued by the American Defence Preparedness Association. The conference is a technical one intended to examine where NATO is going in the area of large calibre ammunition. It is in no way a trade fair.

The minister responsible for this matter in the other place stated as follows:

> I am sure that when these facts become known they will dispel any doubt as to the firmness of the Canadian government commitment to the UN embargo on the sales of military equipment to South Africa and our commitment to the cause of world disarmament.

SAFE CONTAINERS CONVENTION BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from Thursday, June 12, the debate on the motion of Senator Petten for the second reading of Bill C-21, to implement the International Convention for Safe Containers.

Hon. John M. Macdonald: Honourable senators, as Senator Petten pointed out in his very able presentation of the substance of Bill C-21, this is a measure that has been before us on three prior occasions. It was before us in the form of Bill S-4 in November, 1977, followed by Bill S-3 in October of 1978 and Bill S-5 in October of 1979. All of these bills were intituled: "An Act to implement the International Convention for Safe Containers." This is also the title of Bill C-21.

For various reasons, the predecessor Senate bills did not become law, and this year, for some reason or another, or for no particular reason, it was decided to initiate this legislation in the House of Commons, and it has been passed by that house and is now before us.

There are a few changes in Bill C-21 when compared to its predecessor bills, but none are major and none affect the substance of the bill. By way of example, in Bill C-21 we find a definition of "inspector" which did not appear in the predecessor bills. As well, the wording of subclause 3(2) has been changed, and paragraphs (e) and (f) have been added to subclause 3(1). Also, the bill is to come into effect on proclamation rather than on royal assent, as was the case in the predecessor bills. There has also been some rearrangement of the clauses of Bill C-21 as compared to the predecessor bills. I do not think any of these changes were necessary, but perhaps they are useful. In any event, they do no harm.

As mentioned by the sponsor, the International Convention for Safe Containers was adopted by the 1972 United Nations Conference on Container Traffic. The convention was devel-

oped in recognition of the need to maintain a high level of safety of human life in the handling, stocking and transporting of the large number of freight containers employed in international transport.

Bill C-21 provides for the Canadian government to implement the provisions of the International Convention for Safe Containers in Canada. The convention came into effect in 1977 following its ratification by the first 10 countries, and it is expected to be fully implemented on September 6, 1982. As honourable senators are aware, the convention sets minimum standards for safety approval and subsequent periodic examination of international cargo containers used in international transport.

These containers provide a more effective means of transporting freight. There are various kinds in use, ranging from the simple box with doors on one end to specialized containers with facilities for freezing or heating the freight so carried. They have made possible the transportation of cargo with a minimum of handling and, consequently, at a lower cost. Canada needs to ratify the convention for two reasons: first, adherence to the convention will provide a degree of safety required in the container industry and ensure uniform application of national laws concerning the safe usage of freight containers in international transport; secondly, the failure to do so would have the effect of disrupting the flow of Canadian containerized goods to and from the many countries which have ratified the convention.

• (2130)

Honourable senators, this bill should receive our approval. Since the previous Senate bill with the same title received favourable consideration in this chamber and since our Standing Committee on Transport and Communications examined two of these previous bills, and especially Bill S-5 in great detail, and since the House of Commons Transport Committee considered Bill C-76, I did not think it would be necessary to send this bill to any committee.

However, I understand that some observations have been made to the Chairman of our Standing Committee on Transport and Communications, not regarding the substance of the bill but rather the form of it. It could therefore be that the chairman will wish to express an opinion on these matters.

Hon. G. I. Smith: Honourable senators, it is correct that since our last session I did receive some comments with reference to this bill. The comments were not concerned with the substance, as Honourable Senator Macdonald has correctly pointed out, but rather had to do with technical matters relating to the drafting of the bill.

Before expressing any opinion or giving any suggestions to honourable senators on whether this bill should be referred to committee in respect of these matters, I should like to have an opportunity to discuss the questions with the vice-chairman of the committee, the Honourable Senator Langlois. Accordingly, I ask leave of the Senate to adjourn this debate so that I may take advantage of Senator Langlois' knowledge of these matters before speaking further to them.

Hon. Senators: Agreed.

On motion of Senator Smith (Colchester), debate adjourned.

LEGAL AND CONSTITUTIONAL AFFAIRS

MOTION TO AUTHORIZE COMMITTEE TO STUDY CERTAIN ASPECTS OF THE CONSTITUTION—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Lamontagne, P.C., seconded by the Honourable Senator Frith:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to consider and report upon constitutional provisions regarding individual and collective rights and upon the future role and composition of the Canadian Senate and alternative constitutional arrangements compatible with true federalism;

That the membership of the committee be increased to thirty members and that Rule 67(1)(*j*) be suspended in relation to membership of the committee;

That the committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purposes of its examination and consideration of such legislation and other matters as may be referred to it; and

That the committee have power to sit during adjournments of the Senate; and

On the motion in amendment thereto of the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Tremblay, that the first paragraph of the motion be amended by striking out all of the words after the word "upon" in the second line and substituting the following therefor:—

"the matter of constitutional reform with special attention being given to the question of the division of powers between the federal and provincial governments and to constitutional provisions regarding individual and collective rights".—(*Honourable Senator Asselin*).

Hon. Martial Asselin: Honourable senators, I think you have had enough speeches tonight from both sides of the chamber so I ask that this item be stood until tomorrow.

Hon. Senators: Agreed.

Order stands.

SPEECH FROM THE THRONE

ADDRESS IN REPLY ADOPTED

On the Order:

Resuming the debate on the motion of the Honourable Senator Rousseau, seconded by the Honourable Senator Hays, P.C., for an Address to His Excellency the Governor General in reply to His Speech at the opening of the Session.—(*Honourable Senator Petten*).

Senator Petten: Honourable senators, I yield to Honourable Senator Bosa.

Hon. Peter Bosa: Honourable senators, I welcome this opportunity to take part in the debate on the Address in reply to the Speech from the Throne. I am grateful that the time limit on this debate has been extended, thus enabling many more senators to register their views. But for this extension, I would not now have the opportunity to speak, so I should like to express my appreciation to both the Deputy Leader of the Government and the Leader of the Opposition for this imaginative change.

I should like to congratulate Senator Rousseau, the mover, and Senator Hays, the seconder, of the motion for an Address in reply to the Speech from the Throne. It is a great honour and privilege to be asked to initiate this important debate, and both honourable senators lived up to the high standards of eloquence and substance that have characterized the speeches of those who have initiated the Throne Speech debate in previous sessions.

I should like to express my congratulations to Senator Marchand on his appointment as Speaker of the Senate. He has had a colourful political career at various levels of government; he has served with distinction as a cabinet minister in several portfolios; and he having accepted this new and onerous challenge as Speaker of the Senate, we will wish him well in his new responsibilities.

I should like also to express my congratulations to his predecessor as Speaker, Senator Allister Grosart. Senator Grosart served in that capacity for too short a time; but, despite that, during the short-lived Thirty-first Parliament he displayed a remarkable knowledge of the rules and total dedication to the responsibilities that go with the speakership. He won the admiration and respect of his colleagues, and he pleasantly surprised many of us in his endeavour to become bilingual. Now that he has vacated the Chair, it can be stated that the Senate floor has regained a formidable and valuable debater.

Honourable senators, as we enter the decade of the 80's we are confronted with serious political and economic challenges. I doubt that there has ever been a period in Canadian history when Canadians have discussed national unity and the economy with greater passion and intensity than in the recent past. The referendum in Quebec and the dramatic energy crisis have served to shake up many Canadians who had taken both national unity and economic stability for granted. English Canadians and French Canadians have much to be proud about. Canada has never had a major war or a major revolution fought on its soil and, with the exception of a skirmish in 1837, the French and English have lived side by side for over 200 years without firing a shot at one another. There is no such parallel, to my knowledge, in European history. That does not mean that there has always been harmony between them. There have been periods of strain and differences like the conscription issue.

[Senator Asselin.]

But Canadians overcame their historic, geographic and climatic difficulties to build a nation out of their differences. They have a long tradition of finding the middle way. Canadians have been tempered by these events. They have shown that they can understand each other's point of view, that they know how to compromise. They have shown that they deal with crises in a rational, civilized and mature manner.

The Speech from the Throne sets out the intentions of the government, regarding action to be taken to deal with the issues confronting us at this time, in the following words:

> You will be asked to consider a program of action designed:
>
> —to respond to individual needs by promoting greater security for the elderly, expanded opportunities for the young, and equality for women;
>
> —to achieve security of energy supply at a fair price for all Canadians;
>
> —to promote a national development policy that will provide jobs, stimulate growth, build upon regional strengths, and increase Canadian ownership and control of our economy;
>
> —to strengthen national institutions, while at the same time making them more responsive to provincial and regional goals;
>
> —to ensure that Canada plays a vigorous part in the world beyond our borders.

Some degree of security for the elderly who qualify for the Guaranteed Income Supplement has already been achieved by the recent enactment of the $35-a-month increase for GIS recipients.

In the area of national unity the Prime Minister has already been meeting with the leaders of the opposition parties and with the premiers of the provinces to set the mechanism in motion for constitutional reform, which it is hoped will lead to important amendments to reflect some of the aspirations of the provinces, while at the same time ensuring that the federal government retains enough powers to guarantee the same services and opportunities for all Canadians. Canadians will be witnessing a new stage in the evolution of our nationhood. I believe that our leaders have the will and the wisdom to give and take, to ensure that Canada will continue to be a strong, united and vibrant country.

• (2140)

There is, however, one area of national importance on which the Speech from the Throne was disappointingly silent. No emphasis was placed on the cultural aspect of this country, yet the cultural dimensions of our people make up the very fibre of Canadian society.

It is a fact that Canada has a multicultural society. Multiculturalism is not an objective that we in Canada, as a government or a people, are merely seeking to realize, for we are one of the few truly multicultural societies in the world today. Other countries do have populations culturally as

diverse as ours, but few other countries accept the fact of diversity as a benefit to be treasured and celebrated.

Moreover, in the past generation our diversity became even greater than perhaps most people realize. To me, that is a good thing, because I believe, as did Lord Acton in his essay on "the nationality question" in 1861, "that unity through diversity is a political principle superior to other forms of political organization which are based on membership in one group".

Perhaps the best possible example of this can be found in Toronto, not because I am from Toronto, but because of the dramatic demographic changes that have occurred in that city during the past 20 to 25 years. Those changes have transformed Toronto into one of the world's great cosmopolitan centres. That cosmopolitanism has made it a richer and more tolerant city than it was in the past. That is not to say that no problems exist, but I believe that because of the change that has occurred, questions are debated today that 25 years ago would not have seen the light of day; and, because they are being debated and resolved, we are that much better for it.

In my judgment, the diversity of our population encourages such an open discussion. For those who fear Canada's diversity, our cultural mosaic, I can only say that since the multicultural policy was introduced we have not had any incidents of xenophobia to match those that occurred in the country when Canada had a more homogeneous population. There is no doubt in my mind that if, in the 1890s and the early part of this century, we had the pluralistic population that we have today, there would never have been a Manitoba schools question. That was a reprehensible denial of basic rights.

Again to paraphrase Lord Acton, the security and freedom of a state can best be assured when based on two or more peoples. If that principle had operated in a situation such as that in Manitoba, perhaps we would not be experiencing some of the problems of unity we have today.

The health of a democracy can best be tested by studying the way it treats its minorities. A society which, either through deliberate action or through benign ignorance, subjects its minorities to a second-class status is not a truly healthy democracy. In this respect we have much to be sorry for today. For example, had we been more tolerant of the needs and aspirations of francophone minorities outside Quebec, and had we treated them with similar support to that which the anglophone minority received in Quebec, there might not have been a referendum in Quebec last May.

It is for this reason that the members of this chamber, a group of Canadians who understand the value of diversity, should be in the vanguard of those seeking to redress the wrongs of the past. It is we who should be arguing for the entrenchment of language rights in a new Constitution. For if we, as a country, cannot make provisions to support the francophone community of Canada and, as a result, lose them, our largest minority, from our society, then who will support the remaining minorities? How healthy will our democracy be if unity is founded on the principle of uniformity rather than diversity? Will we tolerate a Chinese Canadian, if we cannot accommodate a French Canadian? Who will support the right of other minority groups to the retention of their culture if we do not support the rights of French Canadians?

In providing the support that we must to Canada's francophone community, we can destroy once and forever the myth that diversity, that Canada's multiculturalism policy, is a divisive force. Lending our support to a community which is now at the crossroads of its destiny will not only strengthen national unity, but will also encourage a mosaic of communities that will enhance our individual development, while at the same time building strong links between communities. This is integration. I believe it was because of this very principle that Prime Minister Trudeau moved to have a multicultural policy in 1971. He understood that more was to be gained by working together than by trying to achieve our goals individually.

An example of working together occurred recently, if honourable senators will allow me to digress for a moment. The Canadian Chinese community achieved a major victory when their demands for justice were heard. The CTV network made an unreserved apology for an injustice they perpetrated when they broadcasted the blatantly biased program "Campus Giveaway". It was critically important that the Canadian-Chinese community be vindicated, but what was of equal importance was the support that community received from other Canadians. People of all backgrounds stood up to be counted along with them. They did not say "It's not our problem." Instead, they said, "These problems are our problems," and that, to me, honourable senators, is what multiculturalism is all about. It is, to use a common expression, "one for all, and all for one." Canadians of Chinese origin must now feel much more a part of Canadian society as a result of the support their community received from other Canadians at a crucial time.

When serious incidents occur in cities such as Vancouver and Toronto, involving South-East Asians, blacks, or Ukrainian-Canadians, it is not that they alone have a problem; we all have a problem, and if we do not understand that fundamental factor, we shall all have serious difficulties in the future. All of the various groups in Canada must be encouraged to work together in promoting their own needs, aspirations and goals.

It is from this basic belief that there flows a further concern of mine. I believe that more can be achieved if the federal cabinet and the Public Service of Canada will work together toward a goal of equal opportunities for all Canadians. The structures of the Government of Canada perhaps best exemplify what can be achieved through unity of purpose rather than by random, individual actions. In a word, solitary action limits possibilities, while collective action is the means for all of us to achieve our goals. It is through the collective action of organizations that the necessary resources can be made available to ensure one's own culture as well as the survival of others.

I wish to make a plea based on some of my earlier comments. If we wish Canada to remain a unified country, we must recognize the place which our two official languages have in our society. This principle is not negotiable; it is rooted in Confederation. The two official languages are a fundamental

building block of our cultural mosaic. They provide the basic ingredient for unity in diversity, and it is from here that the concept evolves into cultural pluralism. Some people have confused cultural pluralism with multilingualism. Some people sincerely believe that multiculturalism is a divisive policy that sets Canadians apart, that "ghettoizes them". These are erroneous interpretations. We must ensure that the policy is properly explained if multiculturalism is to receive wide-base support in our society.

The policy on multiculturalism, basically stated, gives the opportunity to all Canadians, regardless of ethnic background, to feel that the federal government has acknowledged their presence in this country; that they are accepted for what they are and not for what others would like them to be. It is this acknowledgement that makes them feel that they have psychological equality as an integral element of this society. It is this feeling that instills in the minorities a sense of belonging, a feeling of being part of this country.

● (2150)

When they think of minority groups many Canadians immediately associate them with recent arrivals; whereas, in fact, members of minority groups have participated in virtually every phase of Canada's development from the first settlers to today. Our history books do not give enough emphasis to this very important reality of our past. Canadians would have a greater regard for one another if they had a greater sense of awareness about each other's contribution.

To dramatize this situation, the Canadian government should consider erecting a national heritage building of great dimensions. Perhaps an appropriate name could be the "Hall of the Pioneers" or "Hall of Canada". The contributions of all Canadians should be shown. Great care should be taken not to overlook the contributions of Canada's native peoples and those of the ethnic minorities. The Hall of the Pioneers should be built in Ottawa, and all Canadians, including those of all ethnic minorities, should be given the opportunity to have some input in building such an edifice so that it will reflect the art, building materials and design characteristics of the lands and cultures of origin of the people of Canada. It should be the place to visit, for young and old. It would instill pride in all of us, but more particularly in young Canadians, who will thus be better equipped to understand the complexities of our society. To strengthen further our sense of awareness of our past, the buildings known as the East Block, the West Block and the South Block should be named after former Prime Ministers and others who have contributed so much to the building of this country. Reviewing our history, recording it fairly and accurately and popularizing it can play a vital part in strengthening national unity.

We have a unique opportunity in Canada to show that it is not necessary to be all the same in order to have a harmonious society; to show that our cultural differences do not prevent our forging ahead and building and prospering. Unlike many areas of the world where racial or religious conflicts have caused untold misery, Canada stands out as a model in the international community. This is what multiculturalism is all about. This is why Canada is such a great country. The Hall of the Pioneers should be a place of meditation, a sort of national shrine. It should be the place that Canadians should visit when they lose sight of what Canada is all about. Canada is a young nation, and Canadians need to strengthen their identity in the light of present-day realities. We still do not have an official national anthem! We have the will. We have the disposition. Let us give matters of patriotism greater priority. This is the time for us to debate these matters, and out of this debate I hope that we can formulate specific recommendations for the government to consider.

Motion agreed to, and the Address in reply to the Speech from the Throne adopted.

On motion of the Honourable Royce Frith, ordered that the Address be engrossed and presented to His Excellency the Governor General by the Honourable the Speaker.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, June 18, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

LIVESTOCK FEED ASSISTANCE ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-15, to amend the Livestock Feed Assistance Act.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government), with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

FEDERAL BUSINESS DEVELOPMENT BANK ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-20, to amend the Federal Business Development Bank Act.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government), with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

QUESTION PERIOD

[*English*]

ENERGY

INCREASE IN OPEC PRICE OF OIL—IMPACT ON OIL IMPORT COMPENSATION PROGRAM

Hon. Cyril B. Sherwood: Honourable senators, I have a question for the Minister of State for Economic Development. Last week the OPEC nations raised their minimum price for imported oil to $32 U.S. per barrel. Venezuela will increase its price on July 1. Should Saudi Arabia follow suit later in the year, the average price which Canada pays for imported oil will reach approximately $39.20 Canadian per barrel.

In the light of these OPEC increases, will the minister assure us that it is not the intention of the government to eliminate the Oil Import Compensation Program?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, it is not yet clear what the full impact of the most recent OPEC price increases will be for Canada, since differing prices have been announced by several members of the OPEC cartel. I am pleased, however—and it is worth noting—that Canada's major supplier, Saudi Arabia, has not increased its price as yet, although they have stated an inclination to do so. Since Saudi Arabia supplies at the present time about half our offshore requirements we are not faced with an across-the-board increase of the nature my friend has referred to.

● (1405)

With regard to the other part of his question, dealing with whether or not we intend to abandon the oil Import Compensation Program, I may say that we certainly do not intend to do so. It is really too early, however, to suggest what impact these various increases will have on supplies coming into Canada.

Senator Sherwood: Honourable senators, consumers of electricity in Atlantic Canada already pay the highest prices of any province in this country, because so much of that electricity is generated by means of offshore oil. Would the minister offer us the assurance now that the government intends to give some additional subsidy to electrical generation from oil in Atlantic Canada, or, at the very least, that the current differential in prices paid for electricity in Canada will not be allowed to widen as a result of higher costs of offshore oil.

Senator Olson: Honourable senators, of course I cannot give any assurance that there is going to be any change, or what the honourable senator has referred to as additional subsidies for electricity generation, or, indeed, for any other purpose. What I can tell him, or remind him of, is that the oil compensation program applies to the oil that is used in those electrical generation plants as well as to any other use of crude oil in Canada, and there is no intention of withdrawing from that.

Senator Flynn: For the time being.

Senator Sherwood: A final supplementary, honourable senators. The OPEC nations considered, but did not decide upon, a proposal to cut production by approximately five per cent. In the light of this prospect, and in the light of the possibility of the diminishing of conventional supplies from western Canada, would the minister tell us what precise plans exist within the government for assuring the security of energy supplies to Atlantic Canada.

Senator Olson: Honourable senators, the answer to that is far too complex to deal with in any comprehensive way during the Question Period, because a number of programs are being considered, some of which have already been stated as govern-

ment policies. I am referring to such things as maximum substitution of natural gas for oil, and a whole lot of other methods of meeting the problem that has been outlined. Quite obviously, however, you cannot deal with such matters in a question and answer period. In any case, there may be important factors in the situation that have not yet reached a sufficiently advanced stage of development for us to make an announcement on them.

DOMESTIC OIL PRICE—FEDERAL-PROVINCIAL NEGOTIATIONS

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Minister of State for Economic Development. Yesterday, in posing a question to the minister, I was sent away with an indication that he would do my homework for me. However, my conscience gave me some difficulty, so when I awakened this morning I decided to do my own homework and I obtained a transcript of a statement by the Honourable Marc Lalonde. I refer specifically to his answer to a question put to him on page 1 of the transcript with reference to the agreement to be put in place before the end of this month.

● (1410)

The answer by Mr. Lalonde is as follows:

> I'd like to be able to answer that one positively, unfortunately I can't do it now. I have had some telephone conversations this week with Mr. Leitch. I did put forward another offer which would have had an interim agreement until October 1st of this year and which would have put into effect identical conditions to those contained in the Conservative budget of December 11th—

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I also did some homework. I have obtained a copy of the transcript. Senator Nurgitz is focussing on the same portion he focussed on yesterday. At page 2, my transcript shows that the Minister of Energy, Mines and Resources did not indicate that the entire package of measures under discussion with Alberta was identical to that offered by the previous administration. He responded to a specific question as to whether the proposed $2 interim increase, which was rejected by the Province of Alberta, was identical to that offered by the Conservative administration. The exact question and answer are as follows:

> —why did Alberta . . . decline to accept your proposal to accept a two dollar ($2.00) increase, effective July 1st to October, which is, if I recall, precisely the terms of the agreement they would have had under the Conservative proposal?

The reply was:

> Well it is indeed precisely what was under the Conservative proposal.

Therefore, I would suggest to the honourable senator that while he is not wrong in what he has put forth, it is not the whole of what was in the Conservative proposal because that included some revenue-sharing. We have to look at precisely what was asked and what reply was made, and that concerned an interim period of three months in which there could be a $2 increase, which is identical. Of course, the other components of the package were not contained in that. Hopefully that would have given them three months longer to negotiate the much larger package deal.

Senator Nurgitz: Could the minister tell us if the government has obtained an assurance from Alsands Corporation that construction of that plant will proceed this year should an interim agreement of three months be reached with the provinces?

Senator Olson: I cannot answer that question. The honourable senator knows that the Honourable Merv Leitch, representing Alberta, and his officials, are meeting today with the Honourable Marc Lalonde and his officials. I am not at liberty to give the details of that negotiation, even if I know them. However, I believe that some assurances are on the table—at least, I would be surprised if they were not—respecting the speed at which additional supplies can be brought on, including the Alsands project.

VETERANS AFFAIRS

WAR PENSIONS, COMPENSATION AND ALLOWANCES

Hon. Jack Marshall: My question is for the Leader of the Goverment in the Senate. A release by the Department of National Health and Welfare indicated there will be indexing in July of old age security pensions. It was also indicated that the $35 increase in the GIS would be included. However, there is a serious omission when it comes to veterans who receive the War Veterans Allowance and who are 65 years of age or older. The Minister of Veterans Affairs indicated in the other place that veterans would also receive the $35 per household. Would the leader confirm this? This is an updated question to one I asked about ten days ago. Is the goverment going to introduce legislation or make an order in council to ensure that veterans who are over 65 will receive that $35?

● (1415)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice. I do not have that information at my desk.

TRANSPORT

DEVELOPMENT OF NORTHEASTERN BRITISH COLUMBIA COAL FIELDS

Hon. Lowell Murray: Honourable senators, the Leader of the Government and I had a brief exchange last night concerning the development of the northeast British Columbia coal fields. As I understand his reply, he is going to report to us in due course as to whether there is a commitment of funds from the federal treasury to the National Harbours Board in respect of that agency's work on the Prince Rupert terminal.

Today I would ask him in respect of the $70 million offer made by the federal government for the construction of the spur line, which was turned down by the Province of British Columbia, whether he can tell us now, or provide in writing,

the terms and conditions that the federal government sought to impose in relation to that offer?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the offer by the federal government to provide this amount of $70 million to be applied to the construction of the so-called rail infrastructure was based upon the concept that when the price of coal rose to a certain level, that would trigger a repayment process. No interest was to be charged on that amount of money. It was suggested that active negotiations be initiated between the federal and provincial officials to work out the details of how that would be achieved.

At one point in the negotiations the federal government offered to recapture that amount only after other costs associated with the rail infrastructure had been paid. This was a gesture on the part of the federal government to assist in getting the development ahead.

I think it is accurate to say—and Senator Olson was deeply involved in the negotiations—that the proposal never advanced beyond the idea stage. The details were never finally resolved because of the decision of the Province of British Columbia to have their own entity, BC Rail, undertake the infrastructure project.

In summary, it can be said that this matter was discussed at some length during the process of negotiations, but after an adjournment requested by the provincial government they came back to the negotiating table with the alternate proposal that BC Rail undertake the project. They also said they would like the $70 million federal government offer to be applied to the non-rail infrastructure of the project.

ENERGY

ALASKA HIGHWAY GAS PIPELINE

Hon. R. James Balfour: Honourable senators, I have a question for the Minister of State for Economic Development. Reporting to the Senate on May 13, the day after his visit to Washington, the minister expressed confidence that there now existed in Washington a determination to overcome all obstacles that were preventing construction of the Alaska Highway gas pipeline. Would the minister bring us up to date on the progress of those negotiations and give us his best estimate as to if and when those problems might be resolved?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I can report—I don't know quite how to say this—some progress, considerable progress, a great deal of progress; I think any one of them would be fairly accurate—has been made. However, there are still some outstanding issues, I suppose, some more or less important, depending on your interpretation. We have not yet reached the stage at which we can finally announce that all the requirements have been met. As for trying to predict when it will happen, I guess I have been in politics long enough to know that one really should not predict when somebody else is going to make up his mind.

• (1420)

Senator Balfour: According to a report in today's *Globe and Mail*, under the byline of Jeff Carruthers, the United States has failed to resolve several issues, and the attitude of the Canadian government is hardening. Is the minister familiar with the report I refer to, and if so is he prepared to characterize it as accurate or inaccurate?

Senator Olson: One of the rules in *Beauchesne*, the fifth edition, is that you do not comment on the accuracy of press reports, and I do not want to break that long-standing rule in this chamber. Some people will read this and put their own interpretation on what is important, what is hardening, what is softening, and so on. It is subject to those interpretations. The fact still remains, however, that Canada and the United States entered into an agreement, part of which calls for the two governments to exchange letters or some other declaration that the section to be built in their country can be financed. That is part of the arrangement.

There is a perfectly logical reason for that. There is no point in one country going ahead with the construction if they are going to build a pipeline to the border and the other people are unable to give assurance that their section will be built, either to receive gas from them or take the gas away from the pipeline that is here. Canada is in both those positions. It is at the Alaska border to receive the gas. There is not much point in building a pipeline there unless the American section from Prudhoe Bay down to the border is in place to deliver the gas to that gate. The same thing is true where it enters the lower 48 states at the 49th parallel. We must have some assurance that that line will be in there to take the gas out the other end. I guess the United States requires from us the same assurance; if they are going ahead building this pipeline they need to know that the link in Canada is also going to go ahead.

It is a fact that is where we now stand, and we need some assurances that it is financeable, that in the opinion of the United States government it can be financed. That has not been fully satisfied to date.

HEALTH AND WELFARE

INCREASED GUARANTEED INCOME SUPPLEMENT—ACTION BY PROVINCIAL GOVERNMENTS

Hon. Sidney L. Buckwold: Honourable senators, I have a question to put to the Leader of the Government in the Senate.

Senator Flynn: I hope.

Senator Buckwold: For the time being, yes.

Senator Flynn: On the other side they wouldn't hear you.

Senator Buckwold: As long as you hear me, Senator Flynn, that is the only important ear I am looking for.

Senator Bird introduced Bill C-16, which received our unanimous approval, which increased the guaranteed income supplement by $35 a month. At that time I asked whether this amount of money was being passed on in total by the provinces. I was advised that assurances that the money was being

passed on were received from Nova Scotia and British Columbia. Senator Bird then was good enough to table some correspondence from the minister, in which correspondence the minister had asked the provinces to make sure that these needed and necessary funds were passed on.

● (1425)

My question to the leader is: Have the other provinces given assurances that these funds will be passed on? I have read with interest that it is hoped that these payments will go forward soon. However, I have to tell the Leader of the Government—and I am sure I speak for all senators—that we will be watching with interest to see that they are passed on. I personally intend to keep asking the leader about this, so I hope he will bring good news soon indicating that these funds are being paid to those aged and needy people.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I wish to thank Senator Buckwold for his comments. Certainly, there is a resolve on the part of members of all political parties, in both Houses of Parliament, that the full benefits of this measure find their way to the needy recipients. While I do not have a further update with respect to provinces, other than the ones cited by Senator Buckwold, an immediate inquiry will go forward, the answer to which hopefully will be that these benefits are being passed along. I shall report back to the Senate on this matter as soon as possible.

Senator Flynn: So you have nothing new to add.

Hon. Jack Marshall: May I ask a supplementary question? When the leader is obtaining that information for us, would he also remind the Minister of National Health and Welfare that a certain category of Canadian citizens—the widows who never qualified for the spouse's allowance—are still receiving only welfare. In that respect they are being discriminated against because they are not married. Would the leader impress upon the minister the vital need to increase the amount that these widows are now getting so that they are at least brought up to the current standard of living.

Senator Perrault: The Minister of National Health and Welfare is a very compassionate and understanding person. She really needs no reminder of the need which exists for those people.

NATIONAL DEFENCE

INTERNATIONAL CONFERENCE ON ARTILLERY SYSTEMS—PARTICIPATION OF SPACE RESEARCH CORPORATION (QUEBEC)

Hon. Heath Macquarrie: Honourable senators, last evening I asked the Leader of the Government a question regarding the Space Research Corporation, which with its founder, Mr. Bull, was found guilty by an American court. At that time the leader was good enough to send for an answer, which he gave before the house rose. Can he now say whether the government has any feelings of misgiving, or any sense that something inappropriate is taking place, in that the Government of Canada is supporting the holding of a conference in the Ottawa Conference Centre—which is a very official place—

[Senator Buckwold.]

where the principal adviser is a man who, with his company, has been found guilty of supplying arms to South Africa which, on excellent evidence it has been found, have already been used for not very good purposes?

Further, is there any sense that such an activity as this upcoming conference is inconsistent with the proclamations in favour of disarmament which found themselves so nobly expressed in the Throne Speech debate which we concluded just last evening?

● (1430)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have no further information to bring to Senator Macquarrie and others on this particular matter this afternoon. However, the comments of the honourable senator will be brought to the attention of the appropriate ministers in the other place and an answer will be forthcoming.

Senator Flynn: Not in the other place; in the government.

Senator Perrault: They serve from the other place.

Senator Asselin: They serve here, too.

THE ECONOMY

GOVERNMENT POLICY—REQUEST FOR STATEMENT BY MINISTER

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State responsible for Economic Development. When will the minister be in a position to bring us an update or status report on the present financial status of the country?

We have not had a budget presented since last December, and that budget appeared to be greeted with something less than enthusiasm by those sitting opposite.

Senator Bosa: And the people of Canada.

Senator Doody: And the people of Canada, yes—something which they have since come to regret. We will have a rather substantial borrowing bill before us shortly, and in the light of that I am wondering whether the minister can bring us up to date on the present cost of the oil subsidy in eastern Canada and other financial matters. There have been increases in the price of OPEC oil since December of last year, and certainly inflation continues to be substantial. As well, the expenses of government have not decreased in any amount, or at least I assume they have not decreased. All of these are assumptions, because we do not have any hard information.

Can we look forward to having another financial report or a mini-budget, or something in the near future?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I shall carry that request to the Minister of Finance. It is not normal to have more than one budget a year, but obviously we are in a somewhat unusual position this year having been newly elected to office. I cannot give any specific date, but I presume we shall bring down a budget within a year of our election to office.

The senator's suggestion is an interesting one. The Minister of Finance did respond to similar requests in the other place by bringing in a Statement on the Economy, which was immediately termed a mini-budget by the opposition, and they then demanded a full budget debate.

If my honourable friend would give me some kind of assurance that his colleagues in the other place would not want all of that time set aside rather than dealing with the important legislation that is before the house, that would be helpful. But even if we cannot go so far as having another official State of the Ecomomy Statement such as the minister made last month, I would be pleased to try to obtain some replies at least to the specific questions posed by the honourable senator today.

Senator Doody: So that I am clear on this, is the minister asking for an assurance that Parliament will not ask to debate the financial situation of the country once the government gets around to presenting the facts?

Senator Olson: No, I did not say that at all. I just hope that if the senator wants an update on the economy every month in the form that he has asked for it, his colleagues—and I am sure my honourable friend has a great deal of influence on his colleagues—will not then immediately demand several days to reply, as they did in the case of the so-called mini-budget, which it was not at all. What it was, honourable senators, was a statement on the economy given in response to persistent requests from members of the opposition in the other place.

Senator Roblin: But they were not allowed to talk about it.

Senator Olson: They could have used those days set aside for the opposition to talk about it.

Senator Doody: I thank the minister for his answer. In the event that the Minister of Finance decides to bring in another non-budget, which might turn out to be a financial statement or an economic report, I shall ask my colleagues in the other place not to embarrass the government by asking questions.

Senator Olson: That is going too far.

Senator Buckwold: Why don't you follow that advice here?

ECONOMIC DEVELOPMENT

FEDERAL AID FOR CONSTRUCTION OF TRADE AND CONVENTION CENTRES

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to ask a question respecting the government policy on aid to convention centres. My query is addressed to the Leader of the Government. He may recall that we talked about this on May 14 last, at which time he told me that no policy was available as yet. At about that same time his colleague in the other place, the Honourable Charles Lapointe, wrote to the Mayor of the City of Winnipeg to the effect, according to the mayor's understanding, that the policy of the government was to provide for the funding of the centre in Vancouver because of a previous commitment, and that was all. So I daresay the citizens of Winnipeg were a little upset to read in the papers the other day that there is a policy that goes beyond Vancouver and includes Montreal and Toronto, and also the Honourable Herb Gray stated that Hamilton, Halifax, Edmonton and Victoria are on the list for future consideration. I merely modestly request that the City of Winnipeg be added to that list as well because I feel they are entitled to that consideration. After all, they were the pioneers of this kind of thing and it would be a sad fact if it did not pay to go ahead.

• (1435)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, since this matter was the subject of discussion in the Senate there have been some developments in respect of convention centres and federal involvement in those centres. I would be pleased to bring a statement to the Senate on that subject as soon as it is possible.

I have received a communication from the great City of Winnipeg outlining in some detail the belief that there should be a degree of retroactive, *ex poste facto*, federal funding for their splendid convention facilities. As I say, a report will be brought to the Senate on the subject.

Senator Roblin: I thank my honourable friend for his abundant use of superlatives.

Senator Flynn: Nothing new there.

Senator Roblin: No, nothing new there. If it were considered parliamentary, I would call him "Senator Puff." I do not think that is parliamentary, so perhaps I will not use that expression. I will say to my honourable friend, however, that it was found possible to make a statement of policy in the City of Montreal and a statement of policy in the City of Toronto the other day. Why is it not possible to make a statement of policy here?

Senator Perrault: Honourable senators, inquiries will go forward and I will have a discussion with Manitoba's great minister, the Honourable Lloyd Axworthy, regarding the matter.

Senator Flynn: Oh, oh.

Senator Perrault: He is the minister who is doing such a superb job for his province, for western Canada—indeed, for all of Canada.

Senator Asselin: "Superb" and "great".

Senator Roblin: I can't top that!

Senator Asselin: Those are the only words he knows.

PUBLIC SERVICE

INDEXING OF PENSIONS

Hon. C. William Doody: Honourable senators, on May 7, in the absence of the Leader of the Government in the Senate, I asked that a question be directed to him dealing with the funding of civil service pensions and the indexing of the funding system. I indicated that I had various other concerns about pensions policies generally, for both the public service and private. Nothing has come forward on that matter. Will the leader therefore try to obtain that information for us? It is

a matter of considerable concern to many people in this country, and I think it will come to be demonstrated in the not too distant future that there is good reason for that concern.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I may have some information on that particular subject in my book, which contains a good deal of information regarding such matters. If I am able to locate the information this afternoon I will ask for leave to provide it.

THE SENATE

PRINTING AND DISTRIBUTION OF SENATE SEATING PLAN

Hon. Peter Bosa: Honourable senators, I have a non-partisan question for the Leader of the Government. Visitors to the Senate gallery have been asking for the seating plan that is usually available to tourists at this time. Can the leader inform the members of the Senate when the final seating arrangements will be available?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I want to thank Senator Bosa for that non-partisan question, which is really in the interests of all members of the Senate. I understand that the printers are now producing such a plan, which will serve as an invaluable guide to the visitors who grace this chamber.

Senator Roblin: I trust it is a "perfect" seating plan.

PUBLIC SERVICE

INDEXING OF PENSIONS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to reply to the question asked by the Honourable Senator Doody during the Question Period on May 7 concerning the financing of public service pensions.

As the honourable senator has indicated, public service pensions are indexed to reflect rises in the cost of living. The Supplementary Retirement Benefits Account—the special account to which contributions are made and from which indexation benefits are paid—is not maintained on a fully funded basis as is the main pension account, the Public Service Superannuation Account. Rather, the financing method which has been used to date to provide for indexation is what is commonly termed "pay-as-you-go" and, as the name implies, this financing method entails the paying of indexation benefits out of current income as they fall due.

My colleague the President of the Treasury Board, who is the minister responsible for the Public Service Superannuation Act, has been studying a number of major pension issues of which the continued viability of the current pay-as-you-go financing system is one, and I trust that in due course I will be able to advise of any changes proposed by the government.

I should think that is probably an answer to part of what Senator Doody asked earlier, but I wanted to put it in the context of the reply.

[Senator Doody.]

HOUSING

CANADA MORTGAGE AND HOUSING CORPORATION—MORTGAGE FUNDS—GOVERNMENT POLICY

Hon. H. A. Olson (Minister of State for Economic Development): I have a reply to another question posed by Senator Doody some time ago respecting the housing industry. He wanted to know whether the minister could indicate whether the government was considering eliminating the 12 per cent federal sales tax on building materials, and, if not, what other measures were being considered to aid the housing industry.

When we come to the so-called "other measures," the list is so long and comprehensive that I would suggest that the answer be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

On the specific question of the "12 per cent federal tax on building materials," the federal sales tax rate was effectively reduced from 12 per cent to 9 per cent by Mr. Chrétien in his November 18, 1976, budget for all goods other than alcohol and tobacco products. Further, construction materials and equipment for buildings are generally taxable at a reduced 5 per cent rate, this measure having been introduced by Mr. Turner in his budget of November 18, 1974. Certain construction materials which contribute to the conservation of energy are fully exempt from tax while structural building materials (such as fabricated structural steel and concrete products) are taxed only on the cost of materials.

The costs of these measures in terms of foregone government revenues was estimated as well in excess of $500 million in 1979 alone. Any further concessions in that connection would of course be of a budgetary nature and would be announced in the context of a budget.

With respect to the broader question of the policy alternatives, the government has received numerous representations from the construction industry for measures of relief against what were at one point historically high interest rates. Proposals have ranged from mortgage interest subsidies to reinstatement of the special capital cost allowance provisions of the Income Tax Act. These have to be seen in the broader context of requests for assistance from a number of sectors of the Canadian economy which, rightly or wrongly, saw themselves as being unduly affected by high interest rates. As stated by the Minister of Finance in his April 21, 1980, speech in the house, the government firmly believes that the only viable solution in the long term lies in the pursuit of fiscal and monetary policies aimed at a lasting reduction in overall interest rates.

Within the constraints imposed by that broad objective, the government is reviewing the representations it has received and assessing a number of options. Any specific proposal coming out of this exercise would be submitted to Parliament in due course. It would have to be seen in

the context of the considerable government resources that are presently devoted to the housing sector, and which were estimated at some $7 billion in 1979, in tax expenditures alone. It would also have to be seen in the context of the substantial declines in interest rates which have occurred recently and which are seen as a very encouraging development.

Hon. Richard A. Donahoe: Honourable senators, not that I am so proud of the content of the question that my honourable friend has just been answering, but I should like to draw to his attention that, although in responding to questions he frequently says he cannot speak for other ministers, he ought not to reply to other senators. The question was mine, and not Senator Doody's.

Senator Olson: I am sorry.

SAFE CONTAINERS CONVENTION BILL

SECOND READING

The Senate resumed from yesterday the debate on the motion of the Honourable Senator Petten for the second reading of Bill C-21, to implement the International Convention for Safe Containers.

Hon. G. I. Smith: Honourable senators will no doubt remember that in the course of this debate last night, as he was concluding his remarks, the Honourable Senator Macdonald said that because the contents of the bill were in substance pretty much what had been before the Standing Senate Committee on Transport and Communications he was not of the feeling that it should be referred to that committee again. He added that he understood that I had received some comments of a technical nature concerning the bill which might lead to its being sent to committee.

Following Senator Macdonald's remarks I confirmed that I had received some comments of such a nature and I asked leave to adjourn the debate until I could consult with certain members of my committee.

As a result of those consultations I have come to the conclusion that the bill need not go to the committee in respect of comments which were the subject of the remarks by Senator Macdonald and myself last evening. So far as I am concerned, then, as chairman of that committee, I do not consider it necessary that the matter be further considered or considered again by that committee. I suppose, therefore, that the debate could be concluded. I am not quite sure what I should do by way of concluding it, except perhaps simply to sit down.

● (1440)

Motion agreed to and bill read second time.

Hon. William J. Petten moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

PROHIBITION OF INTERNATIONAL AIR SERVICES BILL

SECOND READING—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill S-7, to provide for the prohibition of certain international air services.

He said: Honourable senators, in drawing your attention to this bill, I should like, first, to explain my understanding of the purpose of the bill, or the evil that it is aimed at; secondly, to give a brief outline of the historical setting for the bill; and, thirdly, to review briefly the provisions of the bill.

The object of the bill, or the evil that it is aimed at, is a particularly unattractive—if I might make an understatement—form of international terrorism, namely, aerial hijacking.

There is no absence of formal agreements or declarations by nations regarding aerial hijacking. In fact, the obligation to extradite or prosecute hijackers has a firm basis in international law. For example, it is an essential operating provision of the 1970 Hague Convention for the suppression of unlawful seizure of aircraft, to which Canada and 100 other states are parties.

The difficulty is not the absence of international agreements defining the offences and setting out appropriate penalties. It is the reluctance of governments to face up to their obligations when it comes to taking appropriate legal action against the offenders.

Indeed, as many of us know, some nations, for various reasons, seem to condone, if not openly support, the activities of such hijackers, and it is that kind of culpability or attitude on the part of governments that, in turn, led to what is now a reasonably well-known declaration by seven nations at Bonn dealing more particularly with this subject. In that connection, there have been international speeches and discussions on the subject. One hundred nations then became parties to the Hague Convention, and at Bonn in 1978 the seven nations—France, Italy, Germany, Canada, the United States, Great Britain and Japan—joined in a declaration.

The 1978 Bonn Declaration is not lengthy, and reads as follows:

> The Heads of State and Government, concerned about terrorism and the taking of hostages, declare that their Governments will intensify their joint efforts to combat international terrorism. To this end, in cases where a country refuses extradition or prosecution of those who have hijacked an aircraft and/or do not return aircraft, the Heads of State and Government are jointly resolved that their Governments shall take immediate action to cease all flights to that country. At the same time, their Governments will initiate action to halt all incoming flights from that country or from any country by the airline of the country concerned.
>
> They urge other Governments to join them in this commitment.

Since the Bonn Declaration in 1978 there have been, I believe, 17 major hijacking incidents. It seems that the seven nations and their officials have reached the conclusion that further specific action is necessary to implement, first, the Hague Convention, and, secondly and more particularly, the Bonn Declaration.

In view of the quite succinct and limpid words of the declaration, if honourable senators will look at Bill S-7, which is the top bill of those stacked under their desks, they will see that the operative clause is clause 3. It reads:

> Where the Secretary of State for External Affairs certifies to the Governor in Council that a state is in default within the meaning of subsection (2), the Governor in Council may, by order, prohibit—

Let us now turn to the proposed subsection (2) referred to, which logically is the next thing we should look at, because there we find what constitutes a default. It says:

> For the purposes of subsection (1), a state is in default if the state has not extradited or prosecuted any of the parties to an unlawful act—

So the first part deals with the prosecution and extradition of hijackers, and the second part says:

> or returned an aircraft in respect of which an unlawful act has been committed to the persons lawfully entitled to possession thereof.

So there is the default. Returning now to subclause (1), it says that if there is a default, then:

> —the Governor in Council may, by order, prohibit air carriers from carrying out any one or more of the following activities, having regard to the circumstances:

Then "the following activities" are set out. They are six in number and are as follows:

> (a) operating a commercial air service between Canada and the defaulting state;
>
> (b) where an air carrier is an air carrier of the defaulting state, operating a commercial air service between Canada and any other state;
>
> (c) flying across Canadian territory, if the flight is coming from or going to the defaulting state;
>
> (d) landing in Canada, if the flight is coming from or going to the defaulting state;
>
> (e) where an air carrier is an air carrier of the defaulting state, flying across Canadian territory; or
>
> (f) where an air carrier is an air carrier of the defaulting state, landing in Canada.

So various remedies are provided for in the bill.

In subclause (3) "unlawful act" is defined. In other words, there is a definition of hijacking. In subclause (4), for the purposes of defining what is an unlawful act, there is the definition of what "aircraft in flight" means.

● (1450)

Clause 4 is rather important. Since the intention of this legislation is to impose these sanctions against a defaulting state, if the defaulting state remedies its offence, then, as you will see, honourable senators, clause 4 allows the Governor in Council to amend or repeal any order that he has made under proposed subsection 3(1).

Clause 5 is the penalty clause; that is, it stipulates the penalty for an air carrier failing to comply with an order made under proposed subsection 3(1). In other words, one of our own air carriers, or any air carrier that would be within Canada's jurisdiction, that fails to comply with an order made under the clause referred to, is guilty of an offence and is liable on summary conviction to a fine not exceeding $10,000.

Clause 6 deals with the coming into force of the act.

The understanding among the states is that the provisions of clause 3 would be triggered, in Canada's case, by an action of the Department of External Affairs. That would be the result of close consultation with the other six governments. Honourable senators will remember that the plans and intentions under the Bonn Declaration were for consultative action; that is, not unilateral action, but the triggering of the consultative process, with sanctions resulting therefrom.

As I have mentioned, the problem has been that under the Bonn Declaration, although there were certain offences of the prescribed type, those consultative processes were never triggered to the point of actually doing anything, and so the intention of this bill would be to bring about close consultation with the other six governments, each of which would be monitoring and assessing the follow-up to any given hijacking incident. Essentially, the consultative process would be undertaken by the embassies of the seven states.

Dealing with the mechanics as they are envisaged, based on the advice of the Secretary of State for External Affairs and the Minister of Transport, the Governor in Council would be in a position to determine what prohibitive action might be appropriate in the circumstances set out in clause 3, and in exceptionally serious cases all six prohibitions could be invoked.

As I have mentioned, clause 4 provides for the amendment or repeal of any order made under proposed subsection 3(1).

The philosophy, then, behind the bill, is that it is desirable to enact specific legislation to implement the Bonn Declaration, even though existing powers would permit the kind of action required by the declaration. However, those powers—the suspension of bilateral air agreements and revocation of orders under the National Transportation Act—have not previously been used for purposes of severing commercial air links. Because of the often fast-moving and unpredictable nature of hijacking incidents, the government should have available a procedure that is clearly established in advance and that can be implemented on short notice.

Honourable senators, the bill provides for drastic measures. The draftsmen of the bill, and the nations who are parties to the agreements that led to the bill, believe that in situations that often involve loss of life and the taking of innocent hostages, drastic measures are called for. Honourable senators will see this kind of measure in the context of the two already

established remedies for dealing with international terrorism. One of these, of course, is the improvement of security at airports. I think it is safe to say that there has been an upgrading in this area in many countries. Many of us experience it every time we fly. The second remedy I refer to is that of international co-operation in developing multilateral anti-terrorist agreements, such as The Hague Convention and the Bonn Declaration.

In my respectful submission, honourable senators, the bill that is before you for consideration now is another step in this direction. The essential element to be considered here is the obligation to extradite or prosecute hijackers, and also, of course, to return the aircraft, because, as honourable senators realize, some nations who cynically declare that they are against hijacking will accept hijackers and will fail to prosecute them, or, if they prosecute them, will not extradite them, and then will not return an aircraft worth millions of dollars to its rightful owner. Such an attitude can constitute a very profitable bit of nose-thumbing at international morality—

Senator Roblin: It is piracy.

Senator Frith: —and is nothing less than piracy—precisely. It is what might be dignified by the description of "white collar" or "diplomatic" piracy.

I have one last comment, honourable senators. I respectfully suggest to honourable senators that this is an appropriate time to bring this measure before the Senate—and it is a Senate bill, as you will have noted—because Canada will be meeting next week in Venice with the other signatories. I do not urge passage of the bill in time for that meeting, although it certainly would not hurt.

Honourable senators, I commend the bill to your favourable consideration.

Hon. John M. Godfrey: You have referred to drastic measures contained in the bill, and to acts of piracy, yet the fine is not to exceed $10,000. That seems to me to be rather a mild penalty in view of the nature of the offence. Could you make some comment on that? Is that in line with what the other countries are doing? Why is the fine only $10,000?

Senator Frith: I do not know why the fine has been set at $10,000, but certainly it has to be looked at in the context of clause 3. You must also remember that when we are talking about a fine of $10,000 we are not talking about a fine imposed on the hijacker or on the hijacking nation: we are talking about $10,000 for every breach of an order that follows an international hijacking. The fine is for each offence, and I suppose it is conceivable that the offence could be construed as happening every day, and so the fine could accumulate. That would, of course, involve sequential prosecutions, because the bill does not say "per day of an offence."

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I intend to move the adjournment of the debate, but before doing so I should like to ask the sponsor of the bill this question. Has there been any case in the last ten years in Canada where we would have had to use this kind of legislation had it been in existence?

Senator Frith: Yes, I believe there has been. I will try to find out specifically for the Honourable Senator Flynn before his intervention in the debate. I have checked, and I know that there have been approximately 17 hijackings since the Bonn Declaration. The question is: In those particular circumstances, would we have been able to invoke this provision, because of overflights, landing rights, and so on? I will try to find out.

On motion of Senator Flynn, debate adjourned.

● (1500)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

SECOND REPORT OF COMMITTEE—MOTION FOR ADOPTION—DEBATE ADJOURNED

The Senate proceeded to consideration of the second report of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments.

Hon. John M. Godfrey moved that the report be now adopted.

He said: Honourable senators, I think I should give a brief explanation, since you might get the impression from this report that the entire Committee on Regulations and other Statutory Instruments is going to move to Canberra. If that were true, we would certainly have the largest turnout of the committee in its history. I do not think that those who are going to Canberra regard this as a junket, because it will involve flying for 27 hours straight, and then holding four days of intensive meetings on highly technical subjects. In fact, the committee agreed that only the two co-chairmen should go, along with the vice-chairman, Mr. Kenneth Robinson, Mr. Svend Robinson, who is the other member of the steering committee, as a representative of the NDP, and Mr. Walter Baker, who has taken a great interest in the work of the committee for the last few years and who has been a faithful attendant. In fact, then, only five members are going, plus legal counsel to the committee and one senior officer from the Privy Council Office who is concerned with the enactment of regulations.

On motion of Senator Frith, debate adjourned.

[*Translation*]

LEGAL AND CONSTITUTIONAL AFFAIRS

MOTION TO AUTHORIZE COMMITTEE TO STUDY CERTAIN ASPECTS OF THE CONSTITUTION—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Lamontagne, P.C., seconded by the Honourable Senator Frith:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to consider and report upon constitutional provisions regarding individual and collective rights and upon the future role and compo-

sition of the Canadian Senate and alternative constitutional arrangements compatible with true federalism;

That the membership of the committee be increased to thirty members and that Rule 67(1)(*j*) be suspended in relation to membership of the committee;

That the committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purposes of its examination and consideration of such legislation and other matters as may be referred to it; and

That the committee have power to sit during adjournments of the Senate; and

On the motion in amendment thereto of the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Tremblay, that the first paragraph of the motion be amended by striking out all of the words after the word "upon" in the second line and substituting the following therefor:—

"the matter of constitutional reform with special attention being given to the question of the division of powers between the federal and provincial governments and to constitutional provisions regarding individual and collective rights".—(*Honourable Senator Asselin*).

Hon. Martial Asselin: Honourable senators, for almost three weeks now we have been considering a motion of Senator Lamontagne to which is appended an amendment introduced by the Leader of the Opposition. The amendment of the official opposition merely completes the main motion adding, in my opinion, some important substance to the debate on the constitutional review, namely the division of powers and juridictions between the central government and the provinces.

Since the beginning of the debate, the opposition has tried on several occasions to emphasize the validity of its amendment. It is one of the times where I have been unable to discover the basic reason why the government is rejecting the amendment of the official opposition but perhaps our friends opposite have been specifically instructed by the authorities, the party or the government to hang tight. Therefore, honourable senators, the appropriateness of the amendment introduced by the Leader of the Opposition is now more obvious, I think, especially since the meeting between the provincial premiers and the Prime Minister of Canada which took place in Ottawa about ten days ago.

A consideration of the statements made by the provincial premiers after the conference, shows that they tended to talk about the recognition by the federal government of the rights of the provinces over mines and marine resources, natural resources, fisheries and communications and that several premiers considered that recognition as a *sine qua non* condition to the success of the constitutional talks which will take place in September. There will have to be an agreement on the distribution of powers and jurisdictions in these fields.

Indeed, honourable senators, all the commissions—and God knows there have been many of them—that were created by the federal government to look into the matter of constitutional reform always agreed and always came to the same conclusion that it was absolutely necessary, if we wanted to achieve a new federalism, to agree on the division of jurisdictions and try to find a way of balancing the powers of the federal government and the provinces.

You will remember the conclusions of the Joint Committee of the Senate and the House of Commons in 1972. The Pepin-Robarts Task Force reached the same result. If you want to talk about Bill C-60, its conclusions point in the same direction, and apart from linguistic and collective rights, and the reorganization of certain federal institutions, the focus of discussion of those commissions of enquiry was indeed the distribution of powers.

We allowed Senator Lamontagne to change his motion by making another speech. When we look at the speech he delivered last Thursday, I tell myself this is the most vibrant plea Senator Lamontagne ever made in support of the amendment of the official opposition.

Senator Lamontagne, as you will remember, if you go over what he said last week, talked of federalism but called the existing federalism a federalism of tutorship—an expression I had not heard in a long, long time—while he was a father of the co-operative federalism of 1960.

In addition, when you talk of a federalism of tutorship, you implicitly admit the federal government got into fields of provincial jurisdiction and those new jurisdictions must absolutely be divided. So you have to talk about a division of powers.

When we talk of spending powers, powers to legislate, declaratory powers, powers of disallowance, powers of rights of veto, all powers which belong to the central government, Senator Lamontagne will not have me believe that they are not being discussed and examined very seriously by provincial authorities, and I would even say, federal authorities.

To correct his federalism of tutorship, he will have to touch the jurisdiction of powers to allow the provinces to participate in the major decisions of the central government. To do that, Senator Lamontagne would institutionalize federal-provincial conferences in a legal and political structure.

I think there is no way out of it. If he wants to create a permanent conference which might be called the confederal council, he must absolutely deal with the distribution of powers. Furthermore, if you look at last week's *Hansard*, at page 465, where Senator Lamontagne was talking about the three elements of his motion, you will see that he said the third element was—

—to develop a new mechanism which henceforth would allow provincial governments to have control over the exercise of the extraordinary powers the federal government has in their fields of jurisdiction which is another matter, I think, than the reform of the Senate as a purely federal institution.

• (1510)

How, honourable senators, could Senator Lamontagne in his third element talk about holding, controlling and exercising

extraordinary powers the federal government has without dealing precisely with the famous issue of the distribution of powers? His plea, what I call his plea, implicitly endorses the amendment Senator Flynn introduced on behalf of the official opposition.

Also, at page 464, Senator Lamontagne, referring to his motion, talks about the role that the Senate should play:

> —the future role and composition of the Senate, not as a confederal body but as a genuine federal institution. More particularly, it should consider how this chamber could play a specific role in the areas of the official languages and regional interests and aspirations. We have talked about Senate reform for many years. Now, in my view, is the time for action. We should not be ashamed of presenting concrete proposals for Senate reform; after all, many other groups have done so although I—

However, when Senator Lamontagne speaks of considering a reform of the Senate, I have the feeling that he should have thought about the special Senate committee established in 1978, more precisely on October 11 of that year, when this assembly agreed to the following motion, which was moved by Senator Stanbury and seconded by Senator van Roggen:

> That a Special Committee of the Senate, to be known as the Special Committee of the Senate on the Constitution, be appointed to consider and report upon the subject matter of the Bill C-60, intituled: "An Act to amend the Constitution of Canada with respect to matters coming within the legislative authority of the Parliament of Canada and so on.

A committee made up of 30 members therefore studied the provisions of the bill on constitutional reform, especially sections 56 and 57, which provided for a reform of the Senate and the replacement of this assembly by a new House of the Federation. This committee of 30 members presided over by Senator Stanbury worked for many hours, heard witnesses and studied the various reports. Unfortunately, because of the dissolution of Parliament, it did not have an opportunity to table its report.

I asked the government deputy leader last week what was happening to this committee. I asked why the committee of Senator Stanbury had not been reappointed so that the Senate might receive its report and learn of the findings of its studies. I have been informed that the report is already nearly completed. It was drafted by experts. Honourable senators, why should we not allow the Senate to move that the committee of Senator Stanbury be reconstituted and that it table its report in this assembly so that we may know about its findings? Perhaps we might have some answers about the composition of a new Senate, a new upper chamber. We might have the answers to all the questions asked by Senator Lamontagne. We might also have some answers about what new studies recommend for the new upper chamber.

I have the impression that by refusing to reconstitute the Stanbury committee, the Senate is showing a lack of confidence in this committee, because Senator Stanbury and 30 other senators used all their energies and talents to study the same question that Senator Lamontagne would want to submit to a subcommittee of the Senate Committee on Legal and Constitutional Affairs.

I believe that it is time for the Senate to take itself seriously. These comments are addressed especially to the Deputy Leader of the Government. We should not establish study committees just to please a certain senator or group of senators and to be able to tell this senator or these senators that he or they will sponsor a new study by the Senate about the issue of a new upper chamber.

I believe that if we want to act seriously we shall have to stop the favouritism shown occasionally by the representatives of the government.

Senator Lamontagne tells us that this committee will have to report by August 1. To whom will it report? Apparently, the Senate will not be sitting on August 1. We have been told that both Houses might adjourn some time between July 15 and 30. In that case, to whom could this committee report? To the government or to the meeting of first ministers which will be held in September? What assurance do we have that, for once, the government will be ready to listen, or even to read or study the recommendations of the Senate? I am not making any exception in this case, because neither the Progressive Conservative government nor the Liberal government have paid much attention to what has been done by the Senate in the past since the numerous, valuable and laudable studies made by the Senate have nearly always been shelved by the government of the day.

This time if we decide on spending taxpayers' money and senators' time working throughout July on a committee that would be established pursuant to Senator Lamontagne's motion, we should determine beforehand what assurances we have from this government that our consideration or recommendations will be seriously considered by the government and that they will later be submitted to the First Ministers Conference in September.

But we have no such assurances. And this means that the committee may sit throughout July on that issue, with the result that the report will be tabled during next session, when the September Conference of First Ministers is over. Decisions may have been taken meanwhile and once more we wil have missed the boat.

As I said, honourable senators, it is my view that Senator Stanbury should be allowed to reconvene his committee. I think we owe this to him. He exerted tremendous effort and talent—and as he happens to be coming into the house I am pleased to tell him this—he devoted a lot of effort and talent during the last session to the study of Bill C-60, the constitutional reform legislation. And now we do not even bother to set up his committee again on a temporary basis to enable him to table that committee's conclusions.

If I were in Senator Stanbury's shoes, I would not be too happy with my colleagues' attitude. My very dear friends, we on this side of the house, obviously support a renewed federal-

ism. How many studies have been made on this subject over the last 10 years? In my view, it should be our responsibility to try to bring all parts which make up Canada together again, in the hope that the provinces and the federal government can agree on issues as important as the renewal of the upper chamber, and especially the matter of distribution of powers, which was raised by Senator Flynn.

I therefore call upon the deputy government leader to explain why he, as a government representative, will not support the official opposition's amendment. He is just about the only one who took a clear stand, because when the question was put to him, or I should say to the government leader, the government leader dodged the answer and adopted a wait-and-see attitude, on the assumption that there may be developments in the course of the debate which would make it possible to agree on a *modus vivendi*. But the only one who rose and said "No, we will never accept the amendment" was the deputy government leader.

Senator Frith: I did not say "never". You will not find the word "never".

Senator Asselin: You said "no".

Senator Frith: Is that my intention? No.

Senator Asselin: So I think I have stressed the necessity, if one wants to undertake an in-depth and intelligent study of this important question raised by Senator Lamontagne, if one wants this Senate subcommittee on Legal and Constitutional Affairs to accomplish some serious work, I think that one has to come to grips with the core of the problem of federalism and that is precisely the issue of the sharing of powers. I hope that the Deputy Leader of the Government will answer frankly and that he will give us the basic reasons why he does not want to deal with the very essence of the problem. He simply wants to tell us: We have a new formula to offer towards the establishment of a new House of Federation or a renewed Senate. I can tell you one thing: If the reform of the Senate is the only issue stalling the constitutional reform process next September I can tell you in advance that the consent of the provinces and the federal government will be quickly obtained when it comes to the renewal of the Senate.

So let us not waste our time, I repeat, let us come to grips with this problem and let us try to bring to this September conference—if we get the guarantee that we will be listened to—let us try to bring the fruits of our studies, of our work, in order to allow the federal government and the provinces to agree and finally find a solution to the renewal of our Canadian federalism.

● (1520)

[*English*]

Hon. Peter Bosa: Honourable senators, I wonder if Senator Asselin would permit a question. In his endeavour to resuscitate the Special Committee of the Senate on the Constitution, is he aware that the second phase of the study that committee conducted did not reach any agreement on any of the major issues of Senate reform? If my memory serves me correctly, we found common agreement or consensus on only one aspect of Senate reform, which was to increase its membership from 104 to 118. There was no consensus on tenure of office, method of appointment or the functions of the Senate, although several solutions were suggested. That committee did not reach any conclusion. Even though it came to the end of its study of Bill C-60, it did not formulate any specific recommendations, and it appeared to me that there was no consensus or agreement on any major reforms.

As a matter of fact, I should like to ask Senator Asselin if he is aware that Senator Godfrey once said, "Tell me who is going to be on the committee on Senate or constitutional reform and I will tell you what kind of report you are likely to get."

Senator Asselin: I understood that when this special committee was formed the purpose was to study Bill C-60. I am not able to answer with the precision for which the honourable senator is asking. He should ask the honourable senator who was the chairman of that committee to answer his questions. At least we should reconstitute this committee, which had begun to study not only Senate reform but other constitutional questions also. If the honourable senator who was the chairman of that committee wants to answer Senator Bosa's question, I shall be very pleased to listen to him.

Hon. Richard J. Stanbury: Honourable senators, perhaps I should take this opportunity, not specifically to answer Senator Bosa's question—although my remarks may constitute an answer—but to explain my own attitude towards the motion now before the Senate.

It is quite right to say that originally the special committee was established to study Bill C-60. However, there was a report on that aspect of our study, and that aspect was completed. The committee was then reconstituted for the purpose of continuing the study of constitutional reform, and it decided to take as the first item after Bill C-60 the possibility of developing reforms of the Senate itself. Senator Bosa is correct in saying that in terms of actually finalizing the report, which developed a consensus on most of these issues, we did not quite finish it before the penultimate election was called. We had had a great deal of discussion. My own feeling is that we could have come to some conclusions, but we did not.

When honourable senators re-read the draft of the second report, which was not finalized, it will be perfectly obvious that you would have to go right back to square one, reconstitute the committee and begin again. The report goes back two years, since that time there have been new members appointed to the Senate. It would be a lengthy process.

It was because of that that when Senator Lamontagne spoke to me about his thought of constituting a subcommittee of the Standing Senate Committee on Legal and Constitutional Affairs to deal with the one specific problem, it was attractive to me. When it was first discussed with me it was on the basis of one particular problem.

Senator Asselin: You are speaking about three now.

Senator Stanbury: I know, and perhaps that is where we got off the track. We started to broaden it from one, to two, to

three. Had we kept it to the one problem, my own feeling is that the Leader of the Opposition and other members of the opposition would have found it as attractive to them as it was to me. We studied Bill C-60.

● (1530)

Then we saw coming down the track towards us the recommendations of the British Columbia government, the Canadian Bar Association committee, the Pepin-Robarts Report, and so forth, and all the funny suggestions that they were making regarding a second chamber—that it be a House of the Provinces, or a House of the Federation, or something of that kind. As we saw the elements that they were building into these proposals, I think all of us in the committee realized that they were making an horrendous mistake; that they had misunderstood the functioning of a second chamber.

It was Senator Lamontagne's suggestion which convinced me that, if we acted quickly and formulated a positive recommendation on this one point before the federal and provincial governments got seriously into their discussions—discussions which would culminate, to some extent at least, in September—we could make a real contribution to those discussions. I say that because we were the only ones who could see clearly this terrible mistake that they were going to make, and we could see it because of our experience and involvement in this area.

I agree completely that if it were a matter of simply wiping out the Senate and thereby solving all constitutional problems, every one of us would vote immediately to wipe out the Senate. But that is not the problem. We were not trying to save the Senate. What we were trying to do was to see how in the world we could persuade these people to see that if they did what they proposed, they would make a terrible mistake for the future of Canada. I am convinced of that myself.

It was Senator Lamontagne's brilliant idea, in my opinion, that if we could take that one aspect of it and make a rational argument which could not be denied by the governments which were going through these negotiations, and if we could accomplish it before the summer recess, we would have then made a constructive contribution towards the solution of Canada's constitutional problems. That was precisely why I agreed with Senator Lamontagne in bringing forward this motion.

Personally, I would be perfectly happy if we dropped the other aspects of the matter and concentrated solely on that one aspect of it. If it makes people more comfortable to say we are going to deal with a couple of other things too, that is fine. However, my own feeling is that we should deal with that aspect of it, and then set up the Constitution Committee. I do not feel any sense of proprietary rights to the Special Senate Committee on the Constitution, but I think that once we have done the job that has to be done, and once we see what kind of progress the federal-provincial conferences are making, then we can see where we can make the greatest contribution. At the moment, the real need is to make that rational presentation, setting out the problems they are going to get into if they do not understand the distinction between a second legislative chamber and a House of the Provinces, or some animal of that kind that they were about to create.

Honourable senators, that was my rationale. I hope you will support the motion, because I think it is our only real opportunity to make a contribution before it is too late.

Hon. John M. Godfrey: Honourable senators, I should like to say a word or two on this. I feel that possibly the wrong impression may have been left as far as the progress of the work of the Special Senate Committee on the Constitution is concerned. I say that, bearing in mind particularly what Senator Bosa has said, and possibly what Senator Stanbury has said.

It is true that we had not reached an actual agreement on the drafting or writing of the report. Around December 1, 1978 we decided that we would not meet again until after Christmas. We were then informed that the Attorneys General were going to meet on the proposals contained in Bill C-60, and that we should advise them of our views on the broad issues of Senate reform. We had two or three meetings on that, and we agreed on the major issues. Senator Stanbury was then instructed to discuss them verbally with the Honourable John Reid, who was meeting with the provincial Attorneys General. So, we did come to a general consensus on the major issues. It was just the nitty-gritty dealing with the actual drafting of the report which held us up. We did reach a consensus in the former committee.

[*Translation*]

Hon. H. Carl Goldenberg: If you will allow a question, Senator Asselin, I did not take part in the debate—

Senator Asselin: I accept all questions which are said to be interesting.

Senator Goldenberg: I did not take part in the debate and I do not intend to, but, as I understand it, you said that agreeing to Senator Lamontagne's motion would mean that we would not get a report before August 1, and therefore we would not be able to report to the Senate because the Senate then will not be sitting. This takes us to September when the first ministers' conference will be held. You are right.

Here is my question: If we enlarge the terms of reference of the committee to include the all too well-known complex issue of the division of powers, when will the subcommittee be able to submit a report? Not before September. I am not arguing for or against, I just want to ask you the question. You are a member of the committee, and you were in the past, and I greatly appreciated the work you did. That is why I am asking this question.

Senator Asselin: Honourable senators, I was asking myself the same thing. Do you not think that we are going to look a little ridiculous in the eyes of the Canadian people if we consider only one aspect, as Senator Stanbury suggested, namely what, in the Senate's opinion, should become of the upper house to meet the requirements of the provinces. We will not have time to reach a concensus on a new formula for the upper house nor will we have time to present a full report on the distribution of powers. I fully agree with you: to avoid all this

and so that we do not give the impression of being the kind of people interested only in producing reports, I say that we should refer this to the special committee on the matter which was already established. Rather than having Senator Lamontagne propose this motion, why was the special committee simply not asked to continue its work and report on the question that he wants to discuss.

It seems to me that we are wasting time. We are also wasting the taxpayers' money. Two committees will be studying the same thing and we are going to say: When are they going to produce their report? According to Senator Lamontagne, it has to come out by August 1. But by that date the Senate will likely not be sitting. That is what he said in his speech. To whom then will the report be presented? To the government? How can we be sure that the government will consider our recommendations? It has not done so in the past—neither the Liberal nor the Conservative government has considered Senate recommendations; they never do. How can we be assured that they will this time? So why duplicate? We already have a special committee that can be re-established in one minute to convene and study the issue raised by Senator Lamontagne.

● (1540)

Senator Frith: Honourable senators, I readily accept the invitation extended to me by my colleague, Senator Asselin, to explain why a week ago I answered a question which, if my memory serves me well, was as follows: Do you intend to support the amendment? If I remember well, honourable senators then complained that we on this side did not answer specifically nor directly when asked questions on this matter. At least it can be said that my answer was not too long since I only said "no", didn't I? Unfortunately, I did not say "never".

Senator Asselin: If I stated you said "never", then I withdraw, and your "no" remains.

Senator Frith: I did not intend at that time to say "never", but I am sorry I cannot say now that I changed my mind. I simply want to explain why I said that I intended, and still intend, not to support the amendment.

I do not want to indulge in pettifoggery, but in the legal field the purpose of pleadings is to define the issues. In my opinion, we are on the point of getting some clarification on the differences between the senators who support the amendment and those who are against.

● (1550)

In my opinion, we have just about reached the point in this debate where we will know which senators intend to support the amendment and vote against the motion, and which senators intend to support Senator Lamontagne's motion. In my opinion, this is clear because as in any defence speech counsel may start with the points on which all parties agree. The fact of the matter is that, in this process to renew the Constitution, the Senate is specifically involved every step of the way. Time has come to stress the diverging views. Our position is that we accept readily that every aspect of our Constitution should be of interest to the Senate and its members.

[Senator Asselin.]

But we want to play a specific role in this process. To begin with, we should focus our expertise and ideas on a single aspect. This way, we could come up with suggestions and for the time being concentrate our capacity to work on a single aspect of the question.

It is hoped that within a month the three aspects described by Senator Lamontagne will be dealt with. It is certainly not my intention to refuse, deny or restrict the scope of the study that is perfectly acceptable in every other respect. So far, I also want to extend my sincere congratulations to Senator Asselin and Senator Tremblay on having explained clearly the reason why they support the amendment introduced by Senator Flynn.

In his speech Senator Asselin even clarified the political reason, and I use the term "political" in a general sense and not in a restricted one, for supporting the amendment. Moreover, he emphasized that, from a theoretical point of view, we simply must look into the division of powers before we deal with the power of disallowance, for instance, or other federal powers which, according to Senator Lamontagne, are worth examining.

In my opinion, even from a technical point of view, one may say, "Not necessarily". One may put forward a cogent argument from a theoretical point of view and say why such a point of view is being stressed.

This is the difference between those who reject and those who support the amendment. It is not a matter which is completely dimensionless. I understand very well the dimensions which were explained by Senator Asselin and Senator Tremblay as well as by Senator Flynn, but finally, we must decide what is in the balance, and the balance seems to be tipping in favour of a concentrated study on the more restricted aspects at the present time. Then, we shall perhaps be able to continue with the other aspects.

As to reconstituting Senator Stanbury's committee, I have little to add except that to be fair towards Senator Asselin, he even said that "possibly" some duplication would result. But he did not insist.

In brief, honourable senators, that is why we must support the motion and vote against the amendment. Furthermore, and I do not want to repeat it again, these are the reasons why I think that our contribution to the debate should be restricted now to the question of the renewal of the Constitution which will be better served by a study as proposed by Senator Lamontagne.

● (1600)

Senator Deschatelets: May I ask a question of Senator Frith?

Senator Frith: Of course.

Senator Deschatelets: When I examine the motion of Senator Lamontagne, if I understand correctly, I see that it comprises three elements. Consider, first, constitutional provisions regarding individual and collective rights; second, the future role and composition of the Canadian Senate, and, third,

alternative constitutional arrangements compatible with true federalism, and report thereon.

I have read once again the explanations given last Thursday by Senator Lamontagne about his third item. Could you tell us, Senator Frith, how you understand this third item which reads as follows:

> —and alternative constitutional arrangements compatible with true federalism.

Because if this is the mandate given the committee, what you call "terms of reference", I have to say that this third element does not seem clear to me. I do not know what it means exactly. Could you give me some explanations as to how you understand this third element of the motion?

Senator Frith: My impression is that the second and third items are related. They are related as explained by Senator Stanbury, in that the future role of the Senate raises necessarily the question of the participation of the provinces in the appointment of senators, pursuant, for instance, to the provisions of Bill C-60 which provided for a provincial participation.

It is in this context that we must understand the meaning of the word "alternative," that is to direct provincial participation in the operation of the Senate. We must not forget nor deny the participation of the provinces. Bill C-60 sought to protect the provinces against federal intrusions through another formula to ensure provincial participation directly in the Senate. In this context, the third item included, for example, the alternative mentioned in the speech of Senator Lamontagne last Thursday, that is to institutionalize. You have noted that even if the word is French, I said it with an English pronunciation.

Senator Asselin: It is quite good.

Senator Frith: To institutionalize the conferences and provincial-federal agreements. Those are the links between the three items and it is in this context that we must understand the word "alternative".

Senator Deschatelets: I apologize, honourable senators, but I want this to be quite clear in my mind. I want once again to clarify that point. Let us say that the committee will get along with this restrictive threefold mandate: first, second and third, the third one being related to the second. So if at a given time a member of the committee wants, for instance, to discuss the sharing of powers, he cannot do it.

Senator Asselin: No.

Senator Deschatelets: Do you agree with that?

Senator Frith: Yes.

Senator Deschatelets: That is what I would like to know. Let us say we give a committee a mandate which we will call terms of reference one, two, three. You explained to us that number three is related to number two namely the constitution of the Senate. So I clearly and quite simply want to know if at a given time a committee member says: Well, here it is the Premiers or the ministers in charge of constitutional affairs are at present discussing the sharing of powers, I would like that issue to be debated. Will he be out of order with regard to the restrictive mandate they were given?

Senator Asselin: He will not be able to discuss it.

Senator Frith: I think he can discuss the distribution of powers only in the context suggested by Senator Asselin, that is, if he can persuade the chairman and committee members that it cannot discuss alternative ways to avoid the exercise of such federal powers as that of disallowance, or declaratory powers, without discussing the distribution of powers. I think we need not discuss the distribution of powers when discussing the issue of the power of disallowance or that of declaratory powers. We must remember, however that it is only in the context of the alternatives that we even start discussing the power of dissallowance. It is only when the power of disallowance and the declaratory powers are involved that we have an example of the exercise of such federal power. In fact, the distribution of powers between sections 91 and 92 is not usually discussed before the courts when it is a matter of disallowance—although recently no government has had the courage, or perhaps the folly to try to exercise it—or perhaps a matter of declaratory powers, since it is a matter that comes under section 92—if it is a provincial power—the federal government can then declare that it is a matter of federal interest and it then must be "removed" from section 92 for that case.

It is a long answer, and I am sorry but it is a rather technical question. The only thing I want to say is that, in my opinion at least, the analysis Senator Asselin made today can be raised before the committee. The answer must be that it is not in order but it is up to the committee and the chairman to decide. I do not mean that I do not understand the view of Senator Asselin which was, I think, behind your question.

Hon. Arthur Tremblay: Honourable senators, I would also like to get a clarification from Senator Frith. Will we have to interpret the motion to mean that not only do we not discuss the matter of division of powers but we deem it resolved. I refer to the following passage of Senator Lamontagne's speech when he explained that we were within a system of federalism of tutorship and he wonders how to approach its renewal, he puts the following question. He says:

> For example, all groups I just mentioned recognize that the central government should retain its spending and declaratory powers.

He would have previously used the powers of denial. I think he included that also. There is the residual power. The general power to legislate for an emergency or simply even in the national interest. There is a whole series of general powers. So what Senator Lamontagne mentions are only examples.

But this is not the point I wish to raise.

> keep the spending and the declaratory powers it now has in order to maintain some flexibility within the whole political system.

I ask this question: Those comments seem to take for granted that the general powers in question are maintained. So, the

question is resolved. And it also implies that the third option of his proposal finds its meaning in this context. How could we accept such a working and thinking procedure? We are told that the terms of reference should be restricted to such an extent while it is assumed that the matter of division of powers is already settled. This, I think, is just what Senator Asselin was referring to earlier. It shows that the division of powers and the debate on an alternative to the Senate such as the type of institution mentioned by Senator Lamontagne, are two inextricably related issues. It is evidenced by the fact that Senator Lamontagne is assuming that this issue has been settled to provide for his alternative. I should like some explanation in that respect.

Senator Frith: Honourable senators, with respect, I think that this issue is based on a lack of understanding concerning the question of the division of powers. Maybe it is not a lack of understanding but it certainly is a misconception. It is caused by the following reasons: Normally, when we talk about division of powers, we talk about the titles listed in sections 92 and 93. In every case, they refer to "the following matters". That is clearly understood.

Senator Tremblay: Yes.

Senator Frith: Now, within the context of Senator Lamontagne's intervention, as far as federal powers are concerned, it was not a question of titles but of general powers. Am I right? I mean the power of denial, or the declaratory power, for instance.

Senator Tremblay: They are listed.

Senator Frith: No, they are not.

Senator Tremblay: As an exception to the article.

Senator Frith: Exactly, as an exception only.

Senator Tremblay: As well as the declaratory powers.

Senator Frith: The declaratory power provides for the case when a power is listed in the division of powers as being within the jurisdiction of the provinces, but may for any reason of national interest, be withdrawn from that list. This is another example which sets up differences of opinion in the constitutional field. However, I accept the premise put forward by senator Lamontagne that certain powers namely the power of disallowance and the declaratory power must remain under federal jusrisdiction. Otherwise, there can be no federalism of course. But the distribution of specific powers such as, for instance, property and civil rights and so on is a different thing altogether in the opinion of Senator Lamontagne, if I understood him well, and in my opinion as well.

Senator Asselin: And in the opinion of Senator Goldenberg.

Senator Frith: Of course. A study of the distribution of specific powers is not necessarily a part of a study about alternative arrangements, as I explained to Senator Deschatelets.

● (1610)

Senator Tremblay: My question is also for clarification purposes. If I did understand correctly what Senator Frith has just explained, there would be no federalism if the general powers did not belong to the central government. Am I correct in my assumption? What I want to know is this: Am I wrong when I state that among the 17 federations which are found in the world, only two of them give residuary powers, for example, to their central government? The other 15 give them to the provinces, to the member states. Are these federations not to be considered as real federations, and should the other two, one of them being Canada, which grant the residuary power to their central government, be considered as such? It seems to me that the United States would object.

[Senator Tremblay.]

Senator Frith: Once again, honourable senators, that is a misinterpretation of what is meant when general powers are discussed. Normally, there are three classes of powers, in my opinion, within such a state, and shared by both legislative bodies. There are first the specific titles, the "Matters coming within Classes of Subjects," as they are called in our Constitution. Secondly, to whom do the residual powers belong? In the United States, they belong to the various states. Historically, it is said that when the Fathers of Confederation studied the United States Constitution, they decided that what they wanted was a more centralized government. This is so stated in the documents. Hence, residual powers were left with the central government. Thirdly, the national power or the general power, like the declaratory power or the disclaiming power were also ascribed, by necessity, to the central government. Those are the three classes of powers.

This is why I said that if some general powers are not ascribed to the federal level—the answers to the first two questions do not matter, that is the specific titles, the residual powers—there is no federation, in my opinion. Otherwise, why should there be? If three or four states say they want to form a nation, they have to relinquish certain general powers which in spite of the sharing of powers surpass local issues. Such is my opinion, I can assure you, but still I am not pretending that I was handed down these answers on top of Mount Sinai.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, this debate may already have lasted too long but having moved an amendment to the main motion, I think I should add a few words to explain the scope of this amendment.

I was feeling at times that the debate is of a rather semantic nature. However, Senator Frith corrected me in part by saying that the committee would not be able to discuss the field of power sharing since this would be outside its terms of reference. To me, this has confirmed the need for the amendment I moved.

Senator Lang was the first to address the Senate after I did. He was shocked. He said the proposals were childish and nonsensical. He was angry like I never saw him before, though his attitude was amusing. He reminded us that it took the Rowell-Sirois Commission eight years to report. I think he should check his information because it only lasted two and a half years and its terms of reference were not to review the whole matter of power sharing, but only to determine whether

the federal government was in a better position than the provinces to legislate in and administer certain areas.

Since that time, we had a lot of studies made. We had the Tremblay Commission in Quebec City. We also had the Laurendeau-Dunton Commission which touched upon that. We had the Pepin-Robarts Commission. We had Bill C-60. Obviously, we have ample material to review the division of powers. This is no impossible task for the Senate.

Again, what I dislike about Senator Lamontagne's proposal is that it wants the Senate simply to examine the matter of the upper chamber in the context of negotiations on constitutional reform between the two levels of government. Then, you all wonder, honourable senators: Did we do a good job? Can we go on doing a good job? I think it is indeed childish to ask us for an opinion in the middle of the emergency situation created by the present government when it set that September deadline. We already expressed our opinion many times, as mentioned by Senator Asselin when he referred to the joint committee of 1972 and our report on Bill C-60.

What happens is that Senator Lamontagne is actually taking for granted—this is what worries me, and I think he reflects the Prime Minister's feelings—that the division of powers will remain unchanged. Indeed, the Prime Minister said: Everything is negotiable, except that. Such was his stand on Bill C-60. It will be recalled that Bill C-60 took up exactly, word for word, sections 91 and 92 as well as the others. We now feel that what they are saying is this: the division of jurisdictions will not be changed at all. Only the institutions will be considered. I suggest that the institutions must be considered, studied and drawn up in terms of the division of jurisdictions.

Earlier, Senator Tremblay just wondered whether it was necessarily taken for granted that the federal government must retain the spending power, the power to state, as it does now, that such or such a thing is in the general interest, for instance, to expropriate, if it is convenient for the government, the oil fields of Alberta, if it is unable to come to an agreement that would allow it to save face following the promises it made and the stands it took, that the party took during the last election, simply to save face. Is this what they want to retain? I say no. I say that the question of a second house will be considered in terms of what is expected of the two levels of government, in terms of the division of jurisdictions.

I find Senator Lamontagne's proposal unbelievable, unless one reads it differently, as Senator Frith said, because I am convinced that this committee should be able to consider the Senate in terms of a division of jurisdictions which is not necessarily the same as that provided in the British North America Act. Otherwise, it is not worth it, since that is not the matter under discussion at the present. That is not what the provinces are interested in. That is not what British Columbia, Alberta, and especially Quebec, are interested in. Do not expect Quebecers to say that they have faith in Canada simply because the Senate will be changed and replaced by a federal house as proposed in Bill C-60 or even in the beige paper. That is not true. This question of a second chamber has no interest whatsoever for Quebecers. The question is the distribution of jurisdictions. It is on that aspect that we must express an opinion.

I do not see why we should not be able to express an opinion. Again I say that many studies have been made on that subject. The Pepin-Robarts Task Force and the beige paper make that proposition, so why not study that?

Even if we were to conclude that, generally speaking, the distribution of powers should be maintained as it is now in the British North America Act, if we did reach that conclusion we would have done an excellent job because we might have dispelled a lot of the confusion which may exist in certain fields. That I concede.

But surely there are adjustments to be made. We should at least look at what is going wrong, and that is not here. I suggest that the Senate as a non-elected chamber cannot survive long. That is not true. It is in terms of the role to be assigned the two levels of government, of the way this second chamber will be set up, of how it will be made up and how its members will be elected or appointed that we will reach a conclusion.

I am really astonished at the resistance we have felt from the government about our amendment in this debate. I fail to understand that attitude because, if the amendment were accepted, nothing of course would prevent the committee from considering the problem of a second chamber. It has to be considered because the entire question of constitutional review stems from the resolution. Of course it has to be examined in light of the distribution of powers, but that does not restrict the mandate of the committee in any way. I am greatly surprised at so much opposition from the government.

In any event, if that is the attitude of the majority, it is too bad. But I do not believe that a limited mandate as interpreted by Senator Frith is likely to help the committee and enable us to do a good job.

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I would like to speak in sympathetic opposition to the amendment moved by the honourable and distinguished Leader of the Opposition. The motion put forth by Senator Lamontagne to establish a subcommittee of the Standing Senate Committee on Legal and Constitutional Affairs to deal with constitutional matters is, admittedly, in a more restricted and narrow range than the amendment proposed by the Leader of the Opposition.

The purpose of his resolution, as the Honourable Senator Lamontagne has pointed out, would be to have this subcommittee—and I think this is the general view of honourable senators in support of the resolution—act as a small study group, drawing primarily upon the Senate's own expertise and sources of information and research in order to prepare a report as soon as possible. That is the essence of the commendable initiative of Senator Lamontagne.

• (1620)

As I have said before, personally I am very sympathetic towards the intention behind the amendment advanced by Senator Flynn. I suggest, however, that at this juncture, with the difficult time constraints which exist, we should not attempt to duplicate the work of the Pepin-Robarts Commission, or the Rowell-Sirois Commission, or the labours of a large commission empowered to investigate every facet of constitutional change and reform. It is a personally held view, and a view held by many other senators, that to broaden the mandate of the subcommittee might dangerously water down the influence we can bring to bear on the issues which both the Prime Minister and the provincial premiers agreed should be resolved by September.

This does not preclude the discussion of other matters relating to constitutional change and reform and related subjects some time in the future—it does not rule that out at all. Indeed, there have been discussions in this chamber about completing the report of the special committee established a few months ago, prior to the election of May, 1979, and having that special committee complete its work. I think it may well be appropriate for the Senate to create a special committee somewhere down the line which could devote all of its time to studying the complicated issues across the entire constitutional spectrum. There have been suggestions made from time to time that we have a Senate standing committee on regional aspirations. Those are all ideas with some considerable merit.

However, because of the urgency associated with constitutional change, especially in light of the recent referendum, I wonder whether it is a useful idea that we concentrate and channel our expertise into an area that we are more qualified to handle than any other group in Canada, and that area is most assuredly the Canadian Senate and the status of the second chamber, which is a high-priority matter. It does not rule out the importance of all the other facets of constitutional change.

I have listened with some bemusement and bewilderment to the pronouncements which have been issuing from every section of the country—from universities and from regional groups—purporting to set out what should happen in this second chamber; and, frankly, some of the proposals are not founded on any knowledge whatsoever of what we do here, of how the Senate operates, of the history of the Senate, or of the reasons for its very existence. I think it is surprising that a number of people with impeccable intellectual and educational qualifications often make proposals which would make Parliament utterly unworkable.

Senator Flynn: But that is the proposal of your government contained in Bill C-60.

Senator Perrault: Honourable senator, I listened very attentively to your remarks, and I found them to be of real interest and value. I hope the same courtesy can be extended to me.

Senator Flynn: It is not a question of courtesy; it is a question of being precise.

Senator Perrault: Honourable senators, there is a deplorable lack of knowledge with respect to the work of second chambers in parliamentary systems. The work done here down through the years has not been self-serving; it has made an important contribution to the national constitutional dialogue—and I am referring to the work performed by senators with respect to the future role of the second chamber. That information is needed by the government and by Canadians in this important process in which we are now involved. It may be that there will be some critics in the land who will say, "Well, there's the Senate, concerned about its future!" Honourable senators know that if we had suffered from criticism and had been sensitive to that kind of chatter in the past, we would have gone out of existence long ago.

If we are to make a relevant contribution to the renewal of federalism in Canada within the given time frame—proposals are going before the provincial first ministers in September—we must have some of these ideas together by July 15. Is it really possible for us to review the entire range of constitutional options that are open, in every direction?

The suggestion here is to make the most efficient use of our time. We can only do that by establishing priorities. I believe that if we follow the list of priorities established by Senator Lamontagne in his motion, unamended, we will be serving the people of Canada in the best possible way that we can. We must serve them by giving expert advice in areas where we have special expertise. That does not rule out the possibility of expressing our views in other directions at a later time. This stringent time frame imposes on all of us across the country who are interested in constitutional change a very difficult work schedule.

I want to emphasize again that no one on this side questions the motives behind Senator Flynn's amendment. He has advanced many useful ideas on the subject of constitutional change during his long period of service here. But I believe that the main motion is the best vehicle, within the time limits agreed to by the first ministers, and I oppose Senator Flynn only in that spirit. We have only a few weeks to make certain that this body, which is more knowledgeable on the second chamber than any other body in this country, has its views set forth in good form for consideration, not only by the Right Honourable the Prime Minister and his advisers but also by the first ministers in Canada. Therefore, with a great deal of reluctance, I oppose this amendment.

On motion of Senator Murray, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, June 19, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report on the administration of the *Small Businesses Loans Act* for the year ended December 31, 1979, pursuant to section 11 of the said Act, Chapter S-10, R.S.C., 1970.

OFFICIAL REPORT

CORRECTIONS IN ENGLISH TRANSLATION

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I rise on a question of privilege. In case any questions arise on the debate of Senator Lamontagne's motion yesterday, I should like to have your permission to correct certain words in the English translation. I am quite satisfied with the French version, but some words in the translation were either subject to my misunderstanding or, in some cases, I could not understand what they meant at all. My first correction does not, in fact, deal with Senator Lamontagne's motion but was a comment I made in reply to an intervention by Senator Roblin in connection with Bill S-7. At page 497, Senator Roblin intervened and said:

> It is piracy.

Then I thought I had agreed with him and said, "It is nothing less than piracy," whereas the script reads, ". . . and is nothing more than piracy." I think it may be more than piracy.

Turning to the debate on Senator Lamontagne's motion, the errors in translation—or what seem to me to be errors in translation—occur at pages 503 and 504. These were responses to questions. First, at page 503, the second paragraph of my comments in the first column should read as follows:

> It is in this context that we must understand the meaning of the word "alternative," that is to direct provincial participation in the operation of the Senate. We must not forget or deny the participation of the provinces. Bill C-60 sought to protect the provinces against federal intrusions through another formula to ensure provincial participation directly in the Senate. In this context, the third item included, for example, the alternative mentioned in the speech of Senator Lamontagne—

• (1410)

And so on. Then, in the second column, in reply to a question by Senator Deschatelets as to whether or not it would be in order to discuss distribution of powers in committee on the basis of the present mandate, the translation should read:

> I think he can discuss the distribution of powers only in the context suggested by Senator Asselin, that is if he can persuade the chairman and committee members that it cannot discuss alternative ways to avoid the exercise of such federal powers as that of disallowance, or declaratory powers, without discussing the distribution of powers. I think we need not discuss the distribution of powers when discussing the issue of the power of disallowance or that of declaratory powers.

Then dropping down one sentence:

> It is only when the power of disallowance and the declaratory powers are involved that we have an example of the exercise of such federal power.

Continuing:

> In fact, the distribution of powers between sections 91 and 92 is not usually discussed before the courts when it is a matter of disallowance—although recently no government has had the courage, or perhaps the folly to try to exercise it—or perhaps a matter of declaratory powers. Since it is a matter that comes under section 92—if it is a provincial power—the federal government can then declare that it is a matter of federal interest and it then must be removed from section 92 for that case.

Finally, in the next paragraph:

> It is a long answer, and I am sorry but it is a rather technical question. The only thing I want to say is that, in my opinion at least, the analysis Senator Asselin made today can be raised before the committee. I think the answer must be that it is not in order but it is up to the committee and the chairman to decide. I do not mean that I do not understand the view of Senator Asselin which was, I think, behind your question.

There is a small correction to be made on page 504. In reply to a question by Senator Tremblay, the first sentence of my reply, midway in the first column, should read:

> The declaratory power provides for the case when a power is listed in the division of powers as being within the jurisdiction of the provinces, but may for any reason—

And so on, to the end of the paragraph. My next intervention should read:

Of course. A study of the distribution of specific powers is not necessarily a part of a study about alternative arrangements—

In the second column, the third sentence of my reply should read:

There are first the specific titles, the "Matters coming within Classes of Subjects," as they are called in our Constitution.

Continuing further down:

In the United States, they belong to the various states.

There are some other corrections that I have made. Perhaps I can pass those and not bore honourable senators with them. They are small grammatical errors. I suggest, with your permission, honourable senators, that I pass them over, and the English version could so read.

Hon. David Walker: Honourable senators, my honourable friend is doing a good job as the Deputy Leader of the Government, but could he not also learn to make his own corrections instead of taking up the time of the house at such great length on things that are obvious errors and do not change the purport of what he said?

● (1415)

I respectfully suggest that you should just try making the corrections yourself next time, and then we will be able to get on with the business of the house a little quicker.

Senator Frith: Honourable senators, I think the point raised by Senator Walker is well taken. This is the first time I have done this since I have been here, and the only reason I did it now is that there were many legal and technical things that I thought might be the subject of discussion in the committee and which should be set straight. In principle, however, I agree entirely with what Senator Walker has said.

BUSINESS OF THE SENATE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, perhaps I might be permitted to raise a certain matter at this time.

It seems, after discussion with the Deputy Leader of the Government, that there is some disposition on the part of the Senate to conclude Item No. 7 this afternoon, the debate on the motion by Senator Lamontagne and the amendment thereto which I moved. In order to accommodate as many senators as possible, I would suggest that we agree to suspend the Question Period at approximately 2.40 o'clock, and then conclude the debate on Item No. 7 so that we may have the vote around 3 o'clock.

If this were to meet with the general approval of the Senate, we on this side would be prepared to proceed in this way.

Hon. Raymond J. Perrault (Leader of the Government): I thank the Leader of the Opposition for his useful initiative.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

[Senator Frith.]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORT OF COMMITTEE BUDGET TABLED

Hon. A. Irvine Barrow, for Senator Hays, Deputy Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled a report approving a budget of the Standing Senate Committee on Agriculture.

(*For text of report, see today's Minutes of the Proceedings of the Senate.*)

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Wednesday, June 25, 1980, at 8 o'clock in the evening.

Motion agreed to.

QUESTION PERIOD

[*English*]

ENERGY

DOMESTIC OIL PRICE—FEDERAL-PROVINCIAL NEGOTIATIONS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question that should be directed, I presume, to the Honourable Minister of State for Economic Development. It concerns the negotiations that were conducted between Mr. Lalonde and Mr. Leitch. Do I understand that these negotiations have broken down, and have been postponed for something like a month? The only thing they could agree on was to continue the present agreement for one month. What should we understand from that?

● (1420)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, part of the preamble to the question is correct and part of it is incorrect. The part that is correct is that the negotiators have failed to reach any long-term agreement to date. However, they have agreed, as Senator Flynn has suggested, to continue the present pricing arrangement for one month. But there is more to it than that. The negotiations, while they have not broken down, have reached a point where both sides have agreed to refer it to the first ministers at a meeting that will be held before the month expires. Although we do not have a precise date now, one will be set.

In addition to that, further negotiations will probably take place, up to the date of the first ministers meeting, between the provincial ministers of energy and the federal Minister of Energy, Mines, and Resources. I say "probably" because that

is not certain. Certainly, in the meantime there will be further meetings of officials. I would not say that the discussions have broken down. They have not; they have moved into a new phase.

SHIPPING

CANADIAN MERCHANT MARINE SERVICE

Hon. Jack Marshall: I have a question for the Minister of State for Economic Development. Because of the demands on shipping which exist now with development of energy in the north, could the minister tell us what his government is doing regarding the formation of a Canadian Merchant Marine Service?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, obviously that is too great a question for anyone to try to answer during the Question Period. I do not believe there has been any new declaration regarding the development of a Canadian Merchant Marine Service. There are, of course, a number of programs and other policy discussions going on respecting that subject. I do not want to be misquoted in saying that we are now discussing the establishment of a Canadian Merchant Marine Service, although some interest has been shown in that. As I said, the question is far too great to try to answer in the Question Period.

Senator Marshall: Recognizing the detailed answer that is required, perhaps the minister could provide the answer at a later date.

INDUSTRY

EXTENSION OF SUBSIDIES TO SHIPBUILDING

Hon. Jack Marshall: Honourable senators, I have another question for the Minister of State for Economic Development. There are 60,000 employees in the shipbuilding industry in Canada. In view of the high unemployment in Canada, and because subsidies offered to the shipbuilding industry will expire in June of this year, I wonder whether the government is going to do anything regarding the extension of the subsidy to the shipbuilding industry to ensure that jobs are maintained.

Hon. H. A. Olson (Minister of State for Economic Development): I will refer that question to the Minister of Industry, Trade and Commerce and the Minister of Transport, both of whom are responsible for that area.

To be fair, I think it should be pointed out that these subsidies will be paid long after June 30 because many contracts for shipbuilding will result in work going on long after that date. So there will not be a sudden increase in unemployment. While June 30 is the date set for new applications, there are many ships now under construction that will bring those payments beyond that date.

• (1425)

FOREIGN AFFAIRS

TRADE WITH U.S.S.R.—GOVERNMENT POLICY

Hon. Jean-Paul Deschatelets: Honourable senators, I have a question for the Minister of State for Economic Development, of which I sent him previous notice.

I heard this morning a report that for the first three months of the present year the trade exchanges between the United States and the U.S.S.R. had increased by 34 per cent over the last trimestrial period, which would represent a surplus of over $1 billion. I was under the impression that, following the embargo by the United States, their trade with the U.S.S.R. had been limited to a few commodities.

Would the minister inquire whether that report is well founded? If so, does the Canadian government contemplate reviewing its own present embargo policy with the U.S.S.R.?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to thank Senator Deschatelets for providing me with advance notice of his important question concerning Canadian policy with respect to trade with the U.S.S.R. I should like to inform the honourable senator that it has not been possible today to conduct a full analysis of the U.S.-U.S.S.R. trade figures for the first quarter of this year, although I realize that that was in a newspaper report. However, I should like to point out that it may, indeed, be too early to reach firm conclusions about the pattern of U.S.-U.S.S.R. trade based solely on the first quarter figures. This is in large measure due to the fact that those figures will include an element representing goods which were in transit when the U.S. partial embargo policy was announced.

Canadian policy with respect to trade with the U.S.S.R. is subject to periodic review, depending upon relevant circumstances. At this time it remains our policy to continue the actions already adopted and known.

EMPLOYMENT AND IMMIGRATION

IMPORTATION OF SKILLED LABOUR BY OIL COMPANIES—FEMALE PARTICIPATION IN JOB PROGRAMS

Hon. R. James Balfour: Honourable senators, I should like to direct my question to the Minister of State for Economic Development. The Minister of Employment and Immigration announced yesterday that oil companies wishing to import skilled labour must co-operate with job programs which his department plans to draw up and which would achieve the policy goal of channelling women into traditional male jobs, such as welding, pipefitting and truck driving. On the other hand, the minister is reported to have said, in rejecting quotas for female participation in employment programs, that "once you begin setting quotas, you begin a system of reverse discrimination."

Can the honourable senator explain the obvious contradiction between those two statements and tell us exactly what the government policy is in this regard?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, this is another one of those cases where the questioner has destroyed his question by his preamble, because, of course, I just do not agree that there is any discrepancy between those two replies. If you set up quotas, obviously you will force companies and employers to hire that many people. If you cannot make that ratio by the quotas, then you are at variance with the law. That is pretty clear. It is also clear that the minister wants to remove any discrimination and also wants to encourage, and firmly encourage, if I may use that expression, a policy of giving to females the same access as is given to males. That is clear, too, so there is no contradiction in that.

● (1430)

One of the difficulties that has been encountered—and I do not raise it as a major problem—is that in those cases where there has been a willingness on the part of employers to hire females for employment, in some of these heavy construction projects they were unable to obtain a sufficient number of female recruits. If there are firm quotas and there is not a sufficient number of applicants, that becomes a problem. So I do not agree that there is any discrepancy in the positions.

Senator Balfour: I have a supplementary question. Could the minister be more specific and explain precisely what mechanism is being contemplated as an alternative to some form of quota system?

Senator Olson: If the honourable senator wishes that detail—and I appreciate that that would be useful to him—I shall take the question as notice and inquire of the minister.

ENERGY

ALASKA HIGHWAY GAS PIPELINE

Hon. R. James Balfour: Honourable senators, I have a supplementary to a question I put to the Minister of State for Economic Development yesterday. It was announced this morning that the Foothills group has called for tenders on a 132-mile section of the Alaska Highway gas pipeline and expects regulatory approval by the end of this month. In response to my question yesterday the minister said, in part:

> There is no point in one country going ahead with the construction if they are going to build a pipeline to the border and the other people are unable to give assurance that their section will be built . . .

In the light of that statement, can the minister tell us now whether regulatory approval of the Foothills application can be anticipated, or can he at least explain the apparent contradiction between his statement yesterday and the action of the company today in calling for tenders for the construction of a portion of the pipeline?

Hon. H. A. Olson (Minister of State for Economic Development): Well, honourable senators, here we go again! There isn't any contradiction, and I just do not appreciate that suggestion in the preamble or even in the context of the question. I think the honourable senator should look a little deeper before he cries "contradiction." There has been no authority given today. The conditions—conditions which are well known to the honourable senator—with respect fo the exchanges of assurances between the two countries will have to be met before a construction permit is issued.

What the honourable senator could have found out, with a little bit of investigation, is that this is not the first time that Foothills has taken action. The Foothills group has taken many actions in anticipation of receiving such permits. In fact, they have even ordered pipe of a special nature for part of the western leg, in anticipation of a permit to construct. They know full well that they will not be laying that pipe until the permits are approved. They also know that we are working as diligently as we can to obtain the assurances we need, so that not only I, as minister, but the Northern Pipeline Agency and, indeed, the National Energy Board will be in a position to issue the necessary permits.

With all of the intentions and hard work that are going into this, we cannot now—and Foothills knows this—give them what I think the honourable senator referred to in his question as an "anticipated date." The permits will be issued once the requirements are met.

[*Translation*]

PROVINCE OF QUEBEC

STATEMENT BY LIEUTENANT GOVERNOR

Hon. Martial Asselin: Honourable senators, my question is directed to the Leader of the Government in the Senate.

We are told that in the message he delivered yesterday, for the end of the session in the National Assembly of Quebec, the Lieutenant Governor of Quebec, the Honourable Jean-Pierre Côté, stated that Quebec has a right to self-determination and that it should also be considered as one of the two nations forming the country.

Was that message which was delivered by the Lieutenant Governor at the end of the session dictated by the Governor General in Council, whom he is representing in Quebec?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have no statement to make on that subject at this time. Inquiries will go forward.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government. Is the leader able to tell us whether the government is aware that the United States Senate has been asked just this week to provide an additional $9.7 million in funding for the Garrison dam project in the State of North Dakota, and has the Secretary of State for External Affairs made representations to the United States authorities against that project and supporting the objections of both the people of Manitoba and the Government of Manitoba?

• (1435)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the Garrison diversion project, with the implications for Canada in all that projected development, is of great concern to all Canadians wherever they live. I can understand the senator's concern because of his residence in Manitoba. We are disturbed to learn that the U.S. Senate Appropriations Committee is considering additional appropriations of $9.7 million for the Garrison diversion project. This is especially disquieting to all of us, regardless of party, as this proposal is apparently being added on as an unrelated emergency bill and may, therefore, be carried without the careful consideration that this important bilateral issue deserves.

While we understand that this additional appropriation is to be used to fund work not directly affecting Canada, there is reason to worry that such new funding, being proposed for a project that has yet to be altered in any way to take Canadian and International Joint Commission concerns into account, may ultimately result in actions damaging to Canada, and especially to one of the great provinces of Canada.

I have been informed by the Secretary of State for External Affairs that he has instructed our ambassador in Washington to express formally Canada's deep concern at this development. He has informed me that our concern will be made known today both to the U.S. Administration and to all members of Congress.

[*Translation*]

The Hon. the Speaker: Pursuant to an Order of the Senate made earlier this day, we are now going to suspend the Question Period and call Order No. 7 on the Orders of the Day.

[*English*]

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO STUDY CERTAIN ASPECTS OF THE CONSTITUTION

On the Order:

Resuming the debate on the motion of the Honourable Senator Lamontagne, P.C., seconded by the Honourable Senator Frith:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to consider and report upon constitutional provisions regarding individual and collective rights and upon the future role and composition of the Canadian Senate and alternative constitutional arrangements compatible with true federalism;

That the membership of the committee be increased to thirty members and that Rule 67(1)(*j*) be suspended in relation to membership of the committee;

That the committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purposes of its examination and consideration of such legislation and other matters as may be referred to it; and

That the committee have power to sit during adjournments of the Senate; and

On the motion in amendment thereto of the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Tremblay, that the first paragraph of the motion be amended by striking out all of the words after the word "upon" in the second line and substituting the following therefor:—

"the matter of constitutional reform with special attention being given to the question of the division of powers between the federal and provincial governments and to constitutional provisions regarding individual and collective rights".—(*Honourable Senator Murray*).

Hon. Lowell Murray: Honourable senators, my intervention will be reasonably brief, so that the amendment can come to a vote soon.

Events have overtaken both the motion moved on May 29 by Senator Lamontagne and the amendment moved by the Leader of the Opposition on June 4. Since that time the first ministers met on June 9, and from that meeting we have a document entitled *Priorities for a New Canadian Constitution.* It is a list of proposed items for review, not in any order of priority, as some of the provinces have taken pains to point out, but, nevertheless, a list of items for review that has been agreed to as a basis for discussion between now and September 8.

We also have a work schedule. Ministers and officials will negotiate during the summer months and report back, it is hoped, with agreement on some of the items, to a first ministers conference on September 8.

It is my contention that the amendment moved by the Leader of the Opposition is better suited than the original motion to the priorities and to the work program which emerged from the June 9 meeting of first ministers.

The amendment of the Leader of the Opposition would give our committee a mandate to pay special attention to the division of powers and to constitutional provisions regarding individual and collective rights. The list of 12 priority items to be dealt with by the first ministers includes a charter of rights, including language rights. As Senator Tremblay pointed out the other day, it includes six specific items dealing with the distribution of powers.

• (1440)

Senator Lamontagne's original motion mentions individual and collective rights and the future role and composition of the Senate and, in the words of his motion,

alternative constitutional arrangements compatible with true federalism—

In his intervention on June 12, Senator Lamontagne defined the alternative constitutional arrangements he has in mind. He would, as I understand him, institutionalize the federal-provincial conference and vest in that institution the kind of powers suggested for a federal council by the Pepin-Robarts Commission and by Mr. Ryan's beige paper, among others. I must say

I find persuasive the argument that has been advanced from this side of the chamber that before we consider the need or otherwise for such a federal council, in the words of Senator Lamontagne, "to enable provincial governments to control the exercise of federal powers in their areas of jurisdiction," we should try to settle in our own minds what kind of power should be located at which level of government, and what kind of Constitution we will be working with.

Somebody pointed out yesterday, too, that to consider the federal council first would seem to imply that there is to be little or no change in the existing division of powers. I can do no better at this point than recall, in support of Senator Flynn's amendment and his approach, the words of the Prime Minister himself at a press conference in this city on May 29. The Right Honourable the Prime Minister, in replying to a question about the kind of confederal body contemplated in Bill C-60 in a previous Parliament and by the Government of British Columbia, among others, said:

> I think the reform of the Upper House must be and should be tied to the question of regional versus national powers.

Later, the Prime Minister said:

> I say the whole question of the Upper House has to be solved at the same time as the question of division of powers. We are prepared to see the provinces come en masse and sit on Parliament Hill if we are left with very, very substantial powers like, indeed, the government in Bonn is left. But if we are going to continue to be deprived of powers so that the provinces can exercise these powers in their own right, and to boot we are to be told that the powers that are left with us can only be exercised under the watchful eye of Big Brother the provinces, we say no deal.

The Prime Minister continued:

> I think the question of jurisdictions and the question of the Upper House should be faced together, with perhaps also the question of the Supreme Court, which will be in large part the arbiter of the exercise of that divided sovereignty.

When the Prime Minister talks about the Upper House, he is talking about the kind of confederal chamber or federal council suggested by Bill C-60 or by the Pepin-Robarts Commission or by the British Columbia government.

I hope that, whatever may be said about my own arguments, the testimony I have brought to bear from the Right Honourable the Prime Minister will prove to be irresistible to honourable senators opposite in rallying them to the support of Senator Flynn's amendment.

In summary, I think that the process agreed to on June 9 by the first ministers will be better served by giving our committee the kind of broad mandate contemplated in Senator Flynn's amendment. The committee should not work in a vacuum. Federal-provincial consultations will be going forward until July 6, and from July 7 to July 25 federal and provincial ministers and officials will be meeting for the first round of negotiations. These will be held behind closed doors but if previous federal-provincial conferences are any indication, the public will have a pretty good idea of what is going on. In any case there will be a public report to the first ministers on September 8. So given the latitude to tailor its work, I think our committee may be able to assist the process that the federal and provincial governments are now committed to for this summer and fall.

Honourable senators, that process will probably be very well advanced before the Senate as a whole has another opportunity to discuss constitutional matters. Therefore, I want to express my concern as to what the intentions of the federal government are. Earlier in this session I expressed my disagreement with the bleak picture painted in the Speech from the Throne, and by the Prime Minister in his own speech, of a country which supposedly was everywhere torn by regional ambitions and conflicts. In recent months the Prime Minister has sometimes returned to this theme, but on some occasions he has offered a more positive interpretation of what is happening in the country. I refer particularly to his statement on the night of the Quebec referendum, and to his letter to the provincial premiers inviting them to attend the June 9 meeting, as well as to his individual letter to Premier Lévesque about that meeting, emphasizing the positive spirit and the will to change that exists in all the provinces. Indeed, he said in one of those letters—I believe it was the letter to Premier Lévesque—that this provided us with an historic occasion which we ought not to miss. It is in that context that I find so inexplicable subsequent statements by the Prime Minister himself and other members of the government and the Liberal Party, which in my view serve only to create needless controversy and arouse suspicion as we embark on this new constitutional process.

Honourable senators will be aware that speculation is rife in the country, and with some basis, as to scenarios for unilateral action by Ottawa. We have had trial balloons, sent up by the chairman of the Quebec Liberal caucus, concerning a national referendum. There have been more veiled allusions by the Prime Minister himself and by other ministers about possible unilateral action, the whole effect of which seems to be to focus the attention of the provinces and others on the consequences of failure rather than on the benefits of success. If it were only a question of tactics one would be content to wait and see what results are produced, but my concern is that federal Liberals and in particular those from Quebec are so enthusiastic about the results of the referendum campaign in that province that they are eager to try it on across the country. I am not alone in that apprehension. One only has to read what has been said by some of the premiers; one has only to read what has been said by some of the respected commentators across the country including in the last few days editorials by the editor-in-chief of *Le Devoir*—who was the only member of the editorial staff of that paper to support the "No" position in the referendum campaign—and by the editor of *La Presse*. I am not alone in my apprehension that unilateral action is being considered, perhaps by way of an end-run in

some kind of cross-country referendum. I would like to say, with complete sincerity and with all the conviction I can command, to those who may be tempted by that course: forget it. A referendum, putting questions about the patriation of the Constitution or an amending formula or a charter of rights, including linguistic rights, would not resolve federal-provincial differences on those matters; it would simply cement those differences.

● (1450)

Imagine what would happen if a referendum of that kind were to pass with a majority of the Canadian voters in favour of it, but with entire regions or entire provinces voting against it. It would leave a legacy of division and bitterness and, I believe, intensify whatever separatist feelings may be incipient in any part of the country. If the referendum were to fail and the majority of voters in Canada voted against it, but if some provinces or regions voted in favour, it would set back the cause of constitutional reform by a generation and perhaps lead to the breakup of the country.

I do not believe, and it is a personal opinion, that a national referendum in this country is even an appropriate way to ratify an agreement on constitutional changes reached by the federal and provincial governments. I think each government should be left to take whatever steps it feels necessary to develop a consensus in its own legislature and amongst the public generally, in support of any such agreement.

The kind of national referendum or unilateral action that has been talked about is an end run around the provincial governments. We have to face the fact that this country is a federation, but not because the Fathers of Confederation had some doctrinaire commitment to federalism. On the contrary, Sir John A. Macdonald, at least, always felt that a unitary state would have been better, and perhaps his successors in the office of Prime Minister have often felt the same way. But the country is a federation because it was the only practical way to bring the colonies together to form what they called the "new nationality," and it is a federation because it is the only way to make Canada work today.

When it comes to constitution-making, negotiation is the only way to proceed. To contemplate an end run by way of a referendum or some unilateral action, in my judgment, would risk the existence of the country at one toss of the dice and might tear the country apart. There is a positive attitude, as the Prime Minister in his better moments notes, with most of the governments concerned. We have to put all our faith, whether we like it or not, in that process, and in those governments, in the process that is now launched. I firmly believe that if we support Senator Flynn's amendment this chamber and our committee can materially assist that process in the weeks ahead.

Hon. Senators: Hear, hear.

Hon. Ann Elizabeth Bell: Honourable senators, before we are asked to vote on the amendment, I should like to make one point of clarification. If we look at the British North America Act, section 92(10)(c), we can see what would happen either by the route of the amendment to the proposal, or of the main motion. Section 92(10)(c) states:

> Such Works as, although wholly situate within the Province, are before or after their Execution declared by the Parliament of Canada to be for the general Advantage of Canada or for the Advantage of Two or more of the Provinces.

I should like to emphasize ". . . declared by the Parliament of Canada." What concerns me is that in our previous discussions on the main motion and on the amendment, we dealt with government, the executive, but there seems to be insufficient emphasis put on Parliament. Some of us feel that Parliament, the House of Commons and the Senate, may as well stay at home, not just in regard to the important amendments that are being proposed to our Constitution, but in other regards.

Let us for a moment contemplate how the declaratory power of section 92 would work if we followed the rules and honoured them rather than breached them. For example, the Province of British Columbia needs the revenue that it will receive from the export of natural gas. Say the federal government approached the Province of British Columbia and said it was going to tax natural gas, as the Province of British Columbia increased its exports and its price. If the federal government proposes this in the House of Commons over the unwillingness of the Province of British Columbia, and if the members agree with the federal government and pass this proposal, then under the B.N.A. Act the matter will come to the Senate for our approval. We, in the usual course of events, would probably send this bill to one of our committees such as the Standing Senate Committee on Banking, Trade and Commerce. It is to be hoped that our committee would hear representations from witnesses representing the federal government, the Department of Energy, Mines and Resources, the Ministry of State for Economic Development, and the Province of British Columbia.

My point is that we in the Senate presumably have a mandate to have the regional concerns of Canada ventilated. If a provincial government says we should do it in some particular way, and if we are convinced it is the best way to benefit the whole of Canada, we must have the courage of our convictions, adopt the provincial proposal and defeat the federal government's proposal.

We should keep that in mind while looking at the main motion of Senator Lamontagne and the amendment that Senator Flynn has proposed. I believe that we would fall down in our duty if we did not look at these proposals coldly, determine the rules under which we play, and decide whether they are more appropriate than some of the exotic proposals that are coming before us now.

● (1500)

The Hon. the Speaker: It is moved by the Honourable Senator Lamontagne, P.C., seconded by the Honourable Senator Frith, that the Standing Senate Committee on Legal and Constitutional Affairs be authorized to consider and report upon constitutional provisions—

Hon. Senators: Dispense.

The Hon. the Speaker: In amendment, it is moved by the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Tremblay, that the first paragraph of the motion be amended by—

Hon. Senators: Dispense.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion the "nays" have it.

And more than two honourable senators having risen:

The Hon. the Speaker: Please call in the senators.

The question was resolved in the negative on the following division:

YEAS

THE HONOURABLE SENATORS

Asselin	Fournier (*Madawaska-Restigouche*)
Balfour	Macquarrie
Beaubien	Marshall
Bielish	Muir
Charbonneau	Murray
Choquette	Nurgitz
Deschatelets	Phillips
Donahoe	Roblin
Doody	Sherwood
Flynn	Tremblay—20.

NAYS

THE HONOURABLE SENATORS

Adams	Denis
Anderson	Fournier (*Restigouche-Gloucester*)
Argue	Frith
Barrow	Giguère
Bird	Godfrey
Bosa	Goldenberg
Cameron	Haidasz
Connolly	Inman
Cook	Lafond
Cottreau	Lamontagne
Langlois	Perrault
Lapointe	Petten
Molgat	Riel
Neiman	Riley
Norrie	Robichaud
Olson	Rousseau
	Stanbury—33.

[The Hon. the Speaker.]

The Hon. the Speaker: I declare the motion in amendment lost.

Do honourable senators wish me to read the main motion?

Hon. Senators: Dispense.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the main motion?

Some Hon. Senators: Agreed.

Senator Flynn: On division.

Motion agreed to, on division.

SAFE CONTAINERS CONVENTION BILL

THIRD READING

Hon. William J. Petten moved the third reading of Bill C-21, to implement the International Convention for Safe Containers.

Motion agreed to and bill read third time and passed.

● (1510)

PRIVATE BILL

PYRAMID COMMUNICATIONS LIMITED—SECOND READING—DEBATE ADJOURNED

Hon. Lionel Choquette moved the second reading of Bill S-8, to revive Pyramid Communications Limited.

He said: Honourable senators, in 1978 the charter of this company, called Pyramid Communications Limited, was cancelled. The purpose of this act is to revive the company. The company's charter, which it obtained in 1925, was cancelled due to an oversight on the part of the officers of the company, and the company now prays that an act be passed reviving that cancelled charter.

The history of the company, and the facts leading to the cancellation of its charter, are, briefly, as follows. Pyramid Communications Limited, having its principal place of business in the City of Toronto, in the Province of Ontario, was incorporated under the name of Sanitary Age Limited on December 11, 1925, by letters patent issued under the Companies Act, chapter 79 of the Revised Statutes of Canada, 1906, for the purposes and objects set out in the said letters patent.

By supplementary letters patent dated February 12, 1932, the company's name was changed to Age Publications Limited. Subsequently it made another change in its name by supplementary letters patent dated August 8, 1963. On this occasion the company's name was changed to Pyramid Publi-

cations Limited. By further supplementary letters patent dated April 27, 1968, the company's name was changed to its present form, namely, Pyramid Communications Limited.

The company, for two consecutive years—and this is the oversight—failed to file in the Department of Consumer and Corporate Affairs the annual summary required under subsection 133(1) of the Canada Corporations Act. A notice to this effect was published in the *Canada Gazette* on December 18, 1976, pursuant to subsection 133(10) of the said Canada Corporations Act, as that section read at that time, stating that the company would be dissolved unless, within one year of the publication of the notice, the company filed the summaries for the two years in respect of which it was in default. The said summaries were not filed, and by order published in the *Canada Gazette* on December 9, 1978, the company was dissolved.

The officers of the company, being unaware of the issuance of the order, have continued to carry on the business of the company as if it had not been dissolved. It will not be possible to continue to carry on the business of the company unless the Parliament of Canada enacts that:

(a) notwithstanding the publication of the said order, the company is deemed not to have been dissolved, and

(b) subject to the rights acquired by any person after publication of the said order, the company has all the rights and privileges and is liable for the obligations that it would have had had it not been dissolved.

The petitioner humbly prays that this honourable house may be pleased to pass an act for the purposes above mentioned. I would like to point out a very important fact here. The proposed bill would revive the company, and would also provide that the company be deemed not to have been dissolved. This latter provision would serve to validate, with retroactive effect, all transactions by the company during the period when it was dissolved and had no legal existence.

On motion of Senator Langlois, for Senator Frith, debate adjourned.

● (1520)

FEDERAL BUSINESS DEVELOPMENT BANK ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Eric Cook moved the second reading of Bill C-20, to amend the Federal Business Development Bank Act.

He said: Honourable senators, the Federal Business Development Bank has fully committed the funds it is empowered to lend under its present statutory authority. The bill before us is an interim measure, to give the bank an additional $1 billion of lending authority to enable it to continue operating until more comprehensive policy proposals, with respect to the future direction of the Federal Business Development Bank and other government small business financing programs, can be implemented on the basis of the Small Business Financing Review currently under way.

The bill, therefore, will increase the assets and ability of the bank to do business in two ways. First of all, the Minister of Finance, with the approval of the Governor in Council, will be empowered to subscribe for a further $275 million towards the capital of the bank. If the full $275 million is in due course subscribed, the bank's capital will be $475 million instead of $200 million which it now is.

Secondly, the bank's lending ratio will be increased from 10 times its capital to 12 times its capital, with the further right for the Governor in Council to increase the 12 times ratio to 15 times. However, it will be noted that under clause 31, subclause 3, the total loans of the bank must not exceed $3.2 billion in place of the present limit of $2.2 billion. As a result of the passage of this bill, and of subsequent steps taken by the government, the bank will be empowered to make additional loans totalling $1 billion.

I have reviewed the debate in the other place on the second reading of Bill C-20. It seems to me that there was general agreement there on the thrust of the bill, which is to increase the capacity of the bank to make additional loans over and beyond the amount of its loans presently made and now outstanding. Indeed, the bill received second reading after one sitting's debate. There was, however, some interesting and constructive debate, and some criticism of the bank's operations.

As honourable senators are aware, the Federal Business Development Bank was created and is to operate as a lender of last resort. In other words, a businessman must first attempt to obtain a loan in the normal and usual manner from a chartered bank, trust company or other financial source. Only when he is unsuccessful may he apply to the bank.

The bank's mandate is to help and assist small business, but it is to operate, if at all possible, a break-even operation. Some of the bank's critics argue that the bank is failing to discharge its mandate unless it loses money, apparently on the grounds that if it does not, then it is not sufficiently generous to the applicants for loans. Personally, I cannot agree with this argument. The management of the bank must surely use common sense and refuse applicants where the bank's officials, for good reason, feel that the loan would merely result in throwing good money after bad, with no real benefit in the long-run, either to the applicant or to the bank.

The bank has been in operation for five years. Last year was the first year it suffered a loss of some $30 million. However, notwithstanding last year's loss, the bank still has some $15 million of retained earnings resulting from the previous year's operations. Last year was a difficult year, and when the bill goes to the committee, the executives of the bank will be able to explain the reasons for the unsatisfactory results of the year's operations.

While I must disclaim any intimate knowledge of the bank's business, from what I do know I am persuaded that it is an excellent institution and is fulfilling a real need and is doing a good job. I feel sure that in committee the bank's management

will be able to convince honourable senators of the correctness of these observations.

Perhaps I should make a few further comments on the full scope of the bank's activities. In the fiscal year ending March 31, 1980, the bank authorized over 16,000 new loans for a total of $880 million. At March 31, 1980, the bank had in excess of $2 billion of loans outstanding to more than 40,000 small businesses. Reflecting the bank's small business orientation, over 75 per cent of its loans are for $50,000 or less.

As a result of a sharp increase in equity financing in recent years, the bank is now the largest source of institutionalized new venture capital financing in Canada. In fiscal 1980, the bank authorized 86 investments for a total of more than $14 million. At March 31, 1980, the bank had investment commitments in excess of $35 million to 135 investment customers.

A number of studies of the financial problems of small business concluded that a problem of smaller entrepreneurs was related to management skills. The legislation establishing the Federal Business Development Bank gave the bank expanded responsibilities to provide management services in addition to financial services. Management services comprise three main areas: counselling, training and information services.

The bank's counselling program, Counselling Assistance to Small Enterprises (CASE), uses the expertise of retired executives to assist small firms in improving their methods of doing business. Services are provided for a nominal fee. Counselling advice is provided in all areas of business management, including accounting, marketing, production and personnel. In fiscal 1980, 21,502 inquiries were received by CASE, and 14,560 assignments were completed.

Management training seminars are conducted on a wide range of topics to help small business owners and managers improve their management skills. During that past fiscal year, 1,656 one-day seminars and 77 half-day seminars were offered by the bank and over 25,000 business people took part in these seminars.

The bank also provides business information services for small business on government assistance programs for business, and refers inquiries to the appropriate government department or agency. Last year, the bank received more than 62,000 inquiries, which resulted in almost 100,000 referrals.

● (1530)

Honourable senators, the complete range of the bank's services is offered through a network of more than 100 branches and sub-branches. The bank's services are extended by regular, advertised visits to the more remote regions of the country, thereby making its wide range of financial and management services accessible to virtually all small businesses in Canada. The bank is a major part of the government's programs in support of small business. The bill before us today provides for a recapitalization of the bank to allow it to continue with its financial activities in support of small business.

[Senator Cook.]

Finally, I would like to point out to honourable senators that the bank has committed the last of the funds it was empowered to raise under existing authority. The bank will have to curtail its lending activities somewhat, if legislative relief is not forthcoming shortly. Moreover, this bill is only an interim measure sufficient to keep the bank operating for approximately two years pending the outcome of the government's review of small business financing. More comprehensive policy proposals concerning the future role of the bank will come out of this review.

Honourable senators, I ask your favourable consideration of this bill. Should it receive second reading, I will move that it be referred to the Standing Senate Committee on Banking, Trade and Commerce for the usual detailed consideration.

On motion of Senator Murray, for Senator Charbonneau, debate adjourned.

CONSUMER AND CORPORATE AFFAIRS

BANNING OF GLASS CONTAINERS FOR CARBONATED DRINKS—REQUEST FOR INFORMATION—ORDER DISCHARGED AND MOTION WITHDRAWN

On the Order:

Resuming the debate on the motion of the Honourable Senator Fournier (*Madawaska-Restigouche*), seconded by the Honourable Senator Murray:

That there be laid before this House copies of all correspondence, notes, minutes of meetings and other communications between the Minister and officials of the Department of Consumer and Corporate Affairs during the year 1979, related to the banning of certain glass containers of carbonated drinks.—(*Honourable Senator Flynn, P.C.*).

Hon. Edgar Fournier: Honourable senators, I find I am forced to withdraw my motion. Before doing so, may I make a few comments? I regret that since my paralysis of September, 1970, I speak with great difficulty, and I realize that I am doing now exactly what my doctor has forbidden me to do, and that is getting into discussion and argument. But, whatever the cost, I believe my efforts have been worth it.

Today I see no need to carry this matter any further. However, I maintain that the department is still hiding facts which could be embarrassing to them and that that is why the information is so hard to obtain. There is no need for me to say that I, along with many soft drink producers, am greatly disappointed at not being able to get at the facts.

I have in my hands one letter dated May 20 last, which was written by the Department of Consumer and Corporate Affairs, and my reply, dated May 30. In the department's letter a high official in the department took strong exception to remarks I made here on May 14 in which I said I was getting the run-around and in which I used the word "blackbirds." Well, nothing has really changed. I am still getting the run-around. Furthermore, in the same statement I had warned the minister that the blackbirds were "still in the nest," and all I

can say now is that those blackbirds must have hatched, because now there seems to be an all-out effort to conclude the matter as quickly as possible. There is one thing I know, and that is if my party were in power I would see to it that some of those blackbirds were demoted to sparrows.

My sole motive in pursuing this matter in the first place was that I felt that both the public and the soft drink bottlers had gotten a rotten deal, and my main effort was to try to save those producers from a tremendous financial loss, amounting to several hundreds of millions of dollars, and trying to prevent them from being forced to lay off masses of people from the production lines.

Both last night and this morning I studied the answers to my questions which were forwarded to me by Senator Frith. I must say I have to admit that it is a lost cause. I regret that. It reminded me of the answer I used to receive from the CNR years ago to my many inquiries: "It is not in the best interests of the public."

In any event, I thank Senator Frith for his efforts. I realize that even he could not get the proper answers. But at least the producers now know where they stand. I regret to say that they stand exactly where they stood on August 28, 1979. They have gained nothing. Indeed, millions of their dollars are going down the drain. As for modifying the bottles, these new requirements now destroy all of their previous efforts. At this stage, the coated bottles are still only in the process of development, and nowhere in Canada has there yet been any success in that line. So there does not seem to be any relief from that source in terms of the millions of dollars that have been invested in the conventional bottles already in existence and paid for by the producers.

Honourable senators, realizing that the next move would be to call for a vote in the Senate and knowing also what the result of that would be, seeing such a huge majority of government supporters, I see no alternative to withdrawing my motion. In going so, I must say it is against my own wishes, but in a sense I have a gun pointed at my head.

The Hon. the Speaker: It is agreed, honourable senators, that this motion be now withdrawn?

Hon. Senators: Agreed.

Order discharged and motion withdrawn.

QUESTION PERIOD

[*English*]

PROVINCE OF QUEBEC

STATEMENT BY THE LIEUTENANT GOVERNOR

Leave having been given to revert to Question Period:

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, earlier this afternoon a question was put by the Honourable Senator Asselin regarding a statement alleged to have been made by the Lieutenant Governor of Quebec, the Honourable Jean-Pierre Côté.

Since the honourable senator was apparently quoting from a news dispatch when he referred to a statement reportedly made in Quebec yesterday by the Honourable Jean-Pierre Côté, Lieutenant Governor of that province, I decided, before answering his question, to take the precaution of checking on whether the statement referred to by the honourable senator was made by His Excellency in the exercise of his official functions as Lieutenant Governor or in some other circumstance not related to his official post.

I am now reliably informed that the statement made by the Honourable Jean-Pierre Côté was part and parcel of the Speech from the Throne that he read at the prorogation of the session of the Quebec National Assembly and that, consequently, he was merely reading a statement submitted to him by the provincial cabinet, as is customary in such circumstances.

It is therefore quite evident that His Excellency was not expressing his personal views but rather the views of the Government of the Province of Quebec.

I felt it important to put that information before the Senate as quickly as possible.

PUBLIC SERVICE

INDEXING OF PENSIONS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on May 7 the Honourable Senator Doody raised a question concerning the financing of the indexation of pensions in the public service. The matter was raised again yesterday, June 18. It is true that public service pensions are indexed annually to reflect increases in the Consumer Price Index. The indexing feature applies to the government's pension plans for public servants, the military, RCMP personnel, members of Parliament, federal judges, and so on. Indexation benefits are currently financed out of the special contribution of 2 per cent of annual salary, evenly divided between the government and its employees, paid into the Supplementary Retirement Benefits Account by and on behalf of pensioners and out of the Consolidated Revenue Fund. In other words, indexing benefits are financed on a partial pay-as-you-go basis.

● (1540)

The basic pension plans for government employees, the military and RCMP personnel are financed by government and employee contributions, together with accumulated interest earnings. These plans are fully funded in that enough moneys are set aside to accumulate, with interest, enough funds so as to pay for benefits earned. Employees currently pay contributions of 6.5 per cent of annual salary less Canada/Quebec Plan contributions to the basic pension plans.

The President of the Treasury Board, who is responsible for public service pension policy, is currently reviewing the indexing feature as well as other pension issues which have emerged

over time. Whether there will be any proposals to change the current system will depend on the outcome of that review.

FOREIGN AFFAIRS

STATEMENT TO PRESS BY CANADIAN AMBASSADOR TO UNITED NATIONS

Hon. Heath Macquarrie: Honourable senators, while I note that the minister provided an answer about Quebec asked earlier this day, I should like to inquire of the Leader of the Government as to when I shall get an answer to a question I put to him on May 14 last in connection with an alleged statement by the Canadian Ambassador to the United Nations. It is now June 19 and I still have not received an answer. I know the United Nations fairly well. They have an excellent up-to-date press room and very good recording services. I know there is a direct government line between Ottawa and New York. It should be almost as easy to make a phone call to New York as to Quebec City.

I would like to know if there is some particular reason why the Ambassador of Canada to the United Nations is allowed to remain under this cloud of suspicion and misunderstanding, and I am wondering why it cannot be removed. This is my third time of asking, as they say in the Anglican Church.

Hon. Raymond J. Perrault (Leader of the Government): Is it not also part of the service that after three inquiries, if there are no objections, it is considered . . .

Senator Petten: Let them speak now or forever after hold their peace.

Senator Perrault: The whip is of that great faith and understands the words so well.

Honourable senators, a reply to Senator Macquarrie's question has not as yet found its way into the file of replies that I have received from the office of the Minister of State for External Affairs. I share with Senator Macquarrie the concern that a reply has not been forthcoming to date. I can only say that our efforts in this regard will be intensified.

The Senate adjourned until Wednesday, June 25, at 8 p.m.

THE SENATE

Wednesday, June 25, 1980

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report on operations under the *Regional Development Incentives Act* for the month of April 1980, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

QUESTION PERIOD

[*English*]

INDUSTRY

CANADA-UNITED STATES AGREEMENT ON AUTOMOTIVE PRODUCTS

Hon. Guy Charbonneau: Honourable senators, I have a question for the Minister of State for Economic Development. United States officials were reported this morning as saying that Canada itself is primarily responsible for the fact that it has a deficit under the auto pact. Is the minister in a position to tell the Senate if and how Canada might in some way be responsible for its worsening deficit position under the auto pact?

● (2005)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have heard and read some of the press reports to which my honourable friend refers, and, of course, the next stage is to say that we made the decision to build larger automobiles, and because the market is not for that type of vehicle we got into this problem.

I should like to take that part of the question as notice and check with the Minister of Industry, Trade and Commerce. However, since both the United States and Canada are aware of the fact that some revision and renegotiation of the auto pact is imminent, it may be that some of these reports are for the purpose of setting out a bargaining position.

Senator Charbonneau: With respect to a bargaining position, some American officials were also quoted as saying that during the course of an election year in the United States, Canadians should be doubtful that the auto pact would be renegotiated to their advantage.

With that statement in mind, can the minister tell us whether or not the government is counting on considerably reducing its expected $6.5 billion trade deficit this year as a result of negotiations yet to take place between Mr. Gray and his counterpart in the United States.

Senator Olson: Honourable senators, when the source of the information is "some officials," "somebody," or "they," it is difficult to respond. If the statement had been made by someone who can be identified, and who holds a responsible decision-making position within the Government of the United States, then, of course, there would be a certain level of credibility attached to it. On the other hand, when the source is some elusive "they" or "some officials," it may be information that does not have much validity. Therefore, I shall refer the question to the Minister of Industry, Trade and Commerce before making any further comment on it, but with the assurance that this government is determined to make sure that we receive all the benefits flowing from Canadian production and markets, and will emphasize all the factors considered when the auto pact was first negotiated, and when it was renegotiated from time to time.

● (2010)

Senator Charbonneau: Well, Mr. Minister, considering that all the large auto makers are American owned, and given the Minister of Industry, Trade and Commerce's well-known disdain for foreign investment, does the government have a contingency plan to send, perhaps, an alternative minister or ministers to Washington to discuss renegotiation of the auto pact should Mr. Gray fail to achieve a better deal for Canada?

Senator Olson: It is very easy for me to answer that question. The answer is no.

ENERGY

SUBSTITUTES FOR PETROLEUM PRODUCTS IN INDUSTRY

Hon. Cyril B. Sherwood: Honourable senators, I direct this question to the Minister of State for Economic Development. The seven heads of government committed themselves at Venice to increase financial incentives to accelerate the substitution of oil in industry. Given that the Progressive Conservative government had announced in its budget a precise program of assistance for the conversion of Atlantic Canadian industry from oil to gas and other fuels, would the minister tell the Senate what alternative programs the government had in mind when it supported this declaration in Venice?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, Canada is one of the few countries in the fortunate position of having sufficient supplies of natural gas to substitute on conversion for all the crude oil requirements that exist—that is to say, as soon as we can get

the distribution system in place there is simply no question about our having sufficient supplies, both known and potential, for a long period into the future to enable us to switch directly from crude oil to natural gas.

Of course, just saying that does not make it happen overnight. We know what happened with respect to some parts of the application for the Q and M pipeline that were delayed because of environmental considerations. But that is our policy. It has been the stated policy of the government, and it continues to be. That is a highly desirable substitution because the pollution and environmental considerations are reduced very substantially vis-à-vis the use of other forms of fuel.

In addition to that, we have announced our intention, for example, to participate in a very significant increase in coal production—this was also part of the statement that came out of Venice—and to supply it on a world scale. Whether or not larger quantities of coal will be used in Canada as a substitute is a good question. I suppose there are places where the economics would say that that is the right thing to do. However, to get back to the other point, it is, I think, in Canada's interest that we do in fact significantly increase the supply of high-grade coal so that it may relieve some of the pressures on the whole world market for oil.

Again, Canada is not in a position that it needs to use that kind of fuel, particularly keeping in mind possible pollution problems in some cases, because we have adequate supplies of natural gas to undertake all of the substitution that can be done as far into the future as we can see.

• (2015)

OIL CONSERVATION—GOVERNMENT POLICY

Hon. Cyril B. Sherwood: Honourable senators, I should like to direct a supplementary question to Senator Olson.

Oil consumption in Canada increased by 4.2 per cent last year. The latest figures for the United States indicate that through the end of November oil consumption there had declined.

Could the honourable minister tell us what action the government proposes to take in order to promote oil conservation and to discourage oil consumption in Canada?

Hon. H. A. Olson (Minister of State for Economic Development): I can tell you one thing we are not going to do, senator, and that is impose an excise tax. I can tell you that there are programs that are designed for conservation of all forms of energy used for heating purposes. There is the CHIP program.

I must be a little careful here, because I am not sure whether the minister has already announced some enhancement of that program. I had better check to see if he has or not.

Senator Marshall: He did in his speech today.

Senator Olson: There are a number of other measures that are designed to conserve energy.

I suppose the honourable senator could make the argument—and I would not disagree—that price in the United States has been a great disincentive to the previous levels of gasoline usage. It is nearly twice as high in some parts of the United States as it is in some parts of Canada now.

But we do not believe that that is the best method, but it is perhaps part of the overall method. Everybody agrees that this fuel will have to increase in price, but the position of our party is well known in this respect.

Senator Flynn: Before the election you felt quite confident it would not have to be.

Senator Olson: It is important to have the confidence of the people to be elected.

Q & M PIPELINE—ENVIRONMENTAL STUDY

Hon. Jack Marshall: I should like to direct a supplementary question to the minister. In reply to Senator Sherwood the minister referred to the Q & M pipeline and to the environmental study that has to take place before that pipeline can go ahead.

Since natural gas is a most important alternative fuel, would the minister give us a progress report on the state of the environmental study, when it is expected to be completed and when we will hear about it.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I shall try to obtain that information. I guess if I were asked what specific, detailed reasons the National Energy Board had for being unsatisfied—not dissatisfied but unsatisfied—with the environmental work that was presented at the hearings, I really could not answer, because it is not my purpose, nor the purpose of any minister, to superimpose our judgment on, or interpretation of, the technical evidence.

I shall try to ascertain the status of the situation wherein the sponsoring company comes back to the National Energy Board to try to satisfy deficits in terms of both information and undertakings to protect the environment. I will do my best to obtain that information.

PROMOTION OF PETROLEUM SUBSTITUTES—TAXATION POLICY

Hon. Duff Roblin (Deputy Leader of the Opposition): I have a supplementary question to put to the minister in connection with the conservation of energy. He is probably aware that in Manitoba there is a plant being converted to the production of alcohol so that it may be used with gasoline to propel farm implements. The Government of Manitoba has waived its regular tax on that commodity in order to make it more attractive as an economic proposition.

Will the minister let us know whether the federal government has any intention of taking similar action so that this eminently satisfactory substitute for oil may be promoted?

• (2020)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I shall have to refer that question to the Minister of Finance as to whether such a request has

been made to him from, I presume, the producers of this product in Manitoba. I will also ask him what his response, if any, has been to this date.

Senator Roblin: Might I ask my honourable friend to get a response to my request as well, that he reduce the tax?

Senator Olson: I guess I had better not say what I am tempted to say. Yes, I will try to get that too.

PRINCE EDWARD ISLAND

PRODUCTION OF IRISH MOSS

Hon. Heath Macquarrie: Honourable senators, I should like to ask a question either of the Minister of State for Economic Development or the Leader of the Government. It has reference to the development of an extraction plant for Irish moss in the western area of Prince Edward Island, an area formerly represented in the House of Commons with great distinction by my colleague, Senator Phillips. I should like either minister to indicate if this plant, which it has been announced is about to be established, will produce carrageen, which is the final product of Irish moss, the essential money-earning product, or if it will produce something just short of that. I believe that both ministers know, as I am sure my honourable friend Senator Phillips knows, as does Senator Inman, that one of the great problems in Prince Edward Island is that our people have developed the product up to two or three stages before the final development of carrageen. If either minister can tell me that in the Tignish area we have now had the promise to establish a plant, I am sure that Senator Phillips and I will rejoice profoundly, even though it happens under a Liberal government.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that detailed information is not available this evening. The question will be taken as notice.

TRANSPORT

DEVELOPMENT OF NORTHEASTERN BRITISH COLUMBIA COAL FIELDS

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government relating to a news report that appeared in the *Globe and Mail* on, I believe, Friday last. It indicated that the British Columbia government had withdrawn completely from the development of the proposed Ridley Island coal port and will not provide the $4 million as promised.

My question is: Has the coal port been put in jeopardy by virtue of the inability of the two governments concerned to reach agreement on the jurisdiction of this facility?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the matter of the British Columbia response to a certain number of proposals which had been subject of an earlier agreement with the national government is under negotiation at the present time. However, agreement on this particular matter should in no way jeopardize the entire project.

AGRICULTURE

DROUGHT IN PRAIRIE PROVINCES

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I wonder if I may be allowed to bring to the attention of the Senate a situation report on the progress of the drought in Manitoba. I have been doing this on a weekly basis, and I hope that I shall not have to do it much longer.

I can report that it is now officially stated that the drought in that province is the worst in the century, and without the additional feed supplies over what has already been provided, there is a prospect that some 200,000 head of cattle will have to be marketed. I guess it was in the light of that situation that the provincial government produced its plan the other day to help meet this emergency.

My question of the Leader of the Government, in the absence of the Minister of State for the Canadian Wheat Board, is: Has the government made any decision to increase the amount of aid that is earmarked for the drought in western Canada, from the $7 million already announced?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have some information with respect to this very serious national situation, because the drought problems which exist in the province of Manitoba and in other regions of the west should be of concern to all Canadians. Having anticipated that there could be a question this evening, and in view of Senator Argue's absence, I shall read the information which has been made available to me:

● (2025)

Senator Argue, as Saskatchewan's representative in the cabinet, has assumed a leadership role in informing the government about drought conditions and developing the appropriate level of federal response. He is in the west again this week; indeed, he has been there today, going from town to town and from farm to farm consulting the people who are directly affected.

The cabinet has already discussed measures to be taken, and we will discuss the situation again. The sum of $7 million, of course, has been made available as the honourable senator mentioned. At the moment, this money covers programs in place and those that have been agreed to. As the situation persists, and there is a need for more money, the federal government stands ready to play its full role.

Our colleague is due back here tomorrow night and will, I am sure, wish to report at that time. The government, and no doubt all of Parliament, will be interested to hear his first-hand report on the drought conditions that are plaguing the west.

Criticisms have been voiced that there are no Manitobans on the committee of producers who are acting as advisers to the Emergency Drought Task Force of the Government of Canada. I have checked into this and I am informed that there

are four farmers from Manitoba on the federal Emergency Drought Task Force, and presumably they are giving Manitoba effective and outstanding representation on that force.

Additionally, may I just review as briefly as possible the further aid that is contemplated by the federal government.

First is the early reactivation this spring of the federal government's Emergency Drought Task Force. This is a group of federal officials, primarily from the Department of Agriculture and DREE—

Senator Roblin: It is all on the record.

Senator Perrault: Yes. May I suggest, honourable senators, that if the representatives from Manitoba already have this information, the material which I had proposed to read could be placed in *Hansard*, if that would be useful.

Senator Roblin: I thank my honourable friend for his statement, and I accept his suggestion. I have to tell him that in the opinion of some—and I am now reading from an editorial headline which comes from a newspaper whose politics are quite unknown to me, namely, the Winnipeg *Free Press*—the government is "fighting the drought with PR." I am inclined to think that there is some substance to that complaint, because I am able to say to my friend that as to having the facts available to the public, or to members of this house, they have been pretty fully ventilated, certainly in western circles, in the last few days, both in Saskatchewan and Manitoba.

What they are waiting for now is some indication of what response the federal government is prepared to give. As an example of what I have in mind, may I draw the attention of the Honourable Leader of the Government to the fact that some $16.6 million will be used to transport 195,000 tons of hay from Ontario westward into Manitoba, and it is pleasant to record the fact that the railways of Canada have already agreed to pay one-third of the cost of that movement, which is a very substantial sum.

The Province of Manitoba is asking the federal government whether it will pay one-third, so that the province itself may be left with one-third. May I ask my honourable friend if there has been any decision on that request?

Senator Perrault: I can report, honourable senators, that later this week the federal cabinet will have new initiatives for drought assistance before it. May I suggest that as our colleague the Honourable Senator Olson is associated with committee work in connection with the drought situation, he may wish to report any information he has on the subject.

Senator Flynn: Is he associated with a cabinet committee? If so, which one?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I cannot satisfy my honourable friend's curiosity in that respect, because he will keep on asking other questions.

As far as the federal government's response to the emergency situation respecting drought is concerned, I think one or two things ought to be understood. Along with some of my colleagues, I have read the press reports which express dissatisfaction, saying it is not enough. It should be made clear that the $7 million is intended to cover our portion of what is needed immediately to look after the situation where livestock require supplementary feed on the pastures so that they do not have to be moved out, prematurely marketed or, worse still, the brood-cow herds sold off, because they form the foundation of the cattle industry. It was never intended to be an entire program, and we have announced that from time to time.

[Senator Perrault.]

● (2030)

Honourable senators, the action taken by federal officials in that area, including Senator Argue, has not been limited by lack of commitment of funds. The amount of money committed to date is in excess of what can be used in such a short time, whether it is one-third or a half-share formula. There is no resistance in that respect.

We are now looking at the physical requirements which must be met. We are not holding that up because of the cost. There is much more to this matter in that if the situation is not relieved by some rainfall fairly soon then, of course, we have the prospect of supplying feed for this livestock through the winter until the spring. We hope that assistance in this respect will be announced by the federal government with provincial participation, both financially and administratively. Then producers will know now what action they ought to take to defend themselves against having to sell off their herds before winter, and what level of assistance will be provided so they can be confident that they should take action to keep these brood-cow herds rather than sell them off.

Senator Roblin: If I may react to what my honourable friend has said, and at the same time ask another question with respect to the matter, I would point out that the $7 million provided to date is for the whole of the west. I do not know how much of that will eventually wind up in Manitoba, but I suspect not all of it—in fact, considerably less than all of it.

If my honourable friend is talking about the cash flow problem with respect to bills that have to be paid, that is one thing, and it is largely irrelevant to the point I have been trying to make because if we look at what needs to be done in the future, I think the Manitoba government's analysis of the situation is a pretty accurate indication of what is required. The Manitoba government has made an analysis of the amount of feed that must be moved into that province to support the herds in terms of hay, in terms of concentrate and in terms of whatever else is available. It has made its analysis in terms of haying road allowances and railway rights-of-way; in terms of allowing cattle to pasture on crown lands and on preserves where wildlife is presently protected, to the detriment of local cattle. It has looked down the road to analyze the need for fodder over the winter and produced a plan to encourage farmers to help themselves by growing their own in a special program that was announced just the other day. It is for these measures which are already in place, and which are based on a careful analysis of the situation, that I ask consideration.

Sixteen million dollars has been mentioned as the sum required for rail movement, and that is going to be shared, I hope, in a three-way split between the parties mentioned. The farmers themselves will be paying $60 to $70 a ton for hay which is about twice what they would normally expect to pay, but there are also other very large expenditures running into tens of millions of dollars which the Province of Manitoba reasonably foresees being necessary to cover the anticipated expense.

In any case, the Province of Manitoba could not wait for a decision on these matters when the situation was moving along as fast as it was. It had to take the bull by the horns and simply say that it was going to take action regardless.

I ask my honourable friend to secure the consideration of this matter by his colleagues, so that reasonable support to the province can be given. I would suggest that it be 50 per cent of the costs, after excluding the rail movement costs in the way I have mentioned.

● (2035)

But this is a serious situation. We are looking at a shortfall in cash income in Manitoba in the order of $300 million on crops alone, and this $40 million program I have been mentioning really has nothing to do with crops. We already know that people there are going to have to rely on crop insurance and the Agricultural Stabilization Act to do what can be done for them. Although there are about 5,000 farmers, 25 per cent, I regret to say, are covered by neither of those programs, and that is a problem that will come up in the future.

What I have been talking about has to do with livestock only, and I ask my honourable friend if he will use his best efforts as a western minister to endeavour to see that this quite reasonable and intelligent program of the Government of Manitoba receives the support it deserves from federal authorities.

Senator Olson: Honourable senators, there is no resistance whatever to participating at a much higher level as far as financial support is concerned, and I am sure that that is an action for which the federal government will receive support from all over Canada in this emergency situation.

The fact that Manitoba has made an announcement in advance of having a prior financial commitment by the federal government in no way jeopardizes the possibility of asking the federal government to participate, but there probably is some more required for the winter and so on. When we get it all together, we can then negotiate as long as is necessary to determine the shares that will be paid by one level or another.

I can also tell my honourable friend that the $7 million he mentioned is for all of western Canada. That is true. There is very little of Alberta left in a drought situation, although there is a little piece. There is now a much smaller portion of Saskatchewan still in a drought position, to the extent that help is needed for supplementary feed on pasture. In Saskatchewan, of course, the hay crop on dry land, or at least unirrigated land, is probably lost for this season regardless of how much it rains. Manitoba is the largest and the most serious area on both counts because the rains have not gone that far east to date to stimulate any grass growth in those pastures.

While the $7 million is for the whole of the prairies, the affected area is now much smaller than it was when that sum was announced.

Hon. Joseph-Philippe Guay: Honourable senators, I have a supplementary question for the Minister of State for Economic Development. The Province of Manitoba has given $40 million, and my question is: Is any of that money going to be recovered? Are they going to charge the farmers? Are they going to give, or sell, the farmers the hay they are going to get from Ontario? Is the provincial government that is purchasing hay in Ontario going to give it outright to the farmers in Manitoba, who certainly need it? Will it be an outright gift, or are they going to recover the money spent on that hay?

Senator Olson: I cannot answer that question. I shall have to make inquiries about it. I would expect that a large part of it will be used to pay the transportation costs, or to cover the increase in price brought about by the demand for hay, even from that area in Ontario, but I really should not say that. I shall have to make inquiries as how much is offered as non-recoverable assistance, how much the farmer is expected to pay for the hay, or indeed, how much, if any, the province intends to recover—and I would be surprised if there is any.

● (2040)

Senator Guay: I have a supplementary question. We all know that hay is extremely expensive, particularly in Manitoba. It is well over $100 a tonne. I understand from a clipping I read—which is from the same paper to which Senator Roblin referred—that this hay could be sold to farmers at $60 to $70 a tonne. If that is the case, does that amount represent the freight charges or the cost of the hay that the provincial government will be handing out to those farmers who require hay at the moment?

Senator Olson: Rather than speculate on any of those questions, I will take them as notice. I shall see if I can find out from the Government of Manitoba the breakdown of costs.

Senator Roblin: I know that no one asked me to answer either of those questions, but I can tell the chamber that, to the best of my knowledge, farmers are being asked to pay $60 to $70 a tonne for the hay. This represents the cost of buying it in Ontario. The freight charge is what is provided by public funds.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Duff Roblin (Deputy Leader of the Opposition): I should like to ask the Leader of the Government a question relating to the Garrison diversion project. This is a matter of some interest these days in view of activities going on in the United States Congress.

The Minister of Employment and Immigration, the Honourable Lloyd Axworthy, visited Washington, D.C., in the past

few days. He is reported as having said that a deal on Garrison is possible. Indeed, the direct quotation is that, "a little negotiating" is required in respect of this matter.

Could the leader enlighten us on what aspects of the negotiations the minister referred to so that we may do our best to follow up on all levels with respect to the statement made by the Minister of Employment and Immigration.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, because the Honourable Lloyd Axworthy has demonstrated concern for the welfare of Manitoba, any negotiations which he may have made reference to will be in the best interest of Manitoba and in the best interest of Canada.

I will take the question as notice because I do not have a statement responding to it this evening.

Senator Roblin: I appreciate my friend's reply. It is rather important that we should know just where we stand on this matter. As far as my province is concerned, this is regarded as a high priority matter.

THE ECONOMY

SMALL BUSINESS DEVELOPMENT BONDS

Hon. Duff Roblin (Deputy Leader of the Opposition): I should like to ask the Minister of State for Economic Development a question respecting small business development bonds. We had a exchange on this matter the other day. I now see that the government produced a communiqué, dated June 13, in which it gives some of the rules and regulations under which small business development bonds will be made available.

My question has to do with the terms and conditions of the bonds. As I read the document that has been given to us, the money produced by a development bond of this kind has to be dedicated to new capital investment or for research and development expenditures. I know that this limitation will come as a great disappointment to many small businessmen, because they thought that the aim of the exercise was to help them with interest rates. If they cannot be helped with respect to working capital, which is the main requirement of a small business, I think the government will find that the exercise is not satisfactory as far as small businessmen are concerned.

Will the minister give us an assurance that he will endeavour to have the terms of this policy broadened so that working capital requirements may be included in the purposes for which these bonds may be raised?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the only assurance I can give my friend is that I will make those representations to the Minister of Finance. I am not sure I know the reasons behind limiting the purposes, as interpreted by my friend. I am not arguing with his interpretation; I am simply saying that I have been around long enough to know that sometimes one has to look at both sides for an interpretation. I am sure he would not want me to give the kind of assurance he asked for until I find out from the Minister of Finance what exactly is the case. If I were to respond before doing that, it would put me in a position of disagreeing with him.

Senator Roblin: I can tell the minister that the wording is quite clear. If he cares to take a look at the communiqué, he will see that. Certainly small business organizations feel that this is a big letdown and they are very disappointed. I do hope that we can do a little better for them than the communiqué indicates.

NATIONAL ANTHEM

PROGRESS OF LEGISLATION

Hon. Stanley Haidasz: Honourable senators, I should like to ask the Leader of the Government whether he could give us an up-to-the-minute report on the progress being made in the other place respecting the national anthem. In particular, would the leader care to prognosticate on the prospects of giving royal assent to that proposed legislation before the end of this month?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, there has been a discussion in the other place with respect to this matter. This measure is of interest to all Canadians. I have not an up-to-date report on the progress of that measure in the other place. I understand that efforts are being made to have it available for consideration in the Senate before the week is out.

ATOMIC ENERGY OF CANADA LIMITED

PORT HAWKESBURY AND GLACE BAY—REPORTED SHUTDOWN OF HEAVY WATER PLANTS

Hon. Robert Muir: Honourable senators, I had not planned on asking a question this evening, but because questions are being asked on subjects about which we can read in the newspapers and hear on the radio, and know what is happening in the other place, I thought I should return to my question regarding the possibility of cutbacks in the production of heavy water at the Port Hawkesbury and Glace Bay plants in Nova Scotia.

If the minister does not have the information with him, he can take the question as notice and bring the information tomorrow, if he is available.

Hon. H. A. Olson (Minister of State for Economic Development): I will take the question as notice. However, I can't undertake to bring information before the Senate tomorrow. I am not sure what the honourable senator's inference is. Is that information already contained in *Hansard* of the House of Commons, and, if it is, is he telling me that I can find it there?

Senator Muir: No. I hesitate to answer questions in this house. I wish I were answering them; I might do as good a job as the honourable gentleman who just spoke. No, I was referring to the National Anthem, and I am sure everyone knows where that stands at the moment.

SCIENCE AND TECHNOLOGY

RESEARCH AND DEVELOPMENT—GOVERNMENT FUNDING

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I am very pleased to report that as a result of diligent research done by many people, we have replies to questions this evening.

Senator Grosart asked how the government's decision to increase science spending by $190 million for 1980-81 in an effort to train more researchers and increase technological innovation in industry was consistent with the commitment made in the Throne Speech to increase Canada's overall expenditures on research and development to 1.5 per cent of the value of the gross national product.

The fact is that the commitment is to raise the level of national expenditures on research and development to 1.5 per cent of gross national product by the mid-1980s. It is assumed that the federal government's share of the total will decline to 33 per cent from the current 40 per cent and that there will be offsetting increases in the shares of other performers, and more especially of industry.

Given these assumptions, the amount of $190 million is the amount by which the federal government will have to raise its expenditures on research and development in 1980-81 above the level reached in 1979-80 in order to keep federal government expenditures on line with the mid-1980 target date. Total federal research and development expenditures in 1979-80 are estimated at $1,087 million. To remain on line, federal government expenditures will, of course, have to increase in each subsequent year above the level reached in the previous one.

ENERGY

NEWFOUNDLAND—OFFSHORE OIL EXPLORATION—NEGOTIATIONS WITH FEDERAL GOVERNMENT

Hon. Raymond J. Perrault (Leader of the Government): On June 5, Senator Doody asked the government to comment on a statement made by a representative of the Government of Newfoundland to the effect that Newfoundland was willing to put a moratorium of up to 10 years on offshore oil development. He noted further that if talks could be arranged to find a peaceful political settlement, it would be preferable to another long delay in development.

Senator Doody inquired as to steps which the two governments might be taking to break the apparent impasse between the federal government and the Newfoundland government on the offshore resource jurisdiction question.

● (2050)

I am advised that discussions have taken place between the Minister of Energy, Mines and Resources, the Honourable Mr. Lalonde, and the Minister of Mines and Energy for the Province of Newfoundland, the Honourable Mr. Barry, and that they touched upon, among other things, the offshore mineral rights situation. I understand that Mr. Lalonde indicated that the federal government would like to get on with the reference to the Supreme Court, to which Newfoundland agreed in April 1976.

To date, no definite advice has been received from the Government of Newfoundland on this matter.

FISHERIES

ATLANTIC PROVINCES—FISHING VESSEL SUBSIDY PROGRAM

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on June 5, 1980, Senator Phillips asked a question in relation to the Fishing Vessel Subsidy Program in the Atlantic provinces. Senator Phillips went on to say:

> The present program provides that if construction of a boat begins before approval of the subsidy, no subsidy will be provided. Can the leader assure us that the construction of inshore boats can begin and the subsidy will be retroactive?

In response, the Fishing Vessel Assistance Regulations made under the Fisheries Development Act require that all applications for fishing vessel construction subsidies be approved by the minister before construction of the vessel to be subsidized begins. Such a requirement exists in order that funds for this program are adequately controlled and distributed fairly. Vessel design, construction methods, numbers of vessels constructed and, above all, vessel cost can all be monitored and kept at reasonable levels by means of the approval process.

Retroactive subsidies such as Senator Phillips proposes have already been attempted, with disastrous results. Coherent criteria for granting subsidies in this fashion cannot be devised, and the effectiveness of funds expended is reduced.

For these reasons, the requirements of the regulations in respect of this matter will be strictly followed.

CANADA BUSINESS CORPORATIONS ACT

RIGHTS OF SHAREHOLDERS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on June 10 last Senator Muir asked whether the government was satisfied that all of the rights of shareholders of companies under the Canada Business Corporations Act are preserved and continued under the Nova Scotia Companies Act when approval is given by the Director of the Corporations Branch for the transfer of the jurisdiction over such companies from the federal government to the Province of Nova Scotia?

In May of 1980 the Government of Nova Scotia amended its Companies Act so that it almost parallels the Canada Business Corporations Act in the areas involving the rights of shareholders. These amendments satisfied the Director of the Corporations Branch, who had previously refused his approval for corporations to continue under the Nova Scotia jurisdiction, and it is felt that there is no reason to disagree with his decision.

Senator Muir then asked:

In view of the recent articles appearing in the Toronto *Star* and the *Wall Street Journal* regarding United Canso Oil and Gas, a Canadian company, will the minister satisfy himself that removing directorship requirements as to residency, which I understand some provinces may permit, will not adversely affect the shareholders of this Canadian resource company?

The Canada Business Corporations Act places a restriction on the choice shareholders have in electing directors in that it requires a majority of the elected directors to be resident Canadians.

It would appear that a transfer of a corporation such as United Canso Oil and Gas from the Canada Business Corporations Act to a jurisdiction that does not have the residency requirement for directors removes the restriction placed upon the normal rights of the shareholders, and therefore does not adversely affect them.

LABOUR

RESTRICTIVE PROVINCIAL EMPLOYMENT LEGISLATION

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on June 11, 1980, Senator Haidasz asked for the federal government's reaction to the alleged restrictive employment legislation by the Governments of Newfoundland and Nova Scotia.

Although the provinces involved may well view such legislation as essential to securing employment opportunities for provincial residents first, the federal government views such legislative developments with concern, considering the larger negative impact it could have on the employment aspirations of other out-of-province Canadians.

In the course of periodic discussions which take place between the federal and provincial governments, such matters will be discussed, and we hope legislative accommodation can be reached which will allow all Canadians unrestricted access to employment in Canada, without prejudice to the exercise of affirmative action on behalf of special disadvantaged groups.

Hon. Robert Muir: Honourable senators, I am very interested in the government leader's reply to Senator Haidasz's question. By way of a supplementary question, I asked him whether or not there were other provinces than Newfoundland and Nova Scotia involved.

I fully agree with him that it is not a good practice. I do believe there are other provinces with such legislation. Would the Leader of the Government advise us as to what the situation is?

Senator Perrault: Honourable senators, an inquiry will go forward immediately in an attempt to obtain the names of the other provinces with such legislation.

VETERANS AFFAIRS

DISABILITY PENSIONS IN YEARS 1970 TO 1979

Question No. 8—**By Hon. Jack Marshall:**

[Senator Perrault.]

1. How many (a) World War I veterans and (b) World War II veterans were receiving disability pensions for the years 1970 to 1979 inclusive?

2. How many Canadian veterans were registered in Department of Veterans Affairs files for the years 1970 to 1979 inclusive?

Reply by the Minister of Veterans Affairs:

		(a) World War I	(b) World War II
1.	March 31		
	1970	24,361	103,728
	1971	22,298	102,666
	1972	20,135	101,359
	1973	18,392	100,175
	1974	16,726	99,459
	1975	14,121	98,052
	1976	12,404	96,776
	1977	10,829	95,235
	1978	9,505	93,556
	1979	8,378	92,872
2.	March 31, 1970	217,742	
	March 31, 1971	214,273	
	March 31, 1972	205,545	
	March 31, 1973	202,827	
	March 31, 1974	207,473	
	March 31, 1975	205,621	
	March 31, 1976	204,741	
	March 31, 1977	205,043	
	March 31, 1978	204,916	
	March 31, 1979	202,397	

TRANSPORT

THE "IRVING WHALE"

Question No. 9—**By Hon. Heath Macquarrie:**

1. What are the dates of underwater examinations of the hull of the *Irving Whale*?

2. What were the results of such examinations?

3. Are any plans under way or under consideration for removing this craft from the Gulf of the St. Lawrence?

4. What representations have been received requesting such removal?

Reply by the Minister of Transport:

1. Seven underwater examinations have been conducted on the hull of the *Irving Whale*. These examinations were conducted in September 1970 when the vessel sank, in September 1971, again in October 1973, May 1974, July 1974, September 1976 and the last examination June 1977.

2. These examinations revealed that the barge is structurally sound and in good condition.

3. No plans are under way or under consideration for removing this barge since salvage attempts would likely create the very problem we are trying to avoid.

4. Following upon a full briefing given to the Premier of P.E.I., subsequent to the last visual examination, no representations have been received requesting such removal.

BUSINESS OF THE SENATE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, before the Orders of the Day are called, may I ask the Deputy Leader of the Government whether the program for the remainder of this week and next week remains the same as that outlined by him last week? I understood we would be sitting at 11 o'clock on Friday morning, probably completing our work at around 1 p.m., and not sitting at all next week. Does that still hold?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I am glad the Leader of the Opposition has asked this question, because I had intended at some point this evening to advise the house that the plan for the business of the Senate for the next two weeks is as previously announced; namely, a sitting this evening, a sitting tomorrow at 2 o'clock, and a sitting Friday morning at 11 o'clock, with no sitting of the Senate next week.

There is, however, I regret to say, one important exception to the continuation of the plan as earlier announced, that being that we are going to have to ask honourable senators to sit this Friday afternoon. The reason is that we will have some business coming to us probably tomorrow afternoon, about which there is some urgency. It is a bill that extends fisheries loans, and it has a date limit of June 30. I am sorry to have to ask honourable senators to stay on Friday afternoon for royal assent to at least that bill, and royal assent is now planned for about 4.45 p.m. on Friday.

The bill I am referring to is still in the other place, and we do not anticipate having it before us until tomorrow afternoon. So, there is that item of business of some urgency that requires us to ask honourable senators to make themselves available for a sitting on Friday morning and Friday afternoon.

There is also the matter raised by Senator Haidasz, the possibility that we will want to have royal assent to the bill making our national anthem and its words official. I apologize for having to make this request, particularly in the context of this week, when reservations will be very difficult for honourable senators travelling to the east and the west. I realize that this puts senators who have made their reservations based on my earlier prognostication that we would meet only on Friday morning in a very difficult position, and I apologize for it.

Certainly, we shall try to make some kind of special arrangements for travel to the west and the east. Of course, we cannot undertake anything at this stage, but I am glad to say that the government leader in the other place has indicated that he will make inquiries about some special arrangements, because I can well imagine how difficult it will be at this late stage to change reservations on the July 1 weekend.

So, in summary, I apologize for having to ask honourable senators to sit on Friday afternoon. If honourable senators have their calendars before them, I shall run through the program once more. We will meet tomorrow at 2 o'clock, on Friday at 11 o'clock and again at 2 o'clock, or following an adjournment during pleasure, depending on the amount of business we have to deal with, following which we shall have royal assent.

Unless there is a dramatic change in the volume of business that we can expect—and there is no indication of that at this time—we shall not meet next week. Following royal assent on Friday afternoon, and assuming our present plan holds, we shall adjourn until 8 o'clock on the evening of Tuesday, July 8.

If there are questions on this schedule, which I know is unusual and, as I say, perhaps inconvenient, I shall be glad to accept them now and try to answer them.

• (2100)

PRIVATE BILL

PYRAMID COMMUNICATIONS LIMITED—SECOND READING

The Senate resumed from Thursday, June 19 the debate on the motion of Senator Choquette for second reading of Bill S-8, to revive Pyramid Communications Limited.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the sponsor of this bill, Honourable Senator Choquette, as reported at page 514 of *Debates of the Senate,* June 19, 1980, explained the reasons for it in his usual lucid way. It will be remembered that the measure concerns a company that was incorporated under another name in 1925, that inadvertently failed to file the material necessary to keep its charter alive in 1978, and that now requires this legislation in order to be revived in such way as to cover the period from 1978 to 1980 and thereafter.

As to the general reasons, I refer honourable senators to the speech of Senator Choquette under the reference I have already indicated. I can say that there have not been many such bills before the Senate, but there have been some. A check has indicated that the most recent was a bill to revive J.H. Poitras & Son Ltd., which is now chapter 19 of the Statutes of Canada, 1978-79, assented to on December 22, 1978.

Honourable senators, the usual procedure in respect of such bills is to refer them to the Standing Senate Committee on Legal and Constitutional Affairs, and certainly the merits of this bill can be studied by that committee. If the sponsor wishes to move that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs for study, I would be happy to support such a motion.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Senator Choquette moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

[*Translation*]

FEDERAL BUSINESS DEVELOPMENT BANK ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Thursday, June 19, the debate on the motion of Senator Cook for second reading of Bill C-20, to amend the Federal Business Development Bank Act.

Hon. Guy Charbonneau: I am happy to take part in the debate on Bill C-20, to amend the Federal Business Development Bank Act. My colleague, Senator Cook, has already spoken of the special features and the purpose of this bill. He has also spoken in some detail of the activities of the bank. I therefore intend, in what time has been allotted me, to dwell on the role of the bank in expanding the term lending market for small and medium Canadian businesses, and add to the comments of my honourable colleague with regard to its activities in the field of management counselling.

During the last Parliament, the Progressive Conservative government introduced Bill C-4 which would have allowed the Federal Business Development Bank to lend up to 12 times, and, by order in council, 15 times its own capital. According to the act now in force, total loans cannot exceed an amount equal to ten times the capital of the bank. That capital being $200 million, its loans cannot therefore exceed $2 billion.

Bill C-20 would authorize the government to lend up to 12 times the authorized capital of the bank, up to the present amount to $475 million. The total amount of loans granted by the bank cannot exceed $3.2 million. Its lending powers, however, could be increased by order in council to 15 times the capital of the bank.

There is a difference between the two bills. Bill C-20 requests an increase in lending capital of $275 million. The discussions held in the Senate Committee on National Finance have helped clarify the need for such an increase.

I want to say at the outset that I endorse Bill C-20 generally and that I will propose that it be passed. However, we must satisfy ourselves and the public that such an increase is legitimate. The Conservative government was very much concerned with the financial problems of the federal government and it tried to lower the level of government borrowings. This attitude is unchanged today, and we will continue to be on the watch as regards government expenditures.

The Federal Business Development Bank is certainly the most important service that is made available to Canadian small businesses by the federal government. Undoubtedly, such an organization needs government help to survive since it is a lender of last resort. By taking risks normally rejected by other banks, the FBDB is facing a difficult challenge if it is to make profits in the end. It has an important role to play in all parts of the country in offering management services such as counselling, training and information. Its courses, seminars, conferences and other meetings are most favourably received and contribute to develop the management capabilities of small businessmen and their employees.

According to statistics, the FBDB helps more than 2,000 new businesses to start each year, thus maintaining 36,000 jobs. By so doing it promotes the expansion of the Canadian private sector, which is the leading sector of our economy.

I believe we can rejoice in the past performance of the FBDB. Since its inception in 1974, it has helped small businesses meet their needs by giving them loans they could not obtain elsewhere at reasonable rates.

However, because of the accelerating activity in the business world, applications for loans are coming in at a level exceeding all projections. Within a few months, the bank will no longer be able to meet the demand because it will have reached the limit allowed under by the act.

Bill C-20 would raise the borrowing power of the bank from 10 to 12 times its capital. Without this increase, the bank can only lend an amount equal to that of the repayment of the loans granted. This means that it could approve only one third of the loans now granted, depriving more than 1,000 Canadian businesses of financing.

Honourable senators, I would like to say a few words about small businesses and then explain the support given to them by the FBDB.

Small businesses are a vital sector of our economy. There are now about 900,000 small businesses across Canada, which means that they represent about 90 per cent of the total number of businesses in the country. Their number increases by more than 20,000 a year in nearly every sector. Small businesses provide employment for more than 2.5 million Canadians, or 42 per cent of the total work force, account for approximately 25 per cent of total business sales, and represent about 15 per cent of the gross national product. It is also important to note that most small businesses are Canadian-owned.

In Canada, new businesses are usually relatively small. While the owners of new businesses are dynamic and creative, their lack of experience and capital may hinder their success.

The Federal Business Development Bank, which replaced the Industrial Development Bank, was established in 1974 to meet the needs of new businesses and help to finance them.

In the early fifties, the bank had only a few offices. It now has over 100 branches located in all provinces and territories of Canada.

The demand for the services of the bank is greater in small towns and rural areas than in major centres where the traditional sources of such services are usually well represented. The bank has fulfilled the needs of these communities mainly by decentralizing its operations. Over 60 per cent of its branches are now located outside major urban centres. The bank can extend its services from these branches. Each year, its representatives make regular visits to more than 800 small

communities to give advice to small businesses. Last year, there were over 8,500 such visits.

Honourable senators, the services now offered by the Federal Business Development Bank come under two separate but complementary headings: financial services and management counselling services.

In the beginning, the bank was established to provide term lender services, especially to small manufacturers. While the bank has extended its operations throughout the years to include all types of small and medium-sized businesses as well as risk capital investments, the major objective of the bank is to provide financial assistance to those businesses which cannot find elsewhere the financing they need on reasonable terms.

However, many small businesses do not need only financial support. After many years of experience in its branches and because of its unequalled record of success with small businesses, the bank inaugurated in the early seventies its management counselling services which include counselling, management training and information.

In order to understand the unique role played by the bank, we must examine the nature of small businesses in Canada and recognize their contribution to the decentralization of economic activity in small communities and rural areas.

● (2110)

Small businesses often are characterized by a desire to succeed, high levels of technical innovation and great flexibility.

They are uniformly dispersed throughout Canada. Moreover, every type of business is represented.

Small businesses are rather labour intensive. They produce more jobs per dollar invested and require less capital and resources than large corporations. Surely most senators would agree that nationally, the confidence, determination and optimism of small businessmen are the moral and social backbone of many communities throughout the country.

However, honourable senators, the management of a small business does not go without problems. The personal qualities required to establish a business sometimes differ from those needed to manage it efficiently. For instance, many key functions are filled by one or two owners, for which functions and responsibilities they are often inexperienced and less interested. Their small sales volumes seldom allows for advertising. They have difficulty in hiring skilled labour or obtaining raw materials. The access to credit, upon which small businesses are more dependent than larger ones, is a constant problem, especially during periods of tight credit. I know through experience and discussions with other owners of small businesses that the availability of credit is often essential to the survival of a small business.

The previous amendments to the Bank Act, including the changes proposed by Bill C-6, and also the amendments to the Small Businesses Loans Act, that will soon provide for government guarantees on loans of more than $100,000 by chartered banks and other lending institutions, encouraged conventional lenders to be active on the small businesses loans market. This shows the government closely co-operates with financial institutions in the search for initiatives to help small businesses.

As I said, credit to that aggressive segment of business has experienced a fantastic increase. The FBDB contributed to the expansion of the loans market, because year after year it registered significant increases in its loan activities. Such an increase has made conventional lenders more aware of the needs of small businesses.

The FBDB also innovated in offering its own financing plans. For instance, over these last few years, the bank made it known to private lenders it is willing to offer joint financing of projects that private lenders will not underwrite alone for one reason or another. I approve the steps taken by the bank to promote the term credit market for all businesses in Canada.

Despite the progress accomplished, however, many small businesses having specific needs cannot obtain credit through the traditional methods, especially in remote areas. Small businesses often are high risk borrowers by reason of their small sales volume, inadequate sureties or lack of previous records. This is where the unique position and experience of the FBDB come into play.

Often the owner of a business asks the FBDB to make a speculative investment in a project for which a basic loan cannot meet his needs. Over the last years, the FBDB has become the main source of risk capital for small businesses.

However, the FBDB has realized that in order to make a maximum use of their financing facilities, their customers would need counselling, not only in the management of their money, but also in all other aspects of their activities.

The counselling services offered by the FBDB and known as CASE are not a substitute for chartered accountants or lawyers; rather, they exercise a complementary function by supplying services that small businesses cannot afford to buy or are simply non-existent in remote communities. In fact, the counselling services create employment for those professional people by encouraging small businessmen to keep more accurate records and financial statements. The CASE program puts the experience of some 2,000 retired business people at the disposal of customers throughout the country. Last year, more than 14,000 consultations have been concluded in all kinds of small businesses. Consultant services are offered in such fields as accounting, marketing, personnel management and production. I am sure that all honourable senators will appreciate the benefits of that program which makes use of precious human resources; that is, the talents and the experience of those retired business people.

The financial and management counselling services of the FBDB have been designed to meet the needs of small businesses. The term "small" is used in its narrowest meaning. For instance, approximately 75 per cent of the approved loan applications were for amounts of less than $50,000; some 50 per cent of their issued loans are under $25,000. The average loan amounts to about $52,000.

The CASE program has been designed for businesses having fewer than 75 employees. All the activities of the program focus on small businesses.

Through this combination of financial, training, counselling and information services, the bank plays a major role in the Canadian business world. I consider it as a resource centre for small enterprise.

Honourable senators, we should emphasize that the position of the bank in that respect is recognized outside Canada. The bank has an excellent reputation amongst the development banks of the world. The FBDB was one of the first established development banks; if my memory serves me well, it was the third one to be created. Along the years, it helped other countries to create their own development banks, several of which are operating on the model of the Federal Business Development Bank.

Each year the FBDB invites 15 to 20 trainees from those banks in developing countries who are coming to study its operational systems. The expenses incurred by these visitors are paid for by the Canadian International Development Agency and, with the financing of CIDA, the FBDB is called upon to consider four or five applications per year filed by development institutions in under-developed countries. Furthermore, the bank is holding and participating in seminars in Third World countries.

The management training and counselling programs of the bank are of particular interest to many development banks, and some of them use, with the authorization of the FBDB, some training tools developed by the bank.

The FBDB is a member of the International Small Business Council which has membership in more than 30 countries. Last year, in co-operation with Laval University in Quebec, the bank hosted the 24th Annual Conference of that organization, the first to be held outside the United States.

Each year, the staff of the bank take part in international conferences dealing with small business financing by development banks. This month, the bank will host a seminar in Montreal. The problems experienced by development banks will be raised. Over 20 bankers from South American development banks as well as observers from Asia and Africa will attend that seminar.

It seems to me that the very sound activities of the FBDB at the international level can only enhance the prestige of Canada abroad.

I would like to add that every year the FDB is in contact with over 200,000 individuals managing a business or considering doing so. At the end of the 1980 financial year the FBDB had dealt with almost 40,000 customers for loans and risk capital and had made commitments practically reaching its regulatory financing ceiling of $2.2 billion.

If the bill presented to the house and aimed at raising the financing ceiling of the FBDB is not passed, it would automatically mean decreased loan activities for the bank. Several small businesses would suffer the consequences.

[Senator Charbonneau.]

Small businesses are now facing difficult times and we should certainly not consider curtailing the activities of the FBDB, one of their most precious allies. Therefore I strongly advise honourable senators to adopt this bill as soon as possible.

As this bill is only a temporary measure, pending the conclusion of the study which the government is currently carrying out into the funding of small businesses and which should be completed within a year, I suggest that it is important for this house to take part in this study by insisting, for instance, on the need to support viable corporations which have the capacity to increase their exports and compete with private corporations in other countries, where they are provided by their respective governments with the financial assistance they need to secure important contracts abroad.

In my opinion, it is clear that the government must address the issue of profitable enterprises in Canada. It seems natural for a government corporation to assume that a profitable enterprise is perfectly capable of making the investments necessary to secure abroad any contract which it is being offered. But it may occur that the extent of the required expansion may overburden the liquidities of the enterprise, or even place the enterprise in a vulnerable position and that, taking into account the current economic circumstances, its directors may decide to play it safe and avoid making investments and creating the jobs which are so badly needed.

Under ordinary circumstances, it is better for the government not to interfere with the private sector. In view of our delicate position of dependency with respect to foreign technology, however, we might be well advised to reconsider our position with respect to Canadian corporations involved with state of the art technology.

In Ontario, CAE Industries' application was recently turned down on the ground that the company was able to raise at reasonable rates the capital it needed to carry out the necessary expansion required to land a contract from the Americans for light vehicular transmission. The government offered guarantees against any loan, but the company felt that the amount necessary to allow expansion was too high for its investment program at this point of its development and that it could jeopardize the health of the whole business. The Americans had to award the contract at home, thus denying Canada the new jobs, while keeping a Canadian company from gaining precious experience in a field of high technology.

In addition, we could seize the opportunity the revision of the Federal Business Development Bank Act provides to ask the government whether it cares enough to create the climate which will help businesses remain profitable and grow. It might be useful to review the matter of the Federal Business Development Bank in an international context where other countries give their own businesses every chance they need to secure foreign contracts by making funds available at very competitive interest rates. We know that is done to aid defence industries, but could we not consider the matter in the civil industrial area?

Finally all those elements will be studied during the next month and since the role of the Federal Business Development Bank will then be revised in depth, I therefore suggest, honourable senators, that we get Bill C-20 passed immediately without referring it to the Senate Committee on Banking, Trade and Commerce.

● (2120)

[*English*]

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Senator Cook: Honourable senators, I should like to take the opportunity to thank Senator Charbonneau for his excellent contribution to the debate on second reading of the bill. Having said that, I now move that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

● (2130)

LIVESTOCK FEED ASSISTANCE ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Harry Hays moved the second reading of Bill C-15, to amend the Livestock Feed Assistance Act.

He said: Honourable senators, Bill C-15 is a housekeeping bill, and relates to the Canadian Livestock Feed Board.

The Canadian Livestock Feed Board has been in operation since 1966. There were acts before then that looked after many of the things that the feed board does today, but now all is encompassed by the Canadian Livestock Feed Board.

The real purpose of this board is to pay subsidies on feed grain from western Canada to Ontario, Quebec, the maritimes and British Columbia. I do not have the exact figures, but over the years we have spent as much as $20 million or $25 million per year in moving feed to the maritimes, Newfoundland, Ontario and Quebec. Latterly, British Columbia has been included, and much assistance has been given by the Canadian Livestock Feed Board in respect of moving feed grain into these areas.

Recently the Northwest Territories and the Yukon have shown some interest in agriculture. About 60,000 acres have been set aside in the Yukon for agricultural purposes, of which about 4,000 acres is now being actively used in that connection. In the Northwest Territories, although the area is smaller, there are some 600 acres of land being used for agriculture, mostly for producing milk or eggs for the people there. The statute is now being amended to include the Yukon and Northwest Territories.

The amount involved is some $35,000 or $40,000, while the total amount of money now being administered by the Canadian Livestock Feed Board is in the neighbourhood of $16 million. There has been some slackening off of subsidies as a result of these areas becoming more productive in so far as agriculture is concerned, and this is the whole essence of the bill.

I would like to see this bill referred to the Standing Senate Committee on Agriculture, because the annual report of the Canadian Livestock Feed Board has now been published, and I think many members of the committee would like to look in more detail at the purpose and function of the board.

I commend this bill to honourable senators.

On motion of Senator Sherwood, debate adjourned.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

SECOND REPORT OF COMMITTEE—REPORT REFERRED BACK TO COMMITTEE

The Senate resumed from Wednesday, June 18, the debate on the motion of Senator Godfrey for the adoption of the second report of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, seconded by the Honourable Senator Lamontagne, in amendment, that the report be not now adopted, but that it be referred back to the committee for further consideration.

By way of explanation, honourable senators will remember that the wording of the report, which recommended certain trips to be taken by this joint committee, was much broader than even its proposer, the Honourable Senator Godfrey, thought it ought to be. I can say that in the other place the wording of the report has been considered and found to be broader than was really intended by the members of the joint committee. The committee, I understand, is going to meet tomorrow and will reconsider the question.

It is for that reason that I now move, seconded by Senator Lamontagne, with the agreement of Senator Godfrey, that the report be referred back to the committee for further consideration.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, June 26, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Hnatyshyn had been substituted for that of Mr. Nielsen on the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

PRIVACY BILL, 1980

FIRST READING

Hon. Jacques Flynn (Leader of the Opposition) presented Bill S-9, to extend the present laws of Canada that protect the privacy of individuals and that provide individuals with a right of access to government files containing personal information relating to themselves.

Bill read first time.

Senator Flynn moved that the bill be placed on the Orders of the Day for second reading on Wednesday, July 9.

Motion agreed to.

● (1405)

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

> Report of Telesat Canada for the year ended December 31, 1979, including its accounts and financial statements certified by the Auditors, pursuant to section 37 of the *Telesat Canada Act,* Chapter T-4, R.S.C. 1970.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until tomorrow, Friday, June 27, 1980, at 11 o'clock in the forenoon.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I think I should at this point ask the Deputy Leader of the Government whether there are any changes with regard to tomorrow's order of business. Is it still the case that we will have to sit tomorrow afternoon, and, if so, why?

● (1410)

Senator Frith: Honourable senators, based on present information it is still the case that the house will be asked to sit tomorrow afternoon. We hope to receive Bill C-28 sometime this afternoon and have it explained on second reading by its sponsor. The second reading debate could be continued tomorrow morning and, hopefully, completed. Then, if the Senate agrees, the bill could receive third reading and be given royal assent tomorrow.

The reason for this proposal is that, as will be recalled, the bill has a June 30 deadline. Then the obvious question is: Why can't we finish our business tomorrow morning? Well, I have no assurance that we will receive the national anthem bill before tomorrow afternoon and we are hoping, with the cooperation of all honourable senators, to be able to deal with all stages of that bill so that it too can be given royal assent tomorrow. If by any chance we do not receive that bill, we should be in a position to make arrangements for royal assent for the fisheries bill before 4.45 in the afternoon. We are therefore asking honourable senators to remain available to carry out the program I announced last night.

Senator Flynn: Is the deputy leader saying that royal assent to those two bills could not take place at, let us say, half-past twelve tomorrow, because of the national anthem bill, which would not reach us before 1 o'clock? Is that the reason why it can't be sent to us before?

Senator Frith: I am sorry, I am unable to say why it can't be sent to us before, except that I have not as yet got any guarantee that we will have it by then. It is conceivable, as I mentioned, that some time later today, or even tomorrow morning, I will be advised that we will get that bill earlier. If that happens, then I will do everything I can to meet the suggestion made by the Leader of the Opposition, which is one that would meet with general approval on both sides of the house, I am sure.

Senator Choquette: I presume that *O Canada* will be sung as usual on July 1st whether it has received royal assent or not?

Senator Flynn: Assuming that the bill were to reach us in time for royal assent, let us say around 12 o'clock or 12.30 tomorrow, is the ceremony which was envisaged for the purpose of underlining the approval of the national anthem going

to take place, or is the intention now that it should take place only on July 1?

Senator Frith: I don't know.

Senator Flynn: You don't know?

Senator Frith: I don't know at this point, but I believe the answer is no.

Senator Flynn: Apparently you are the only one who doesn't know.

Senator Frith: I doubt that, but it is always possible.

• (1415)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, there has been a tentative program established for the inauguration of *O Canada* on Canada Day, but I want to make it clear that the ceremony will proceed only if possible and feasible. That, of course, depends upon the approval of the particular measures by Parliament. The tentative program was originally established for some event which will occur shortly after noon tomorrow, but certain events occurring in the other place have delayed passage of the bills.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE ENVIRONMENT

CONVERSION OF U.S. ELECTRICITY GENERATING STATIONS—POTENTIAL INCREASE IN AIR POLLUTION

Hon. Cyril B. Sherwood: Honourable senators, my question is for the Leader of the Government in the Senate. Yesterday the United States Congress passed a bill requiring the conversion of 80 northern United States generating stations from oil to coal, potentially increasing acid rainfall by as much as 16 per cent. In view of the fact that the Minister of the Environment visited Washington before the bill was considered, and that he said this week that good neighbours don't dump their garbage in each other's back yard, would the leader tell us if Canada has been assured that these plants will use the latest in anti-pollution technology to reduce or eliminate the potentially hazardous effects of acid rain falling on Canada?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question is a good one. I have, however, only read newspaper accounts, as has the honourable senator, and the question therefore must be taken as notice.

Senator Sherwood: I have a supplementary. If the private companies which operate these plants have not yet indicated their intention to employ sophisticated technology for the control of emissions, has Canada either asked the United States government to legislate strict environmental standards respecting these plants, or received any assurance that the United States government will be subsidizing the cost of installing such technology in the 80 plants in question?

Senator Perrault: A reply will be forthcoming.

REQUEST FOR ESTABLISHMENT OF SENATE COMMITTEE

Hon. Cyril B. Sherwood: In view of the increasing urgency of environmental and energy problems, is the Leader of the Government now prepared to support the creation of a standing Senate committee on natural resources and the environment? The leader will recall that in the debate on the motion for an Address in reply to the Speech from the Throne I outlined the possible terms of reference of such a committee. I feel it is becoming increasingly important to establish a standing Senate committee to which questions such as this could be directed.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, certainly consideration will be given to that proposal.

FISHERIES

ATLANTIC PROVINCES—FISHING VESSEL SUBSIDY PROGRAM

Hon. Orville H. Phillips: Honourable senators, my question is for the Leader of the Government in the Senate. I should like to thank him for his delayed answer last evening, and ask for his co-operation in replying to this question. We on this side always appreciate his helpful co-operation.

My question relates to the fishing vessel subsidy program. Would the Leader of the Government please advise us what funds will be available in the present fiscal year, what funds have already been committed to the program and when the funds will become available? I should like to have this information before the debate on Bill C-28, if possible.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I will give priority to that request for information. My colleague, the Minister of Fisheries and Oceans, will be contacted as soon as possible.

NEWFOUNDLAND

ECONOMIC DEVELOPMENT

Hon. Jack Marshall: My question is for the Minister of State for Economic Development, and it has to do with the position paper by the Premier of Newfoundland which is now, I understand, in the hands of the Prime Minister. My question also relates to the various priorities which the Province of Newfoundland must have in order to improve its economy. Since the Minister of State for Economic Development is the overall supervisor of economic development, I am sure he is in on the talks.

• (1420)

I am wondering what is the state of progress with regard to those priorities. One is a top priority, namely, the removal of barriers to the transmission of electric power to outside markets other than Quebec, which incidentally the Prime Minister of Canada agrees to. Also needed are further improvements to highways, particularly the Trans-Canada Highway, which is quickly deteriorating; the upgrading of the Newfoundland Railway, which was promised with money committed by the

previous government; challenges to the ownership of the continental shelf by the Province of Newfoundland; continued efforts in the development of the Lower Churchill, which would provide an alternate source of energy; and other matters which are so important to the economy of Newfoundland.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, in order to supply the detail on each of the specific items mentioned by the honourable senator, I shall obviously have to take the question as notice. I cannot give an undertaking to respond quickly because I do not know the stage of consideration of those matters by the Prime Minister. However, an inquiry will go forward.

I should like to correct one slight impression that might have been left from the honourable senator's preamble. I am not the supervisor of economic policy—"co-ordinator" might be a better word.

Senator Marshall: I wonder if the minister could make a statement to the Senate in the near future to let the public of Newfoundland know what the status is now, and if he would give us a schedule of any meetings that are going to take place in the near future; also what priority the government feels this position paper has in the future development of energy in the economy of Newfoundland.

Senator Olson: Yes, I will undertake to make a statement on matters that have been studied sufficiently that a decision may have been made as to future meetings or timetables but I have to caution my friend that I am not going to make a statement in anticipation of decisions by some other minister or ministry.

Senator Marshall: As co-ordinator.

THE ECONOMY

ANTI-INFLATION MEASURES

Hon. C. William Doody: It all comes out in time. Honourable senators, I have a question for the minister responsible for the co-ordination of the economic policy of the country. I wonder if the honourable co-ordinator would be kind enough to elaborate on the Venice summit affirmation—supported, of course, by all seven western leaders—that the battle against inflation is the number one priority and "both determined fiscal and monetary restraint is required to break inflationary expectations." I wonder if the minister could elaborate on that and tell us what exactly Canada is going to do to solve the inflationary problems that we have at the present time.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, there is no doubt in my mind that the Prime Minister will be making a statement to Parliament when he returns to Canada respecting the objectives that he agreed to as the leader of this country. Perhaps at that time, or shortly after, he will be announcing some programs, or changes in policy, necessary to meet those commitments.

I think the honourable senator knows that Canada has always been extremely co-operative in attempts to fight inflation by trying to resist the pressures that build up in many sectors.

[Senator Marshall.]

• (1425)

I think that is particularly appropriate because Canada has been, and still is, most interested in all of those countries making a maximum effort with respect to fighting inflation, because we know that we are, on a per capita basis at least, one of the largest trading nations in the world. Therefore, a great deal of the inflation that we have in Canada at any given time is imported or is the result of those massive trading relations in terms of the percentage of our economy. It is therefore extremely important for us to have an agreement on an international level so that we can have some effect inside our country from what happens outside, because, if we do not have that kind of activity taking place on an international scale, then, of course, it does frustrate some of the actions that we take within our domestic economy to try to grapple with that important problem.

Senator Doody: I thank the honourable minister and I will read the answer tomorrow and try to digest it. It sounded quite comprehensive. If I may be unkind enough to quote one of our more prominent columnists, it sounded like an overdose of "bafflegab".

Mr. MacEachen, in response to the same sort of question, said something to the effect that the government was contemplating no new measures aside from those policies of fiscal and monetary restraint that are in effect right now. It appears to me that one of the big problems that six of the seven partners have with the policies of Canada on an international scale, which the honourable minister just alluded to at great length and in some detail, is that the other countries appear to have come to grips with their energy costs, or at least with the costs of the consumption of fossil fuels, while Canada has not yet made any attempt to do so. Well, that is not quite true; the previous Government of Canada made some attempt, but the present Government of Canada has made no attempt to come to grips with this particular problem.

Will the honourable minister indicate whether or not any commitment has been made to our partners in the economic alliance with respect to the consumption of fuel, because it seems that our big deficit might well be tied directly to our inordinate consumption of very cheap fuel supplies?

Senator Olson: Well, honourable senators, there is another conclusion you can also reach, which my honourable friend did not mention, and that is that it may be that Canada has done so much better than the other partners to date that we would have had a much more satisfactory situation, if they had succeeded as well as we have—

Senator Roblin: If you believe that, you will believe anything!

Senator Olson: —within the political entity that we have respecting this whole matter.

Senator Perrault: Hear, hear.

Senator Olson: I am sure my honourable friend will not try to argue, for example, that we have not done better in Canada vis-à-vis the price of fuel or energy in the total cost package,

and, therefore, in the total consideration of energy, than any other country in the world. There is just no question about that!

Senator Perrault: Hear, hear.

Senator Olson: Therefore, I would not accept much of the premise of my honourable friend's question, to the effect that Canada needs now to announce a whole new slate of policies to meet the commitment. It may be that some other countries need to emulate Canada's example.

Senator Perrault: Hear, hear.

Senator Flynn: Subsidizing?

Senator Doody: I thank the honourable senator for his pointers, but I should like to say at the same time that if the honourable senator suggests that we should emulate the policies of the other countries—

Senator Olson: No, the opposite. It would help if they emulated us.

Senator Doody: We should go our way and let the other six partners go theirs?

Senator Olson: No, no; I did not say that at all.

Senator Doody: Let me say that the honourable minister is absolutely correct in saying that we can have the greatest deficits in the world and have the cheapest fuel supplies in the world, but we will also have the highest unemployment in the world, eventually, and we will also have the biggest problems in the world. However,—

Senator Perrault: That sounds like the Conservative platform.

● (1430)

Senator Doody: I see that the honourable senators opposite are getting quite upset now. The facts of life have never been anything they like to grapple with.

In a speech the minister made to investment dealers in Canada, he suggested that labour was acting responsibly in appearing to moderate its claims. He went on to say that the government was moderating its claims on the resources of the country as a whole, that the private sector was not doing its part in investing more in productive capacity and that generally it was not pulling its weight.

I wonder if there is some way that we could elaborate on that theme to try to illustrate to society as a whole the manner in which the private sector could contribute more to government and unions.

Senator Olson: The simple way to answer that question is to tell the honourable senator to read the rest of the speech. If he does so, he will see that that is all spelled out in great detail.

I did congratulate labour for coming forward with more moderate demands. There is no question in my mind that that was responsible action. There is also no question in my mind that the federal government—except for a partial aberration which occurred between May 1979 and February 1980—acted responsibly in moderating its demands on society generally, and on the financial markets particularly.

Senator Flynn: Oh, oh!

Senator Olson: If the honourable senator would read the rest of that speech, he would see that I expressed the hope that the chief executive officers in the boardrooms would be as reasonable, both in absolute and relative terms, as labour generally has been. There is some evidence now which indicates that that has not been the case.

I could have said then, and I will say it now, that they set a bad example by increasing their demands for rewards from the economic structure, and if they continued they would invite others to do likewise. I expressed the hope that they would refrain from doing that.

If the honourable senator reads the rest of the speech, he will find that my idea respecting what they do with the additional funds that will be generated is spelled out in great detail. He will also note that I said that they should look past the immediate 18 or 24 months and make investments in modernizing the manufacturing industry, increase investments in resources, and that sort of thing. I said that they should invest their funds in what is probably the best place in the world, Canada, rather than assisting an exodus of capital from Canada. All this is tied together with activities such as takeovers, and that sort of thing. They really do not add much, in some cases, to the economic capacity of Canada. I think the honourable senator's question is fully answered in the speech, and if he reads the speech slowly and carefully he will see that.

Senator Perrault: Read it word for word.

Senator Doody: I thank the minister for his advice, but I did read it as slowly and as carefully as I could. I am wondering, in passing, whether it is not better for the government to do something to encourage the private sector to invest what is left of its meager profits after taxation, and so forth, rather than give them lectures in this area from time to time.

Senator Olson: I think that both will happen. I think the government has done a number of things to encourage this sort of investment.

Regarding the last part of the senator's question, he may wish to refer to this as a lecture, and he can call it that if he wishes, but I think the private sector likes to know, from time to time, the attitude of ministers in government. That is what I was trying to do.

ENERGY

ALASKA HIGHWAY GAS PIPELINE

Hon. R. James Balfour: Honourable senators, may I pose a question to the Minister of State for Economic Development concerning the Alaska Highway Gas Pipeline?

A few days ago the Minister of Energy, Mines and Resources was quoted as saying, in his discussions with the United States Energy Secretary Duncan at Venice, that he was

looking for a reaffirmation of the American commitment that the line be built.

● (1435)

The honourable gentleman will perhaps recall that on May 13 he reported to the Senate as follows:

> I found on all sides an intense commitment to the project and a sense of urgency about proceeding with it as rapidly as humanly possible.

Would the honourable gentleman explain to us what has occurred in the interim that obliged the Minister of Energy to seek a reaffirmation that the project would be proceeded with?

Hon. H. A. Olson (Minister of State for Economic Development): It is perfectly clear in my mind that the commitment that was made to me by a number of officials in the United States administration, and some of the spokesmen from Congress, was an intense commitment orally, if you like, that we get on with the job of beginning the pipeline as soon as possible and seeing it through to its final and total completion.

Unfortunately, to date, some firm, tangible evidence of that commitment has not been forthcoming—at least it has, so far, been insufficient to satisfy the terms of the Canada-U.S. agreement. I mentioned that in the statement I made in this chamber on May 13, and my honourable friend knows that we are not going to build a piece of pipeline anywhere unless we know it is going to be used when it is completed. That is pretty elementary and pretty clear.

I should add one other thing, which is really a repetition of what I said before: the prebuild does not stand alone as a means of exporting Canadian gas. We have not changed our position on that. It may be that we could reach that conclusion if that kind of application had been made to the regulatory authorities and to the Government of Canada, but that is not what it is. It is a prebuild, and it genuinely means that.

The United States so far has not given us the undertaking we need, that both the administration and the Congress are committed to see that the United States sections can be financed and will be built. That is what we require.

Senator Balfour: I have a supplementary question. Is it correct that U.S. Energy Secretary Duncan himself felt unable to give the Minister of Energy the type of assurances for which he was looking, including the reaffirmation of commitment?

Senator Olson: I do not think that is quite accurate, although I suppose different interpretations can be put on what Secretary Duncan has said. I do not pretend to be an expert in congressional procedure. I do not intend to be drawn into the kind of interpretation that will say precisely to the United States congressional leaders how they should go about delivering what we have asked.

What I do know is that the administration, led by the Secretary of Energy, has indicated that they would be willing to go a long, long way. Indeed, he and other leaders of Congress have indicated to me that what we were requesting was not unreasonable; that it was something that Canada is entitled to before the final construction permits are issued.

The next question that arises is how much, or what is enough? What is enough is a commitment from the United States Congress that they are in concert with the United States administration. How they deliver that, I do not believe it is my place to say. I know some things because I have been advised about certain procedures that they have for expediting resolutions through Congress, but I think it would be foolish for me to try to tell them precisely how to deliver what they acknowledge is a reasonable requirement by Canada.

● (1440)

LIQUEFIED NATURAL GAS CONVERSION SITES IN EASTERN CANADA

Hon. Orville H. Phillips: I have a question for the Minister of State for Economic Development, and honourable senators will understand if I am rather reluctant to use the self-conferred term "co-ordinator" because, on the contrary, I consider the economic policy of this country to be rather unco-ordinated. I am sure the minister would not want to claim responsibility for that.

The honourable minister is no doubt aware of the announcement made yesterday of the sale of liquefied natural gas from Canada's north for conversion on the Atlantic seaboard. My question relates to the conversion terminal. Would the minister tell us why the Saint John site is no longer under consideration, given the fact that the National Energy Board has already given Tenneco approval for the construction of facilities in that city?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I cannot give a precise answer to that question, nor, indeed, can I either agree or disagree that the preamble is correct. It may be; I do not know. I shall need some time to check into it and find an answer to the question.

Senator Phillips: In reference to the minister's statement concerning the preamble, may I use his favourite term and say that that is a matter of interpretation?

The news story yesterday left the impression that two sites remain under consideration, the one in the Gaspé area and the other in the Strait of Canso area. Would the minister give us an assurance that a final decision will be taken on the extension of the Q and M pipeline beyond Quebec to the maritimes? I would point out that unless this decision is taken, the maritimes site will be uncompetitive. In other words, it is necessary for the government to reverse its position on a reversible pipeline.

Senator Olson: Honourable senators, I can only restate what I have said many times, that this government is committed to getting the entire Q and M pipeline built as expeditiously as possible. I do not know what stage has been reached in meeting the requirements the National Energy Board referred to when they did not approve construction beyond Quebec City or somewhere near Quebec City. It is our hope that these environmental matters can be resolved very quickly so we can get on with doing the whole job.

Senator Phillips: A final supplementary, honourable senators. Would the minister determine if Petro-Canada, the primary owner of the natural gas, plans to have the necessary liquefied natural gas tankers constructed in Canada?

Senator Olson: I do not know whether it has reached the stage where they are considering the letting of tenders for tanker construction and that sort of thing. However, I shall make inquiries to ascertain if it has reached that stage, and if it has done so I shall give whatever details would flow from that decision.

Hon. Ernest C. Manning: Honourable senators, on this matter of natural gas from the north, there is a report in the press today of a major deal between Petro-Canada and Gas Arctic in purchasing large volumes of gas in the Arctic islands. The report seems to indicate that the intention was that this gas would be primarily for export, but rather than exporting it directly it might be used to supply gas markets in eastern Canada and would be offset by western gas being delivered to American markets.

I wonder if the minister could enlarge on that report, if it is factual, and also if he could tell us whether this proposal would, in any way, be tied in with the matter of prebuilding the Gas Arctic pipeline to enable western Canadian gas to be moved to the United States as an alternative to the other gas being sold in eastern Canada rather than being exported.

Senator Olson: Honourable senators, I do not believe that they are linked—that is, I do not believe that the prebuild and gas flow through the prebuild is linked to this liquefied gas project at all. But I shall make inquiries as to some possible future linkage or exchange, if that is the right word, with respect to it. I think that while there is a fairly large amount of gas to be liquefied and then reconstituted at some place farther south in North America, I believe that what is under way is in some respect a pilot project as well, and therefore while the much larger volumes that would normally be involved in a pilot project seem to be indicated by this deal, I think I should check into it and find out whether they have really decided they have the technology to do the whole job or not, or whether it will be progressive on acquiring and testing new technology.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I address a question to the Leader of the Government? I asked him yesterday a question with respect to the initiative of the Minister of Employment and Immigration in Washington respecting the Garrison Diversion. Does he have a reply?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, after yesterday's Question Period I sought further information regarding the Garrison Diversion situation. I can report the following:

The government, together with the Province of Manitoba, has in recent days made strong expressions of concern over the possibility of new funding for the Garrison Diversion project. These concerns have been formally conveyed by our ambassador in Washington to members of the Senate and House of Representatives, and to the administration.

During his visit to Washington this week the Minister for Employment and Immigration, the Honourable Lloyd Axworthy—a Manitoban, by the way—made similar representations to members of Congress and the administration. He received renewed assurances from senior administration representatives that no new Garrison activity potentially affecting Canada will take place.

At present, the proposed appropriation has still not gone before the full Senate, which is expected to consider this matter later this week. While the government is concerned that the Senate Appropriations Committee earlier this week concurred in the proposed Garrison appropriation, I understand, however, that there is some support developing within the Senate for Canada's concerns over the project. It would be the hope of the government that this will be reflected in subsequent Senate consideration of the proposed appropriation. Through our embassy in Washington, we will be continuing to follow the situation very closely.

Senator Roblin: I thank my honourable friend for the information, and ask him a further question on the matter. I believe the minister in question met with the Secretary of the Interior, Mr. Cecil Andrus, to ask the Government of the United States, the executive branch, what they would do in the event of the bill's passing in its present form with the money for the Garrison in the appropriation. Is it true that he met with the secretary and, if so, what answer did he get to his inquiries?

Senator Perrault: Honourable senators, that question will be taken as notice. I have no additional information on the subject at this time.

• (1450)

ECONOMIC DEVELOPMENT

FEDERAL AID FOR CONSTRUCTION OF TRADE AND CONVENTION CENTRES

Hon. Raymond J. Perrault (Leader of the Government) Honourable senators, I now have a statement with respect to federal aid for the construction of trade and convention centres.

After several months of review, the federal government has developed a program which will provide an ongoing basis for federal assistance for the construction of trade and convention centres in Canada.

The program is designed to assist those centres which have been shown to offer significant national and regional economic benefits. However, at the same time, the program is based on principles which reflect the government's commitment to keep its expenditures under firm control. The cabinet will therefore

evaluate each application for federal assistance on its own merits, in the light of the following five principles:

(1) Federal assistance is limited to the capital costs, including land, of trade and convention centres, and in no case will the federal assistance be used to cover the operating costs of the centres;

(2) The federal contribution under this program for any one centre is not to exceed 25 per cent of the total estimated capital cost, including land, or the contribution of the provincial government, whichever is less;

(3) In any one year; total federal assistance under this program is limited to a maximum of $15 million, including land;

(4) This federal government initiative is not to cover any cost overruns; and

(5) Federal support is limited to those centres which have been shown to be economically viable. Selection of qualifying trade and convention centres will reflect the priorities of regional requirements and opportunities.

In accordance with this program, the cabinet has approved federal financial assistance for trade and convention centres in Toronto and Montreal. The subject of assistance for trade centres already brought into being without federal assistance is still under study.

In Toronto the federal government will provide 25 per cent of the total estimated capital cost, including land, of a new centre, up to a maximum of $19 million, depending on the site selected or the contribution of the provincial government, whichever is less. The federal contribution will be spread over several years.

In Montreal the government is contributing 25 per cent of the estimated capital cost of the proposed convention centre.

Other applications for assistance under this program are being received from a number of other Canadian centres, including, for example, Hamilton. The cabinet will consider each application in the light of this program and the availability of funds.

It should be noted that this program does not preclude DREE from providing additional funding where this is authorized under general development agreements.

It is estimated that there were 3,475 conventions in Canada last year, attracting some 1.4 million delegates and generating approximately $369 million in revenue. The federal government hopes this program will initially assist those cities already in competitive positions to expand this business. Canada's share of the multi-billion dollar international trade and convention market is estimated at less than one per cent. The construction of world-scale facilities in centres of international importance such as Toronto and Montreal is an essential prerequisite for improvement of Canada's penetration of this market.

Hon. Duff Roblin (Deputy Leader of the Opposition): May I take the opportunity of asking my honourable friend two supplementary questions?

[Senator Perrault.]

First, am I correct in assuming that the Winnipeg Convention Centre is definitely included on the list of projects under consideration?

Secondly, would the government leader define for us at some convenient time what he means by the phrase "economic viability" in connection with these projects?

Senator Perrault: I shall be pleased to take both questions as notice. In my inquiry I asked specifically about the status of Winnipeg, which of course has already established a centre, as I mentioned in my remarks. I have not yet received a reply on that. But certainly the case being put forward by Winnipeg has been brought to the attention of the departmental authorities.

AGRICULTURE

DROUGHT IN PRAIRIE PROVINCES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wish to reply to a question asked by Senator Guay during Question Period yesterday, June 25, concerning the financing of the drought assistance measures announced by the Province of Manitoba.

The Manitoba Livestock Feed and Transportation Program has a budget of $40.275 million, which will be used to purchase and transport the following feedstocks: 25,000 tonnes of pellet from the Lakehead; 195,000 tonnes of Ontario hay; 50,000 tonnes of grain feed; and 50,000 tonnes of native and wild hay.

The budget is allocated as follows: transportation of pellets, $8.5 million; purchase of Ontario hay, $11.7 million; transportation of Ontario hay, $16.5 million; transportation of feed within Manitoba, $1 million; incentive for local feed production, $8 million.

The province expects to recover one-third of the transportation costs—some $5.5 million—from the railways. The sale of Ontario hay to Manitoban farmers will recover a further $11.2 million, and finally, as I indicated last night, the federal government will, of course, be discussing cost-sharing of this assistance package with Manitoban officials.

NATIONAL DEFENCE

PURCHASE OF F-18A AIRCRAFT

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a fairly lengthy reply in response to questions asked by Senator Smith (Colchester) and Senator Roblin during Question Period on April 17 regarding the anticipated industrial benefits to the Atlantic provinces and Manitoba as a result of the new fighter aircraft contract. Because of the importance of this subject, I feel I should read the reply.

I wish, first, to clarify that the CF-18A is being bought "off the shelf." The offsetting business provided by McDonnell Douglas and its associated companies in the F-18 program to

Canadian companies provides a limited number of opportunities to make components for the CF/F-18A.

However, a great deal of other work will be made available to Canadian companies as a result of the provisions in the contract negotiated by this government. A guaranteed proportion of this work will be in the aerospace and electronics industries. At the same time, there will also be a considerable volume of business in other industrial sectors involving purchases, investments, technology transfer, export marketing assistance, and tourism.

Honourable senators will understand that the federal government is not in a position to tell the prime contractor which individual firms it must do business with. However, we will ensure that an appropriate regional balance is maintained over the life of the contract. I am sure honourable senators will agree that Canadian firms should seek the business to which I have been referring in a competitive manner, and this makes it impossible to be precise about the exact figures for contracted work for each province or region of the country. However, I would like to give some specific examples to illustrate the type of industrial benefits I have in mind.

Firms outside of Toronto and Montreal will receive an estimated $200 million worth of work on DC-9 and DC-10 components; Bristol Aerospace of Winnipeg has already received a contract for $35 million for engine components; an estimated $75 million in subcontracts will be available to western Canada and Atlantic firms for work on the DC-10, the DC-9, the Super 80 and the KC10-A projects; McDonnell Douglas this week announced that it is inviting a number of Canadian companies to enter proposals for the manufacture of airframe assemblies for the Canadian Forces CF-18, as well as for the U.S. Navy and Marine Corps F-18A Hornet fighters, and for Hornets to be manufactured for allied nations. Included among the Canadian companies are both Enheat of Amherst and Bristol of Winnipeg.

Additionally, I should like to add some further perspective to the benefits already accruing to the various regions of the country through military expenditures. I would be remiss if I did not bring to the attention of the house the substantial operating and capital expenditures of the Department of National Defence. Information provided to me by the Department of National Defence indicates that, for example, in fiscal year 1979-80, DND had operating expenditures of $688,840,000 in Atlantic Canada, and $732,900,000 in western Canada.

● (1500)

Finally, I would like to emphasize the importance to all Canadian firms, but particularly those in the western and Atlantic provinces, of the contract provision for technology transfer and export market assistance. Used together these provisions will do much to expand existing businesses, and, indeed, to create new ventures based on new projects. I am also optimistic that the tourism development program will be of particular benefit to the western and Atlantic regions.

Honourable senators, with your permission I will place on *Hansard* the table I have referred to.

Hon. Senators: Agreed.

(*The table follows:*)

EXPENDITURE BY PROVINCE

DEPARTMENT OF NATIONAL DEFENCE

Province	Operating Expenditure 1979/80	Capital Construction & Related Costs 1980/81	Equipment Values
British Columbia	308,119,000	30,213,000	4,109,700,000
Alberta	239,326,000	19,301,000	1,767,900,000
Saskatchewan	62,772,000	3,390,000	459,800,000
Manitoba	122,685,000	12,229,700	171,300,000
Total Western Provinces:	732,902,000	65,133,700	6,508,700,000
New Brunswick	138,156,000	70,059,600	467,300,000
Nova Scotia	484,697,000	47,123,100	6,466,600,000
P.E.I.	40,626,000	3,000,300	277,600,000
Newfoundland	25,361,000	3,384,200	46,800,000
Total Atlantic Provinces:	688,840,000	123,567,200	7,258,300,000

FEDERAL BUSINESS DEVELOPMENT BANK ACT

BILL TO AMEND—THIRD READING

Hon. Eric Cook moved the third reading of Bill C-20, to amend the Federal Business Development Bank Act.

Motion agreed to and bill read third time and passed.

PROHIBITION OF INTERNATIONAL AIR SERVICES BILL

SECOND READING

The Senate resumed from Wednesday, June 18, the debate on the motion of Senator Perrault for the second reading of the Bill S-7, to provide for the prohibition of certain international air services.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, as was explained by the sponsor, Senator Frith, this bill gives effect to the pledge our country made in signing the Bonn Declaration of 1978, that it would intensify its efforts to combat international terrorism, and, more precisely, aerial hijacking.

The Bonn Declaration was the first broad international decision ever taken to extend the active struggle against modern terrorism into the sphere of relations between states. By means of this bill, which was introduced last week in order that this decision could be announced at the Venice summit, we warn all countries who give asylum to hijackers that they stand to suffer economically from so doing. There are few countries whose air communications would not be seriously affected by the simultaneous loss of all their United States,

British, French, German, Italian, Japanese and Canadian connections.

This gives rise, however, to questions that Senator Frith might answer in closing this debate, or that might be answered in committee, since I think this is the type of bill that should be referred to committee so that we might examine the practical consequences that could be envisaged as a result of its being passed.

For example, how many nations, other than the original seven, have signed the Bonn Declaration, and how many of the original signatories have enacted legislation similar to the present bill?

As Senator Frith pointed out in sponsoring the bill, there has been no absence of formal agreements or declarations by nations concerning this problem. As far back as 1972 the United Nations set up a committee to recommend ways of preventing international terrorism. They set up another committee to draft a convention against hostage-taking in 1976. As far as I know, however, nothing came of either.

Since 1970 the members of the United Nations have repeatedly urged themselves to frustrate and punish hijackers without ever a voice being raised in dissent. They have urged themselves also to ratify the International Civil Aviation Conventions of Tokyo, the Hague, and Montreal; but there is still a large number of holdouts. In other words, this has been another of those many international topics about which everybody mouths the proper platitudes and assumes the appropriate stance, but in connection with which not too many have the fortitude to bite the bullet.

The example being set by us here, and by other nations who have drafted similar legislation, it is hoped, will entice vast numbers into joining in a veritable economic war on those in the habit of harbouring aerial hijackers.

The more countries that join, the less will pirates have to gain in political demands and ransom. A pirate does not have much of a bargaining position if he knows that wherever he lands he will be arrested and either prosecuted or extradited. None of this may work out as planned, but at least this bill represents action. We have gone beyond the stage of wishful thinking and pious hopes. The bill contains concrete measures which, if we have the strength to impose them, could cause those outlaw countries who are in the habit of harbouring aerial hijackers to reflect.

One thing troubles me, however. This bill is meant to cover the type of air pirate who takes over an airplane and uses the passengers as hostages in order to make political demands or exact a ransom of some sort from one or more countries. The pirate may demand that a certain country release what he would call "political" prisoners, or he may demand that a ransom be brought to him so that he might use it to further the aims of his cause. These people are usually considered violent and have proven themselves quite capable of visiting all sorts of harm on their hostages, and, when considering such individuals, one has little trouble supporting what this bill aims to do.

[Senator Flynn.]

In reflecting on the effects of the bill, however, I find myself worrying about persons from a country behind the iron curtain, for example, who may find that their only way out is to commandeer an airplane. Let us assume they direct the pilot to land them in Austria, that they make no political demands, demand no ransom, and that all they want is political asylum after fleeing a dictatorship. If the government of Austria welcomes them and refuses to prosecute or extradite, does the full weight of the provisions of this bill then fall upon its head?

I agree, however, that the bill as drafted would enable the Governor in Council not to exact the fine that is provided.

As to the penalty provided in this bill, I, like Senator Godfrey, am concerned that the penalty provided may not be sufficient to offer much of a deterrent. The sum provided by way of a fine is $10,000, but would it be imposed once for every offence, or would that be per day? It is quite clear to me that it could be interpreted as meaning that the fine would be imposed only once. It is on matters such as this that we will need more detailed information, and therefore I would suggest that this bill be referred to a committee. I understand that the deputy leader would favour its being referred to the Standing Senate Committee on Transport and Communications, which I think is an appropriate place for it to be considered, although it could also be sent to the Standing Senate Committee on Legal and Constitutional Affairs. However, that committee being so busy with constitutional reform, even if it only has the Senate to consider, I suppose the best place to refer the bill is the Standing Senate Committee on Transport and Communications.

Motion agreed to and bill read second time.

• (1510)

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, once again I find myself agreeing with just about everything that Senator Flynn has said. As he has mentioned, this bill could find a home in the Standing Senate Committee on Legal and Constitutional Affairs, the Standing Senate Committee on Foreign Affairs and the Standing Senate Committee on Transport and Communications.

I agree that the questions Senator Flynn has raised are important, and could be dealt with in committee. As he has suggested, I move that this bill be referred to the Standing Senate Committee on Transport and Communications.

Motion agreed to.

RETIREMENT AGE POLICIES

REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Retire-

ment Age Policies, entitled: "Retirement Without Tears" tabled in the Senate on April 15, 1980.—(*Honourable Senator Bosa*).

[*Translation*]

Hon. Ernest G. Cottreau: Honourable senators, if I may, I would like to make a few remarks about the report of the Special Senate Committee on Retirement Age Policies, entitled *Retirement Without Tears*, which was tabled in the Senate on April 15, 1980.

[*English*]

First I want to say that I consider it a privilege to have served as a member of this special committee under the able and dynamic chairmanship of Senator David Croll. So much has already been said in favour of this man that anything I can add here would, no doubt, be considered redundant. Let me just say that whatever the true requisites for leadership are, I firmly believe they are part of Senator Croll's rich heritage.

As to the report, *Retirement Without Tears,* I concur wholeheartedly with all the good and positive things that have already been put on record in this chamber by those who have taken part in this debate. It is my honest opinion that the recommendations contained therein are based on the most logical and the most practical conclusions that could possibly be drawn from the great volume of evidence submitted to the committee. Needless to say, I endorse this report without reservation.

Of the many aspects which are related to the process of aging and of retirement, and which are discussed at length in the report, there is one in particular which I want to emphasize here, and that is the one discussed on page 117, in Part VIII entitled "Planning for Retirement."

Many companies, both in the private and in the public sectors, are now offering programs which are designed to prepare their employees for retirement. The committee found, however, that this idea needs to be expanded, as stated on page 119 of the report in the second to last paragraph:

> However, despite the steps that have been taken, your Committee was impressed by the lack of pre-retirement counselling programs on the part of private companies and the inadequacies of those undertaken by the public authorities. What is clear is that much more should be done to devise and implement effective programs in this country to prepare men and women for the many years they will spend in retirement.

The Canadian Association on Gerentology, in a brief presented to the committee on December 7, 1978, described the retirement process in this manner:

> After 25 to 50 years in the labour force, and most often with the same employer for the final 10-20 years, the gold watch is presented, old friends remark about how fortunate the retiree is and that's it. The retirement process has started and finished for most workers in one day; usually exactly 65 years from their date of birth. Seldom is a process as truncated as is retirement. The impact on the worker's spouse, siblings, children and other persons in the social network is likely to be even less understood and certainly unlikely to be related to a process.

In the light of the fact that some organizations today offer pre-retirement counselling, this description may sound out of date. However, it does reflect a tradition which still prevails in many quarters. The offer of a parting gift as a token of appreciation for services rendered over a lifetime career is no longer an acceptable way to mark the beginning of the retirement phase of an employee's life. This person needs to be enlightened on the subject of retirement before he or she is cast into it. I am happy to say that the idea seems to be taking hold, as today a wide variety of organizations, including unions, companies, social service agencies, and educational institutions are involved in retirement preparation programs.

Here are some of the reasons why I maintain that pre-retirement training programs are useful and necessary both to the employer and to the employee. To begin with, such programs bring assistance to the individual. In our society, considerable importance is attached to one's position in the work force. Not only is the workplace a source of identity, but work itself organizes one's daily living and gives it regularity. Retiring from the workplace can be a very difficult psychological experience because an individual must then look to other things and other places for a source of identity. Pre-retirement courses are seen as an aid in helping individuals to adjust psychologically to this transition from work to retirement.

In an article entitled "Update on Pre-Retirement Training" published in *Canadian Training Methods: The Human Element*, February 1980, page 22, the author, Mr. John Kenney, who has been designing and presenting retirement planning seminars for the Ontario Ministry of Education for seven years, stated that one of the assumptions and expectations voiced by organizations seeking help in designing pre-retirement programs is the belief that:

> Pre-retirement education programs will result in a smoother transition from work-oriented to a leisure-oriented lifestyle for the employee.

Thus, pre-retirement programs are seen as a vehicle by which employees can understand what retirement means within their own lives. Furthermore, these programs are also a way of sorting out personal priorities. This latter point has been poignantly described by David Huggins in "Why Pre-Retirement Counselling is so Necessary," *Canadian Business*, August 1977, at page 62. This article states:

● (1520)

> My problem is that I need help to sort myself out, to evaluate my financial situation, to examine my values and preferred interest, to determine whether or not I need, or prefer, to generate additional income. I need help to develop my own plan for my future, integrating all of these many and varied elements into a cohesive action plan. Finally, I would like some help to get it under way.

A second reason why pre-retirement education is important is that it will improve staff morale. There is no question but that the transition from paid employment to retirement can be

a traumatic experience, particularly when the worker's identity is dependent on and closely related to his job and his workplace. Such a person can be greatly assisted and reassured by means of a training service before retirement time. In "Notes on Pre-retirement Seminar Facilitator Development," Canadian Training Methods, volume 10, No. 5, February 1978, at page 17, John Kenny writes:

> It may also be that through such organizational programs the actual health care cost to our society will be lower through the early provision of good retirement preparation, planning, counselling, assistance—this as a result of better physical, fiscal and mental health of retiring employees.

It is only reasonable to assume that the degree of productivity will necessarily be enhanced if employees have a positive mental attitude toward retirement. This is yet another reason for encouraging the proliferation of pre-retirement education among employers.

Warner Lambert Canada Limited, one private company which does maintain a full-scale pre-retirement counselling program for its employees, appeared before the committee on February 27, 1979. I quote an excerpt of its comments on this subject, taken from the report *Retirement Without Tears*, page 118:

> During individual pre-retirement counselling sessions, which we normally conduct two or three months prior to the employee's retirement day, we observed that many employees were totally unprepared for their retirement years; it was for them a worrisome ordeal, with lots of financial problems, loneliness and confusion . . . First of all, we felt that some of the physically and mentally fit wished to continue working. They felt they were being excluded from continuing in the work force and were not prepared for that. Financially, some were not prepared, either. In other words, they did not do any personal planning for themselves through RRSPs or annuities. We also found that, psychologically, they were not prepared for it. Many employees are afraid to admit that they are approaching 65.

Surely there is a way to reach the young worker's sensitivity to matters affecting his or her welfare and security in later years. Such vital matters as inflation, Canada/Quebec Pension Plan, Old Age Security and annuities, have now become facts of life, and it behooves every member of society to become familiar with them.

It has been noted by people who have studied the subject of retirement planning courses that a company which operates such a program stands to benefit from such a practice, in that retiring employees will leave with positive impressions regarding the manner in which they were treated and will very likely convey their thoughts to others, thereby enhancing the organization's corporate image.

David French, Assistant to the Treasurer of Simpsons-Sears Ltd., in an article entitled "Preparing for the 'Golden Years'," in the *Financial Times*, December 10, 1979, page 36, wrote:

> Pre-retirement counselling is one of the most dynamic areas of growth in employee benefits, and for a number of reasons . . . Rampant inflation has left a generation of employees whose ability to save has been hampered. People are living longer and are in better shape than ever before. And the breakdown of the extended family, and even the nuclear family, is bringing new problems to the fore.

As stated at page 119 of the report, although the need for pre-retirement counselling is acute, information on what is actually being done in Canada is sparse. We know that in 1975 the Department of National Health and Welfare undertook a retirement survey among workers which revealed that less than 9 per cent of the respondents had taken part in some sort of program to prepare them for retirement. Forty per cent of them, however, indicated a willingness to participate in such a program.

Those concerned with the issues of retirement generally agree that planning for retirement is important; but this has not, as yet, resulted in an overall well-developed pre-retirement program. There is evidence from the surveys that have been conducted by the Department of National Health and Welfare, and studies by the Canadian Council on Social Development in 1975 and, more recently, by the Conference Board in Canada in 1979, that a majority of employers provide information and counselling on the various benefits available from the company upon retirement, but most do not provide other forms of pre-retirement planning. I should perhaps mention again that there are companies that have highly developed counselling programs, and are doing a commendable job in this field.

Before leaving the subject, I might say that the Canada Council on Social Development's study on retirement policies found there was a consensus on the subjects which should be included in such a program. They are: (a) income and housing planning; (b) mental and physical health needs; (c) leisure; and (d) recreation and community involvement plus a variety of subjects specially adapted to local needs.

Honourable senators, I do not think it is useful for me to pursue the subject further. The special Senate committee has thoroughly examined the matter and has summarized its thoughts in the following three recommendations, with which I shall conclude my remarks: First, that both public authorities and private companies should undertake to implement effective pre-retirement programs; second, that the Canada Employment and Immigration Commission should take appropriate measures to ensure that its offices are better equipped to deal with older workers, including improved job training facilities, more vigorous placement programs, and more advertising of available services; and third, that employers should introduce programs of graduated retirement such as, for example, longer annual holidays or shorter work weeks for workers approaching the age of retirement.

On motion of Senator Bosa, for Senator Macdonald, debate adjourned.

• (1530)

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, there is a possibility that Bill C-28 will come to us today. If it comes to us soon I shall ask for leave to revert to Orders of the Day. If news comes that we will not be receiving the bill until tomorrow morning, that is another matter.

The Hon. the Speaker: Do you wish to ask for leave to revert to Orders of the Day now?

Senator Frith: No, Mr. Speaker, I am not asking that at this time.

NORTH ATLANTIC ASSEMBLY

SPRING MEETINGS AND EXTRAORDINARY PLENARY SESSION, LUXEMBOURG—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government) rose pursuant to notice of Tuesday, June 10, 1980:

> That he will call the attention of the Senate to the Spring Meetings and the Extraordinary Plenary Session of the North Atlantic Assembly, held at Luxembourg, from 5th to 8th June, 1980.

He said: Honourable senators, I have just a word or two to say about this meeting of the North Atlantic Assembly, which consisted of the usual spring meetings of committees followed by an extraordinary plenary session. The plenary session was extraordinary in the sense that the normal routine in the Assembly is to have a series of committee meetings in the spring and another series of committee meetings in the fall, those being followed by a plenary session. This year's spring committee meetings took place in Luxembourg.

This was the first occasion I had had to travel abroad as a member of a Senate delegation, or to travel anywhere in that capacity, for that matter. I should like to make the usual comment about the enjoyment occasioned by meeting delegates from other countries and by working with the members of our delegation from Canada, representing the Liberal Party, the Conservative Party and the New Democratic Party.

The meetings I wish particularly to refer to, however, are the committee meetings I attended, and what actually took place at the extraordinary plenary session.

Let me direct myself first to the committee meetings. I was assigned to the Military Committee, which received a most instructive briefing from a United States general as to their rapid deployment forces and plans. I can only say that it was instructive. Being a "new boy" I did not participate to a great extent in that committee's deliberations. I was concerned, however—and this is perhaps the only aspect that would be of any interest to senators in any event—to ask questions concerning whether the United States should be taken in any way as reducing or changing its commitment to NATO by reason of its need to protect its interests, and the interests of its allies, in the parts of the world outside the defined NATO area. I was assured that no such intention existed.

I should say, parenthetically, that some of the European members of NATO were glad that that question had been raised by a North American delegate rather than by any of them, because it was a question that had been in their minds but which they felt rather diffident to raise.

My remarks now are concerned with the reason for the extraordinary plenary session which took place at the European Centre in the city of Luxembourg. Again, if I may make a short parenthetic comment, I should like to underline how impressed I was, as I believe all Canadian delegates were, with the beautiful country of Luxembourg and that beautiful city and the hospitality we received there. This was the first occasion on which the very handsome Assembly Hall at the European Centre in Luxembourg had been used. Those of you who have read the current issue of *Maclean's* magazine will realize that there is a somewhat ironic dimension to the fact that that beautiful Assembly Hall in the European Centre was used for the first time on this occasion. The committee rooms had been used before, but this was the first time that the Assembly Hall had been used.

The irony I am referring to, as outlined in *Maclean's* magazine, is that Luxembourg, which depends a good deal on the tourist industry and all of the benefits that flow from that, benefited from the attendance and work of the European delegates and their support staff. Although the European Parliament, it is said, offered to establish Luxembourg as a permanent centre, that offer, for reasons that are explained in the article, was turned down. Now there is understandably some regret that the offer was not accepted. I can certainly understand why regret would be felt on the part of Luxembourg, and indeed others, that parts of the impressive facilities that constitute the European Centre may fall into some disuse.

Now, if I may come back to the point, the reason for holding that extraordinary plenary session this spring, when a plenary session is not normally held, was the Russian invasion of Afghanistan. Senator Yuzyk, who was also a member of the delegation, will be telling us a good deal more about other aspects of what took place in Luxembourg, but the aspect I should like to concentrate on is the resolution that was produced, called "Resolution 96 on Afghanistan and Related Issues."

Honourable senators received today from Honourable Senator van Roggen, the Chairman of the Standing Senate Committee on Foreign Affairs, a copy of the resolution on Afghanistan. In his accompanying memorandum, Senator van Roggen says:

> The officers of the North Atlantic Assembly have asked that I bring the enclosed copy of a Resolution on the situation in Afghanistan, which was adopted at a session of the North Atlantic Assembly in Luxembourg, on June 7th, 1980, to your attention.
>
> This Resolution was agreed to overwhelmingly, with one vote cast against it and ten abstentions.

I should say that the rules of the North Atlantic Assembly provide that delegates must vote on their own. They do not vote en bloc. So when the vote was put, each delegate voted. I was one of those who abstained. I wish to explain why I abstained from voting in support of the resolution condemning the Soviet invasion of Afghanistan.

Senator Roblin: Your explanation had better be good.

Senator Frith: My reason is as follows: When the final resolution, which had been hammered out in committee meetings, was presented to our delegation on the morning of the plenary session, we found that to a clear condemnation of the Russian invasion of Afghanistan had been added five other subparagraphs. I did not agree with some of those subparagraphs, and I felt, moreover, that some were not government policy. At least, that was my opinion. I therefore tried to persuade our delegaton that we should not vote for the other five items but should vote only for the main item. Leaving aside the various recitals leading up to the Assembly's urging the member governments of the North Atlantic Alliance to do certain things, this is the part I was prepared to support:

● (1540)

> 1. to continue to press for the total and immediate withdrawal of Soviet forces from Afghanistan and to support efforts aimed at a political solution that provides for the withdrawal of these forces and for a guarantee of the territorial integrity and self-determination of Afghanistan—

After some debate within our own delegation, we agreed that it would be Canada's position at the session that afternoon to support that. However, we were unable to report unanimous support on the other five subheadings. Honourable senators will find copies of those subheadings on their desks. In fact, at the session we entered the debate, and our chairman, Leonard Hopkins, M.P. and Michael Forrestall, M.P., took the position that Canada was not prepared to support unanimously the five subparagraphs, but was unanimously in favour of the main paragraph.

There was some debate involving changing or amending some of the subparagraphs. Without going into too much detail, I can say that there seemed to be an invitation to extend the boundaries of NATO so that NATO would be involved in Southwest Asia and the Gulf, which may have been a good idea. My feeling was that that was not the way to bring that about. If the idea was to extend NATO's boundaries, I felt that we should debate that directly and not have it piggybacked on the main motion, which we were all prepared to support.

In any event, when the vote came, most of our delegation felt, since the amendments and attempts to withdraw the other six had failed—that is, that they had not got a sufficient majority to drop the other five subparagraphs—that Canada should support the United States because it was essentially a motion drafted by the United States. We felt we should support the motion in total.

I was unable to do so in conscience. Our delegates explained why we did not wish to support the others, though still they had not been withdrawn or amended. Therefore, of the Canadian delegation, the New Democratic delegate and myself abstained from voting, and all other members of the delegation voted in favour of the motion. Because that was a rather unusual and, perhaps, impulsive or ill-considered step, some might think, for a new boy to take in such an august body as the North Atlantic Assembly, I felt I should give a general report and, in case it came up, explain, or as my colleague Senator Lamontagne has said, confess it. But I want to say that I am, to this day, unrepentant, and if given the opportunity, I would do the same thing again.

Honourable senators, that is all I wish to say regarding the Inquiry. I would be pleased to entertain questions, although I do not think there will be any because of the simple, lucid and sincere explanation of my conduct as a member of the Canadian delegation to the North Atlantic Assembly meeting in Luxembourg earlier this month.

Hon. Heath Macquarrie: To use the euphemism, "before the honourable gentleman takes his seat." I wonder if he would receive a question from me.

Recalling his speech in the last Parliament on Senator Bosa's suggestion that we provide for abstention from voting in this house, a speech in which Senator Frith did a most excellent job on me and marshalled a magnificent argument, and now having heard his own lucid and excellent defence about his abstention in another very important body, has he had any change of heart, and could we expect, if Senator Bosa and I were to again put forward our views, a little gentler treatment from our good friend?

Senator Frith: I wish I could say yes, but it seems to me that I have pointed out why I think the present rule is a good rule, and why I am even prepared to observe that rule in this chamber to explain my abstention from voting in another forum. All the present rule says is that if one is going to abstain, one should explain why. I have explained why I abstained in Luxembourg. I have even come back to Canada and explained why I abstained in Luxembourg. That is why I feel the present rule should stay as it is, but if the treatment I gave you last time was in any way considered rough, I should certainly make it more gentle, but I will not change my point of view.

Senator Macquarrie: I might add that I hope Senator Frith does not think that I am complaining. In fact, I have spent my whole life being criticized. I am lonely without it. I thought he made an excellent speech. This was a little attempt at humour because I understand we are sort of filling in time while waiting for a bill to arrive.

Hon. Peter Bosa: Honourable senators, I seem to recall that the words of Senator Frith in the debate on the amendment to rule 49, which would have permitted senators to abstain without explaining the reason for abstaining, were to the effect that one had to have the intestinal fortitude to stand up and be counted. I am wondering now whether Senator Frith has

modified his view on this particular topic, and whether, if I reintroduced this motion, I would have his support.

Senator Frith: I think that is virtually the same question. I would not be so immodest as to suggest that I had the intestinal fortitude today to explain why I abstained in Luxembourg. Perhaps it was imprudent to explain it, but there it is. Whether it was intestinal fortitude, or whatever, it seems to me that, in spirit, both in Luxembourg and here, I observed the intention and spirit of rule 49 as it now stands. With respect, my behaviour has been entirely consistent with my stand when rule 49 was before the Senate for consideration.

Honourable senators, I have received the good news that Bill C-28 has arrived from the other place. I thank Senator Macquarrie and Senator Bosa for helping me engage some attention while we awaited its arrival, and I would ask honourable senators for permission to revert to Orders of the Day.

Hon. John M. Macdonald: Before doing so, I wish to move the adjournment of the debate on this inquiry on behalf of Senator Yuzyk.

On motion of Senator Macdonald, for Senator Yuzyk, debate adjourned.

FISHERIES IMPROVEMENT LOANS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-28, to amend the Fisheries Improvement Loans Act.

Bill read first time.

SECOND READING—DEBATE ADJOURNED

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Henry D. Hicks: With leave, honourable senators, now.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Hicks: Honourable senators, Bill C-28 is a measure to amend and extend the Fisheries Improvement Loans Act, and is intended to aid small, independent fishermen by helping to finance a number of fishery improvement projects, such as repair of vessels and equipment. It is directed toward ongoing operations of the smaller independent fishermen rather than the building of large trawlers.

● (1550)

The new legislation specifies the amount that can be outstanding to an individual borrower at any time, increasing it from $75,000, as it now is, to $150,000, as well as the maximum term of each loan extending it from 10 years, as it now is, to 15 years. It also lays down the total principal amount of guaranteed loans that may be made by all lending institutions in a lending period, and what that lending period will be.

The Department of Fisheries and Oceans took over the administration of this act in June 1978 from the Department of Finance, which department had been administering the program from 1955, when the legislation first became effective. Many fishermen depend upon this act, and it is in their interest that the amendments be approved as quickly as possible since the present legislation terminates on June 30, 1980, a matter of only a few days away.

The rate of interest on the loans under the act is set at one per cent over the prime lending rate of the chartered banks. This fluctuates, of course, with changes in the prime lending rate for the duration of the loan. The legislation is a great help to fishermen in that it facilitates credit for them and permits them to operate as free entrepreneurs.

Since Canada's fishing zone was extended to 200 miles in 1977, there has naturally been increased fishing. Loans made by chartered banks and other lenders under the act have increased a great deal in the past few years. In 1978-79, for example, loans under the act amounted to $28 million, which was 55 per cent higher than the amount in the previous fiscal year, and there are indications that the total could reach $35 million this year.

This indicates a need for an increase in the total financial ceiling on guaranteed loans under the legislation. The amendments provide that the aggregate principal amount of loans will be raised from the present $80 million to $250 million for the three-year lending period.

With the extension of Canada's fishing zone, fishermen now are obliged to make longer trips, and they need more efficient vessels to harvest the fish and retain its quality until they reach the processing plant. In addition, the cost of vessels and equipment has, of course, increased because of inflation and other factors.

The guaranteed loans program carried out under this act provides a stable source of credit to many fishermen, in the absence of which such credit would be less available from the banking community, particularly during those times when the market is sluggish.

On the west coast, where there are no subsidies and no provincial loan boards, this program has become increasingly important and popular with fishermen. In the fiscal year 1978-79, for example, British Columbia fishermen accounted for nearly 45 per cent of the number of loans for all of Canada, and 83 per cent of the dollar value of the loans that were made. Where provincial schemes are available, the demands placed on the legislation are not as great, although it is used in the Atlantic provinces as well. In Newfoundland, for example, the number of loans guaranteed under the act increased substantially in the 1978-79 fiscal year. Extension of the program is obviously much less costly than direct subsidies.

I should like to emphasize particularly that since its inception the loss on this program has been less than three-quarters of one per cent of the total loans guaranteed. In addition, this approach of providing credit availability to fishermen is in line with current fisheries policy.

It should also be noted that all loans under the Fisheries Improvement Loans Act must be secured in the regular manner. Security is taken in the form of a chattel mortgage on the item purchased, or sometimes a mortgage on real property. The lender is given a written promise by the borrower to repay the loan. Other terms and conditions are worked out between the applicant and the lender.

Lenders make loans with the same care taken in the conduct of their ordinary business and use normal commercial lending practices in drawing up agreements and in servicing the loans.

I am sure honourable senators know that this legislation has had general all-party support. In view of the time element, I am sure they will want to give it that support as well.

On motion of Senator Phillips, debate adjourned.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Friday, June 27, 1980

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

June 27, 1980

Sir,

I have the honour to inform you that the Honourable W. R. McIntyre, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 27th day of June, at 4.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable

The Speaker of the Senate,

Ottawa.

EMPLOYMENT TAX CREDIT ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-19, to amend the Employment Tax Credit Act.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government) moved that the bill be placed on the Orders of the Day for second reading on Tuesday, July 8, 1980.

Motion agreed to.

● (1105)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Hopkins had been substituted for that of Mr. Joyal on the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

CANADA DAY

CELEBRATIONS ON PARLIAMENT HILL

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before the presentation of petitions, I wish to inform you of the plans for celebrations on Parliament Hill on July 1 next, celebrations to which, of course, all senators are invited.

From 10.30 to 11.00 a.m. there will be a carillon concert. The invited guests will begin to arrive at 10.30 to attend the concert.

There will be roped-off areas on either side of the centennial flame with chairs to accommodate 200 on a first-come-first-served basis. Standing room for an additional 200 will also be available. Entry to the area will be by ticket, and seats will be held until 11.20 a.m. Thereafter the general public will be admitted. Tickets have not yet been delivered to us, and we should consult the Gentleman Usher of the Black Rod to obtain them.

At 10.55 a.m. the Prime Minister will arrive and be met by the Honourable Francis Fox, P.C., M.P. and Mrs. Fox. At 11.00 a.m. the Ceremonial Guard will march onto the lawn from the southwest corner. At 11.20 a.m. the Governor General and Mrs. Schreyer will arrive by car. At 11.21 a.m. there will be the royal salute followed by inspection and the march past.

● (1110)

The barriers will go up at 9 a.m. and senators will be allowed through the barriers with their cars if they wish, but they should have identification with them. Parking will be in area 361, which is behind the Centre Block.

I will have a copy of these notes mimeographed and sent around to honourable senators.

Hon. Paul Yuzyk: Honourable senators, I am pleased that Senator Frith has brought to the attention of the Senate the celebration of Canada's birthday on Parliament Hill. I should like to add a few words since I am the only parliamentary representative on the National Board of Canada's Birthday Celebrations.

This year the government allotted only a modest amount for these celebrations and wanted above all, that the show on Parliament Hill would not be a government show but would be presented by the citizens of Ottawa. The money allotted for Canada's birthday celebrations was to encourage the involvement of citizens right across the country from coast to coast, from the 49th parallel right up to the Arctic, and, above all, the involvement of every man, woman and child, if possible.

We have organized over 3,000 events in every community we could contact, and this will probably be the first time that we shall have involvement of citizens across the land. This is good for Canada. There are many reasons that we should be proud to be Canadians. This is a God-given land to us. We probably have the richest natural resources in the world, at least we rank with those countries that do. And Canada is rich in human resources, and it is these resources, combined with our natural resources, that make Canada great. What is even more important is the Canadian spirit. Canada is not only a combination of natural resources and human resources, it is an act of faith, and July 1 is the time to demonstrate our love of country and our pride in it.

I am bringing this to the attention of honourable senators, and all parliamentarians, in the hope that those of you who return to your communities for Canada Day will attend and take an active part in your local celebrations, thus encouraging Canadians to be proud of this country of ours. It will be a demonstration of our unity and our patriotism.

The events that have been organized across the country are sponsored by the Council for Canadian Unity, a voluntary organization, and by the Canadian Folk Arts Council, also a voluntary organization, of which I am president. We are also celebrating this year the 375th anniversary of the settlement of the Acadians, and the 75th anniversaries of Saskatchewan and Alberta. These will get national coverage, and the celebrations on the Hill will get partial national coverage. Therefore, the attempt this year will be to have Canadians of all origins, living in every region, district and community in Canada, celebrate Canada's birthday. "Canada, it's you and me"—"Le Canada, c'est toi et moi."

● (1115)

Hon. Senators: Hear, hear.

THE SENATE

REQUEST FOR TELEVISION COVERAGE OF ROYAL ASSENT

The Hon. the Speaker: Honourable senators, before proceeding to the Order of Business, may I ask Senator Perrault to inform the Senate the nature of a request he received from the CTV network?

[Senator Frith.]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a few moments before 11 o'clock this morning I was contacted by a representative from the CTV network in anticipation of the historical event which might take place this afternoon, the possibility of royal assent being given to a bill relating to Canada's National Anthem. This network has requested the opportunity, together with the CBC and Global Television, to have pooled television coverage for royal assent later this day.

The matter is not for the government to decide. I pass this information along because it is a Senate matter for all members of the Senate to consider, if they wish, at some point. I presume that in order to meet the very difficult time frame there could be procedural and technical challenges involved.

All I can report is that a request has been received. I convey to honourable senators the information that has been given to me.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report on proceedings under the *Canada Labour Code*, Part III (Labour Standards), for the fiscal year ended March 31, 1980, pursuant to section 75 of the said Code, Chapter L-1, R.S.C., 1970.

Copies of Agreement to provide loan insurance between the Government of Canada and Chrysler Canada Ltd. and Chrysler Corporation, dated June 13, 1980.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

THIRD REPORT OF COMMITTEE PRESENTED

Hon. Paul C. Lafond, for Hon. John M. Godfrey, Joint Chairman of the Standing Joint Committee on Regulations and other Statutory Instruments, presented the following report:

Friday, June 27, 1980

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its third report as follows:

In relation to its permanent reference, section 26 of the Statutory Instruments Act, 1970-71-72, c. 38, and to its further reference set out in its first report of this session and approved by both Houses on June 4, 1980, empowering the committee to conduct a comprehensive study of the means by which Parliament can better oversee the government regulatory process, your committee recommends:

That it be given authority to send five (5) members of the committee and one (1) Committee Counsel to the conference of the committees on Subordinate Legislation of the Parliaments of the Commonwealth to be held in

Canberra, Australia, from September 29 to October 3, 1980.

Respectfully submitted,

John M. Godfrey
Joint Chairman

Senator Lafond moved that the report be taken into consideration on Wednesday, July 9, 1980.

Motion agreed to.

• (1120)

QUESTION PERIOD

[*English*]

ENERGY

ATLANTIC PROVINCES—DEVELOPMENT AND EXPORT OF HYDRO-ELECTRIC POWER

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate. I am sure he is aware of the meeting which took place yesterday between the premiers of the eastern provinces and the governors of the New England States and the welcome news of the possibility of an offer of some $46 billion to be spent by American interests to develop hydro-electric power in Labrador, Quebec and Ontario.

I wonder whether the Leader of the Government, on behalf of his government, would ensure that before the National Energy Board's and other necessary approval is given for such massive investment, the federal government will take steps to ensure that the Province of Newfoundland is able to deal with those states on a one-to-one basis, and that the federal authority will be employed to ensure that power produced in Labrador can be sold directly to consumers, be they American or Canadian.

Hon. Raymond J. Perrault (Leader of the Government): The question must be taken as notice.

Senator Marshall: In view of the conditions set forth by some of the premiers in those discussions, specifically those of Premier Peckford of Newfoundland and Premier MacLean of Prince Edward Island—I am sure the Leader of the Government is aware of the difficulty which Newfoundland will have in transmitting that power across the province of Quebec—and in view of the fact that Premier MacLean wants assurance that the energy requirements of Prince Edward Island will be looked after before power is transmitted to other areas, would the Leader of the Government provide us with the information on the action of the intercedence of the federal government in those negotiations, negotiations which mean so much for the Atlantic region?

Senator Perrault: An inquiry will go forward. Hopefully, a statement can be made the next time we meet.

FREEDOM OF INFORMATION

ORDER IN COUNCIL APPOINTMENTS—SALARIES

Hon. Robert Muir: Honourable senators, I should like to direct my question to the Leader of the Government. Yesterday, the Prime Minister's office announced the reversal of a decision taken by the previous government to make public the salaries paid to the more than 2,000 cabinet appointees. The reason cited is that there is a certain "sensitivity" about disseminating details on the salaries of such individuals. Would the Leader of the Government inquire as to whose sensitivity is being offended by the release of this information?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I presume the information given by the distinguished Senator Muir is from a newspaper or magazine account. I have no information concerning the points raised by him. Indeed, this government has, I think, a well-deserved reputation for being very open in its sharing of information with the public.

Senator Flynn: I wouldn't go that far.

Senator Muir: I have a supplementary. I thank the honourable senator for his usual kindness and courtesy. I am referring to a newspaper item put out by Canadian Press, which, as we know, is pretty well on.

I think this is a startling decision, especially coming on the eve of the introduction of the government's freedom of information legislation—or, should I say, restriction of information legislation.

Would the leader kindly assure us that should Canadians in the next few weeks indicate their sensitivity to the withholding of this information, the government will reverse this incredible decision, particularly in view of the fact—and I am sure he will agree that this is quite correct—this so-called decision is one taken less than a week after a speech by the Honourable James Fleming, Minister of State for Multiculturalism, and Chairman of the Cabinet Communications Committee, to the effect that Ottawa plans to loosen the rules on release of government information to the public.

The Honourable James Fleming said:

> We have to restore respect and trust between the governed and their government—

Senator Perrault: Hear, hear.

Senator Flynn: You certainly do.

Senator Muir: He made that remark when speaking of the intention to introduce freedom of information legislation, and he concluded by saying:

> We in government can help by being more open, more communicative.

• (1125)

Would the honourable gentleman please allay these fears and come back with a report to the Senate to confirm that there is no intention whatever of restricting any information with regard to any matter—except understandably, in certain

areas involving military or defence matters—but particularly with respect to these 2,000 cabinet appointees?

Senator Perrault: Honourable senators, it is heartening to note the manner in which an important member of the opposition in the Senate has quoted from a very fine speech delivered by one of the members of government, the Honourable James Fleming. Certainly, this government has established access to information and freedom of information as top priorities for this Parliament. I believe that all Canadians will be pleased with proposals to be advanced by the government in this area.

Secondly, the quotation by Senator Muir is from a newspaper account. I have not had the opportunity to study the complete text. It appears to be taken, at least in part, out of context, and I am sure this was not done deliberately by Senator Muir. Inquiries will go forward and further information will be sought.

Senator Muir: The leader can be well assured that it was not deliberately taken out of context. It is in black and white here. If it is incorrect, then I am sure, as all politicians say, the Honourable James Fleming can say, "I was misquoted." But would the leader be good enough to check into it a little further and bring a report back, as I find the Leader of the Government always does.

Senator Perrault: That commitment is accepted.

Hon. Charles McElman: Would the Leader of the Government agree that the authenticity and accuracy of the report referred to by Senator Muir perhaps could be judged by the fact that it included a reference to senators as those whose salaries would not be made public?

NATIONAL DEFENCE

SPACE RESEARCH CORPORATION

Hon. Heath Macquarrie: Honourable senators, I should like to direct a question to the Leader of the Government and draw on just a modest portion of that openness which was mentioned a while ago. This is in the aftermath of the secret artillery conference held at the Conference Centre. Discussion in the media—and I am sorry I have not read the Liberal cabinet ministers' speeches recently but I have read the media—is to the effect that consideration is being given by the Canadian government actually to acquire some ownership of Space Research Corporation which will put us in a role with the Government of South Africa. I should like to ask the minister, in the light of the very, very serious and unfavourable publicity which has been produced about this particular company, if he can tell us if the Government of Canada, through any of its branches, agencies or corporations, is giving consideration to buying into Space Research Corporation Limited, and, further, if the government has plans to continue forms of aid which have already been given or if, at least, the whole matter will be frozen until certain legal processes have been concluded.

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice.

[Senator Muir.]

ROYAL CANADIAN MOUNTED POLICE

RESPONSIBILITY TO CABINET

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government. In light of the further revelations at the Macdonald Commission inquiry that some members of the RCMP disclosed information to the minister, some did not, and others only doing so if they were asked, can the leader assure us that there is now in place and working a procedure and practice that overcomes this circus and ensures to the people of Canada that the minister responsible is informed.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that question must be taken as notice as well.

• (1130)

FOREIGN AFFAIRS

CUBAN REFUGEES—CANADIAN INVOLVEMENT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I should like to take this opportunity to reply to a question asked by Senator Nurgitz on June 3 regarding Cuban refugees. In his question Senator Nurgitz stated:

> It is my understanding that 32 of the 70 Cuban persons who have been able to get out of their country, and who have applied for and received permission to come to Canada, have indeed arrived today.

He then asked for confirmation that only 70 people out of the quota of 300 had in fact applied to come.

The bulk of those Cubans who have left Cuba are interested in settlement in the United States. The Employment and Immigration Commission interviewed the Cuban "asylees" in Costa Rica who were interested in living in Canada and selected approximately 70 persons—the majority of those who applied.

As there have been no further movements of Cuban migrants to Costa Rica, we would not anticipate further applications from Cubans in that country.

The original Canadian offer to accept up to 300 Cuban asylum seekers was stimulated by the plight of those Cubans who had lodged themselves in the Peruvian embassy in Havana. That situation has now been resolved.

The Employment and Immigration Commission is currently examining whether Canada should select Cubans, up to the total of 300, who are currently in Peru and who might wish to live in Canada. It is not the intention of the Employment and Immigration Commission at the present time to select Cubans for entry into Canada from among those who have entered the United States by boat.

JUSTICE

POSSESSION OF MARIJUANA—GOVERNMENT POLICY

Hon. Stanley Haidasz: I should like to direct a question to the Leader of the Government. In view of the fact that a certain individual, who was caught trying to bring into Canada six pounds of marijuana, was recently given a minimal sentence for personal possession only, will the minister inform us whether any direction will be given to the courts or whether any legislation will be proposed to specify the exact amount of marijuana that will be regarded as possession for personal use only?

Hon. Raymond J. Perrault (Leader of the Government): I wish to thank the honourable senator for giving me prior notice that that question would be asked today. I have not as yet received the required information from the Minister of Justice, but it will be provided as soon as possible.

HEALTH AND WELFARE

MARIJUANA—NATIONAL EDUCATION PROGRAM

Hon. Stanley Haidasz: I have a supplementary question to direct to the leader. In view of the recent alarming information that marijuana is more harmful to health than previously stated by medical researchers, and in view of the shocking statistics indicating that marijuana use in Canada has increased, even among primary school-aged individuals, what is the reason for the inaction or the long delay by the responsible federal ministries in launching an intensive national educational program aimed at decreasing the trafficking in and the use of marijuana?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I know that the senator's suggestion will be considered conscientiously by the government. The senator's background in the ministry and his professional background will add great weight to his suggestion.

BUSINESS OF THE SENATE

Hon. Peter Bosa: Honourable senators, is the Leader of the Government aware of whether any agreement has been reached in the other place concerning the lyrics of *O Canada*?

Hon. Raymond J. Perrault (Leader of the Government): At last report I was given to understand that they are now singing in harmony in the other place.

Senator Flynn: Not yet!

Senator Bosa: If I may ask a supplementary, I am glad they are singing in harmony, but are they also singing the same words?

Senator Flynn: He has a good point.

• (1135)

Senator Perrault: The honourable senator has voiced a concern which may be shared by other members of this house. I understand, however, that in the other place they are singing with a remarkable degree of harmony, and at last report the lines were identical.

FISHERIES IMPROVEMENT LOANS ACT

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Hicks for second reading of Bill C-28, to amend the Fisheries Improvement Loans Act.

Hon. Orville H. Phillips: Honourable senators, I would first thank the sponsor of the bill for his introduction and explanation. I am sure the sponsor will not be surprised if we do not find all the rather imaginary benefits that he found in Bill C-28, but that does not detract from our appreciation of its explanation and introduction

When a group of Canadians get together, the most popular topic of conversation is that of the rising cost of living and inflation. The average Canadian would find very little to complain about if he would stop and consider the difficulty facing the average fisherman. The fisherman faces rising costs, particularly for fuel, and it is a situation that is not going to improve. He also faces rising costs for items such as salt, nets, traps, and so on. In essence, honourable senators, you name the problem and the fisherman will tell you that the costs are increasing.

One item essential to commercial fishing is a boat. Everyone has to have a boat, and perhaps that would be the ideal subject to use when illustrating this subject of increased costs. In 1970 the cost of an average 45-foot lobster boat was $11,000. That was not very long ago. It is a short, scant, mere 10 years ago. This year the same lobster boat costs $50,000. Ten years ago a friend of mine in Prince Edward Island purchased his first boat for $9,000. Last year he paid $30,000 for a similar boat. But he did a good deal of the work himself and received a federal fishing vessel subsidy.

Senator Frith: How large a boat was that?

Senator Phillips: Forty-five feet. In mentioning the fishing vessel subsidy, I introduce a further complication. That subsidy, in the words of the fishermen, has been put on ice. Senator Frith will recall that I have been asking questions on this program for a period of some weeks, and I have received information to the effect that it will continue; but no one knows under what formula or when. That has further delayed construction of new boats, and it certainly affects Bill C-28.

Honourable senators are familiar with those various stories which begin, "Which do you want first, the good news or the bad?" I would like to be able to give you good news concerning the fishermen, but unfortunately I cannot. I have to give you a double dose of bad news. One would expect that with rising costs a fisherman would receive more for his product. Unfortunately, that is not the case. This year lobster fishermen in my area are receiving 30 cents a pound less than they received last year, and 9 cents a pound less for cod, while mackerel is at about the same price as last year. This is hardly a situation to

encourage a fisherman to approach a bank manager for a $150,000 loan. Has anyone considered how a fisherman, in the light of all the adverse conditions I just mentioned, will be able to meet interest payments of approximately $15,000 per year? I do not feel it can be done.

● (1140)

In his explanation, the sponsor of the bill said that the interest rate would fluctuate. Now, this fact causes me some considerable concern. It is sound practice, when borrowing for business purposes, to know what the interest payments will be each year, and under Bill C-28 this is going to be impossible. Every Friday morning the fisherman will have to phone the local bank manager and ask what interest rate he is paying on his loan this week.

The Conservative opposition in the House of Commons introduced an amendment proposing that the interest rate be fixed during the term of the loan, in much the same way as a mortgage interest rate is fixed for a certain period. I think it was rather unfortunate that this amendment was not accepted, but in view of the fact that there was some difficulty concerning the propriety of the amendment, I will not propose that we go into that any further at this time.

The impression is generally created, honourable senators, that these loans are guaranteed by the government. Various newspaper reports, commenting on the passage of this bill, say that the loans are guaranteed by the government. I would like, for a moment, to review the guarantees on these loans. They are as follows: Ninety per cent of the first $125,000 per lending institution—not the individual loan but the lending institution—50 per cent on the next $125,000, and the balance of the loan receives a 10 per cent guarantee.

Let us assume that a lending institution such as a chartered bank—the Royal Bank, the Canadian Imperial Bank of Commerce or the Bank of Montreal, and since I don't think I owe money to any other banks I guess I don't need to mention any more—makes a total loan of $5 million. Of the $5 million they would receive a guarantee on $657,000. I suggest, honourable senators, that the loan guarantee is not so generous that the bank will be mailing out publicity to the fishermen.

It is of interest to note that since the inception of the program in 1955 there have been 11,493 loans approved. This means that we are discussing approximately 450 loans per year, or roughly two loans per banking day. Mention has been made of the urgency of passing this legislation before June 30. I suggest that there is something a little bit phoney about this urgency, because I do not think the banks are going to approve very many loans on Dominion Day, and, furthermore, the loss of two bank loans per day, honourable senators, will not exactly spoil the Canadian fishing industry.

The sponsor of the bill, in his remarks, referred to other forms of assistance that are available to fishermen on the Atlantic coast. He pointed out that fishermen on the Atlantic coast do not take the same advantage of the act as those on the Pacific coast. The reason for that is rather obvious. In the province of Quebec, fishermen receive their loans interest free, and one would have to be very much of a separatist to pay interest on $150,000 when he can get the money from the provincial government for nothing. Even New Brunswick, Nova Scotia and Newfoundland are generous enough to pay a portion of the interest on money borrowed by fishermen. I suggest that not many fishermen in Come-By-Chance will chance a loan under this act; rather, they will go to the provincial government.

Senator McIlraith: Even Newfoundland?

Senator Phillips: Yes, even Newfoundland. That was for the benefit of your whip, Senator McIlraith.

There seems to be some contradiction between the annual report under the Fisheries Improvement Loans Act, and the increase in funds available under Bill C-28. The last available report indicates that in 1977 the average loan made under the act was $20,000. In 1978 it had dropped back to $19,000, and despite the fact that the average loan is decreasing, we are saying, "We will double the maximum from $75,000 to $150,000." This is so much window dressing. It reminds me of the type of advertising that Senator Davey proposes to the Liberal Party at election time.

Senator Marshall: Fishy!

Senator Flynn: Apparently it is efficient!

Senator Phillips: It seems to get by on TV, but it does not seem to get much further than that, Senator Flynn.

One of the most frequent complaints I receive—and I received this from the provincial minister of fisheries—is that there is no federal appeal board under the fisheries program. Farmers who benefit from similar legislation have an appeal board. I would suggest that the government consider legislation of this type. Indeed, I was rather pleased to read that the committee of the other place, as suggested by the minister, is presently studying a proposal to establish a corporation for fishermen's loans similar to the Farm Credit Corporation. I hope it will get on with the job and I wish it luck.

● (1150)

One weakness of this bill is that so much depends upon the attitude of the local bank manager. A bank manager in one community may be willing to lend money under this bill, but 50 miles away in another fishing community, the bank manager may be completely unwilling to lend the money. A bank manager may lend what higher management considers to be too much money in one community, and a new manager is sent in with instructions to collect that money. As all honourable senators know, the fisherman's income fluctuates from year to year depending on his catch and the price received. This often creates a great deal of hardship when a new bank manager comes in with instructions to collect what is owing.

Honourable senators, after the adjournment yesterday, the sponsor of the bill spoke to me about this bill's going to committee. I should explain that neither of us have any objection to its going to committee, and if we want a committee meeting on Monday, I am sure we will both be there. However, I really do not see the need for this bill to be referred

to committee. I think it would be rather embarrassing, honourable senators, for the minister to appear before a committee and attempt to find any benefit in this bill. I am sure if the Minister of Fisheries and Oceans had to do that it would spoil his Dominion Day weekend, and even the Minister of Fisheries and Oceans should be entitled to enjoy our national holiday.

Hon. Senators: Hear, hear.

Hon. Jack Marshall: Honourable senators, I should like to spend about five minutes in picking up a few points contained in Bill C-28, and which have been contained in the legislation since its inception in the early 1970s.

Senator Phillips made mention of the banks which are responsible, to some extent, for granting these loans. At the outset, I should like to say that we have three types of similar loans—fisheries improvement loans, farm improvement loans and loans for small businesses. Why they are in existence I do not know, because you must go to the bank to get the loan. If a fisherman is a good risk, the bank manager will steer him away from the preferred rate of interest and charge him the regular rate of interest, and that he should not do. Then he will take the fisherman's house, family, and everything he owns as security. Therefore, there is no offer of venture capital to allow fishermen to get into the business they might want to get into even although they may have a licence.

The bank manager is not helping, and the government is doing nothing about it. As a matter of fact, during one of the committee hearings, government officials were asked how many loans were turned down, and they did not know. They brag about all the loans that are granted, but they do not know how many are being turned down because of the idiosyncrasies of the bank manager in that locale. There must be a direction which demands that the banks have a responsibility in this case. Indeed, they should be handling the whole thing instead of the bureaucrats who, every time you write to them and ask why a loan was turned down, tell you it is the responsibility of the banks.

The fisherman is not gaining anything other than the fact that he might be ascertained to be a good risk which he probably was in the first place, and he would have been granted the loan in any event. The same applies to farmers and small businessmen.

There is a contradiction in that you can put all the millions of dollars you want into improvement loans and all the millions of dollars you want into the aggregate total that is going to be directed to the fishing industry, but at the same time the Department of Fisheries and Oceans is worried about the number of fishermen exploiting the fish, so it is cutting down on licences, on quotas and on subsidies.

Senator Phillips referred to the Fisheries Loan Board in the province of Newfoundland. It is granting loans at a very low rate of interest; I believe it is three or four per cent. However, in order to get that loan to get the boat he wants, the fisherman has to receive a subsidy from the federal government, but three years ago the federal government stopped giving those subsidies because it did not have any money.

How many fishermen are writing to their MPs or senators to find out what is going on? There is insufficient communication to the fisherman as to whether he qualifies for a loan. He might go to the bank and get a loan, and yet he does not have a proper fishing licence.

The other matter that should be of concern to the Department of Fisheries and Oceans is the fact that you can put all the money you want into buying fishing boats, but there are insufficient supporting facilities such as icebreaker services and marine centres across the country to assist and support the fishermen who are now using long liners which cost not $100,000 but as much as $700,000. These vessels are a major investment, and they contain sophisticated communications equipment. In this respect the benefits derived from this bill will not go very far, and the government should not brag about doing something wonderful for the fishermen.

However, every little piece that the government gives out can be used, but there is certainly too much restriction on the direction of assistance that should be given to the fishing industry.

Two or three years ago I recall the problem with the river guardians who protect our little rivers for sport fishing, including salmon and lobster fishing. The rivers could not be protected by having enough guardians on patrol because of lack of funds. The money was only sufficient to pay the guardians to patrol the rivers for three months, and for the other months of the season poaching was rampant and it destroyed sport fishing and eliminated the offsetting benefits which occur across the country.

I presume there is some good in everything the government does, regardless of which government it is. However, after so many years with this program in place, I think the government should ask the fishermen, to whom the benefits are directed, and find out what their problems are instead of hearing them through a bank manager who could not care less as long as he makes his profit for the authorities in Toronto. The government should find out directly from the fishermen what the problems are and amend the legislation to make the necessary improvements.

Hon. L. Norbert Thériault: Honourable senators, my comments are mostly ones of concurrence in what has been said by Senator Phillips and Senator Marshall. I believe that this amendment was probably imposed on the minister because time was running out.

On many occasions in the past I have had discussions on the whole subject of loans to fishermen with various federal ministers. I always came out with the impression that the minister, whoever he may have been at that time, felt that something should be done. I must honestly say, honourable senators, as far as this bill is concerned, it does not do anything. It does not do anything because of the facts that have been mentioned by the two previous senators who spoke on this bill.

Honourable senators, before the New Brunswick Fishermen's Loan Board, which has done a great job over the years, will permit a loan to be granted, it must know if there is going

to be a federal subsidy. That subsidy program is on a federal level, and has been over the years on an ad hoc basis.

● (1200)

I am sure I speak for all the fishermen of the Atlantic provinces in saying that there has been an improvement since Roméo LeBlanc became Minister of Fisheries, and I believe that my colleagues from Prince Edward Island and Newfoundland—

Senator Marshall: Even Newfoundland!

Senator Thériault: —found that out after the election of February 18 last, because almost every riding where the fishing industry was an economic factor sent Liberal members to the House of Commons. That speaks for itself, but it does not satisfy me as far as this bill is concerned.

There is a problem this year with markets, as mentioned by Senator Phillips. The real problem as far as the provincial Fishermen's Loan Board and the fishermen were concerned was the interim period between 1979 and 1980 when the then Minister of Fisheries cut out completely subsidies to the boatbuilding industry and to the fishermen, and now the present minister is faced with trying to do something about it with a budget that included nothing for that program during the past year.

I cannot speak for the west coast fishermen or the inland fishermen, but since the inception of this kind of legislation I have never been convinced that it was designed to accomplish anything for the Atlantic fishermen, even with this amendment.

Senator Flynn: I will not make any comment.

Hon. Willie Adams: Honourable senators, I have a question for the sponsor of the bill. Can he tell me what the law is in the Territories, or anywhere else in Canada for that matter, for people buying boats of more than 40 feet in length? Is it necessary to have a captain's licence to operate such a boat?

I believe Senator Phillips and Senator Marshall are concerned about this, and may wish to elaborate on the matter, but it is my understanding that up north a person can't operate a power boat more than 40 feet long without a captain's licence.

Senator Phillips: Honourable senators, in reply to the question asked by Senator Adams, it is my understanding that if a fisherman himself is operating the boat, he does not require the so-called inshore captain's ticket. Somebody else operating the boat and carrying passengers will require the inshore ticket, as it is called. I would further point out that during the winter months the federal-provincial programs often provide courses whereby fishermen can qualify for their inshore ticket. I know a great many who have done so.

Hon. Henry D. Hicks: Honourable senators—

The Hon. the Speaker: I should like to draw to the attention of honourable senators that if the Honourable Senator Hicks speaks now, his speech will have the effect of closing the debate.

[Senator Thériault.]

Senator Hicks: Honourable sentors, if I gave the impression in moving second reading of this bill that I thought it attempted to solve all the problems of the fishing industry, I certainly did very badly in my address. The bill, of course, does not make any such attempt. It provides a very limited guarantee to lending institutions to make it more likely that they will assist, to some extent, fishermen to provide themselves with equipment, including modest-sized boats—not the three quarters of a million dollar deep-sea trawlers that have been referred to by some of the previous speakers—and it does not attempt to do all the things that some provincial governments are doing to assist the fisheries in their provinces. Indeed, some of the provinces would suggest that they ought to have more authority to look after the fishing industry off their own coast and that the federal government should stay out of the matter entirely.

This is a limited piece of amending legislation which guarantees to certain lenders the loans that they may make to fishermen of modest amounts up to a maximum of $150,000.

I might deal with one or two of the points raised by Senator Phillips and, apparently, concurred in by Senator Marshall and Senator Thériault. The first had to do with the fluctuation of interest rates. This is normal lending practice, and while it is true that during the course of this bill the interest rates have generally increased, this has not always been so.

If, Senator Phillips, you had made a loan in 1970, you would have paid 8.5 per cent for your money, and the next year it would have been reduced to 7 per cent, and the next year it would have been reduced to 6.25 per cent. If you had engaged to make a loan in May of this year, you would have paid 18.5 per cent and you would have been very pleased to see it drop to 15.75 per cent in June of this year.

So this has worked both ways, although, as we all know, generally speaking, in the last 20 years the tendency of interest rates has been to increase, not at a perfectly steady linear rate but with certain fluctuations, certain ups and downs.

Senator Phillips also objected to the nature of the guarantees, saying it was not really a full guarantee. Here he was speaking, I presume, in defence of the lending institutions and not of the fishermen. The plain fact is that the bankers and—

Senator Phillips: I am sorry to interrupt you, honourable senator, but I was attempting to point out that the fisherman was not getting much of a guarantee. The banks are not going to be impressed by a 10 per cent government guarantee.

Senator Hicks: Certainly not. The guarantee is not to the fisherman; the fisherman is obliged to repay his loan the same as any other business person who gets a loan from a bank or somewhere else, but the guarantee is to the lending institution, and to some extent—

Senator Flynn: It helps the borrower.

Senator Hicks: No, the guarantee is to the lending institution; it is not to the borrower.

Senator Flynn: It is easier to borrow when you have somebody to guarantee.

Senator Phillips: Even I could borrow if I had your signatures!

Senator Hicks: You might prefer a system of subsidies. They are not dealt with in this legislation although, as previous speakers have pointed out, subsidies on fishing boats have been provided from time to time by the federal government and by some provincial governments.

This bill does not interfere with provincial schemes. It is over and above provincial lending schemes and subsidies for the construction of boats and the provision of fishing equipment.

● (1210)

Senator Phillips pointed out that the size of some of the loans had diminished. He mentioned a couple of years when this was true, but the plain fact is that the amount of the loans under this act has been steadily increasing. In the year ending in 1978, there was some $18 million in loans; in the year ending in 1979, there was some $28 million in loans; and in the year ending in 1980—the year just ended—it is estimated there will be something like $35 million loaned. So despite all the criticism that my honourable friends have voiced, the act is providing some assistance which a good many fishermen are taking advantage of.

Again, I do not suppose that fishermen can avoid the relationship with individual bank managers that every borrower and every businessmen has to have. As we all know, sometimes bank A will deal with a borrower more generously than bank B. Unless we are going to have an entirely controlled economy, I think we have to live with that situation.

I suggest, therefore, that while this is no panacea to cure all the ills that beset the fishing industry, it is a useful piece of legislation, even if it is useful in a limited way, and that it ought to receive the support of this house on second reading, which I urge.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Henry D. Hicks: With leave, honourable senators, now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move that the Senate do now adjourn during pleasure to reassemble at the call of the bell at approximately 2.30 p.m.

Hon. Duff Roblin (Deputy Leader of the Opposition): Before my honourable friend resumes his seat could he give us a report on the proceedings in the House of Commons with respect to the "O Canada" bill?

Senator Marshall: Are they still in tune?

Senator Frith: The information I have is that the harmony is still well tempered.

There is all-party agreement for one speaker only from each party to speak to the bill. I think the time limit for each speech is 20 minutes. The bill will go to Committee of the Whole where there will be an amendment, to be adopted without debate, respecting its effective date. The measure is to come into force upon proclamation, which will probably be on Tuesday next.

Allowing for the allotted time for each party's speaker, we should receive the bill at some time between 2.30 and 3 o'clock this afternoon. That is why I suggested we resume at 2.30 p.m. or the call of the bell. If we receive the bill earlier than that then we will ring the bell and commence our consideration at that time.

Senator Roblin: Thank you.

The Senate adjourned during pleasure.

At 2.45 p.m. the sitting was resumed.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, before we proceed to other business, may I rise on what might be loosely regarded as a question of privilege. We have received today notices of three committee meetings scheduled for Tuesday, July 8, the committees being Banking, Trade and Commerce, Foreign Affairs, and Legal and Constitutional Affairs, all of which want to meet on the same day and at the same time.

I appeal to whomever arranges these things—and I suppose my friend Senator Lafond, who is smiling at me now, knows what I am talking about—to attempt to re-order these committees while we are in recess next week so as to avoid the necessity of honourable senators dividing themselves into three to meet the occasion.

Senator Flynn: It is even difficult to split oneself into two.

Senator Frith: Honourable senators, the Leader of the Government and I yield to Senator Lafond.

Hon. Paul C. Lafond: Honourable senators, Senator Roblin informed me of this problem just as I was coming into the chamber this afternoon. I must say, I was not aware of it at that point in time. I appreciate that Senator Roblin cannot split himself into three; even those of us who are a little more weighty than he would have a problem doing that. I shall endeavour to straighten out this situation.

LEGAL AND CONSTITUTIONAL AFFAIRS

THIRD REPORT OF COMMITTEE OF SELECTION PRESENTED AND ADOPTED

Leave having been given to revert to Reports of Committees:

Hon. William J. Petten, Chairman of the Committee of Selection, presented the following report:

Friday, June 27, 1980

The Committee of Selection appointed to nominate senators to serve on the several select committees during the present session makes its third report as follows:

Pursuant to the motion adopted in the Senate on Thursday, June 19, 1980, increasing the membership of the Standing Senate Committee on Legal and Constitutional Affairs to thirty, your committee has the honour to submit the list of additional senators nominated by it to serve on the said committee, namely, the Honourable Senators Bosa, Doody, Godfrey, Hicks, Lang, Leblanc, Molgat, Roblin, Rousseau and Smith (*Colchester*).

Respectfully submitted,

William J. Petten
Chairman

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Petten: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that this report be adopted now.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and report adopted.

● (1450)

REGIONAL DEVELOPMENT INCENTIVES ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-35, to amend the Regional Development Incentives Act.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government) moved that the bill be placed on the Orders of the Day for second reading on Tuesday, July 8.

Motion agreed to.

NATIONAL ANTHEM BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-36, respecting the national anthem of Canada.

Bill read first time.

[Senator Lafond.]

SECOND READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move, seconded by Honourable Senator Flynn, that this bill be read the second time now.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Perrault: Honourable senators, it is an accepted feature of the democratic system that the Parliament of Canada has a good deal of responsibility for the establishment of national goals and the setting of national priorities. On occasion, however, there are times when Parliament in enacting a particular item of legislation is, in effect, merely giving legal and official recognition to an idea or a custom which has already gained a great measure of support across the country—the support of a large majority of Canadians for a particular view, tradition, procedure, idea, custom, or practice.

Today marks such an occasion, for Parliament is being called upon today to establish *O Canada* as the official national anthem of Canada. By answering this call, Parliament will be reaffirming the sense of patriotic pride and tradition embodied in this historic song, which is about 100 years old.

Senator Choquette: It is a hymn, not a song.

Senator Marshall: It is an anthem.

Senator Perrault: Our task would be far more difficult if we were being asked to choose from among several different traditional songs in order to arrive at one final choice as Canada's national anthem. But such is not the case.

[*Translation*]

One hundred years have gone by since Sir Adolphe Basil Routhier wrote the French words for "O Canada" and Calixa Lavallée set them so admirably to music. Similarly, it is almost 80 years since Judge Robert Stanley Weir wrote the words that were to become the most popular English version of "O Canada".

Throughout the years, "O Canada', has taken root, and vigorously in the hearts of many generations of Canadians. It has become the exceptional and precious symbol of our national identity.

[*English*]

The task before us is clear. We are being asked to give official recognition to the choice which our fellow Canadians made with their hearts long ago. For a nation to survive, its people must be able to attach their patriotic sentiments and affections to specific symbols of national sovereignty.

It is perhaps a tribute to the strength and the endurance of Canadians that we have survived for so long without one such symbol of nationhood as our own official national anthem. There have been, of course, a number of unofficial versions of that anthem, with one continuing melody.

Our maturity as a nation is a fact to which the vast majority of Canadians undoubtedly would attest. What better way, therefore, to give evidence to this national coming of age than adopting once and for all a truly Canadian national anthem by recognizing *O Canada* as a symbol of our national pride and identity.

[*Translation*]

We Canadians are doubtless used to considering ourselves a young people, in full development, yet, though it be true that we can claim a long and rich national tradition, it is the vigour and hope of our young people which constitute one of the most precious assets of our country. Yes indeed, that vigour and hope have enabled us to build, in just over a century, a society whose cultural diversity, tolerance, social and economic well-being are the envy of many peoples of the world.

[*English*]

Measured by almost any standard, Canada is especially blessed, almost singularly blessed, as a nation. Nevertheless, it is not enough that we should simply be aware of our own favoured circumstances. It is appropriate that in our own ways we should celebrate our joy and our good fortune at being Canadians. We can do that by adopting this truly Canadian anthem, which has been sung with such emotion and eloquence at so many great occasions in the history of our nation, such as a great cultural or athletic experience, a remembrance service, some event which has seen us take pride in Canadian achievement, on Canada Day far away from home, or a religious or school assembly; yes, Senator Bosa and other senators here today like Senator Rizzuto and Senator Bird, at citizenship assemblies when new Canadians from other parts of the world come here by choice to establish themselves among us as fellow citizens, and events marking entry into Confederation for those born in Newfoundland like Senator Petten, Senator Cook and Senator Marshall. Whenever this anthem has been sung, it has moved Canadians to even better endeavour and to a spirit of great loyalty to their nation. The adoption of this truly Canadian anthem represents a significant way to encourage this celebration of our national identity.

● (1500)

Throughout our history, Canadians have often been reluctant patriots. This is perhaps one of the reasons why 113 years after the founding of our nation we still do not have a formally proclaimed national anthem.

Someone once suggested that a country as wide and diverse as Canada—I think André Siegfried wrote in one of his books that there are really seven Canadas—should be governed gently and with patience, that change and reform should be accomplished carefully and taken over a period of time in recognition of the great diversity which exists here. So it has taken time to adopt this national anthem.

Has this hesitation to strongly profess our patriotism blinded us to the danger of being too timid to give voice to an honest expression of national love and commitment? If so, then surely the time has come to change our attitudes and abandon our hesitation; for if we deny ourselves the joy of recognizing and expressing our love of Canada, we risk allowing our sense of nationhood to be weakened by what are sometimes conflicting individual and regional interests and concerns. Such is a risk that we cannot afford to take.

[*Translation*]

On November 6, 1915, Mr. Arthur Letondal wrote in *Le Devoir*:

> One cannot introduce in the vocabulary a new word or impose a patriotic song on the people. There has to be the right timing, and a set of circumstances which can stir the national spirit and gain its favour.

[*English*]

Some 65 years after Monsieur Letondal wrote those words, and a full century after the writing of *O Canada*, surely it is time that this song be recognized as the official anthem of Canada.

In a nation as vigorous as Canada, with the freedom of speech which we enjoy and the right to have political differences, we may disagree politically on many matters, but is it not significant that the motion we are now debating was seconded by the Leader of the official Opposition in this chamber? In the other place there was all-party agreement that the time has come to express unanimous support for the bill which is before us today, calling for formal acceptance of our beloved anthem, *O Canada*.

There have been statements made that certain of the words should be changed, altered and modified, and some believe that full recognition should be given to the fact that some people were not born in Canada, that some were born in other countries. I remind honourable senators, however, that a commitment was given earlier in the debate in the other place that private members' bills calling for certain improvement in the lyrics would be brought before an appropriate committee for consideration in the next session of Parliament. The commitment was given that proposed changes would be studied, and, if so, they should surely be studied in this house as well. Perhaps there is even a case for establishing a joint committee of the House of Commons and the Senate so that senators will have an opportunity to express their views, and, perhaps at some time in the near future, effect those minor modifications which may make of this an even more appropriate anthem and national hymn.

Honourable senators, along with that commitment on the part of the government, to support the idea of attempting to improve this wording in the next Parliament, goes the commitment that all private members' bills on this subject in the other place will be immediately brought before a committee convened for the purpose of studying those possible changes.

With that kind of commitment, and with the assurance also that there will be Senate input into the process, I urge you to support the measure which we have before us this afternoon.

Earlier today I had copies of the proposed words for the anthem distributed to all honourable senators, who I hope will find themselves in substantial agreement with them, because they were developed by Parliament some time ago.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I seconded with tremendous pleasure and great pride the government leader's motion to pass the bill respecting our national anthem "O Canada".

This is in order that Tuesday next, in view of the change made in the other place, under which the act will be proclaimed, presumably next Tuesday July 1, when "O Canada" will be sung for the first time as Canada's official national anthem.

I must say that maybe nine Quebecers out of ten, and perhaps a very slightly lesser proportion of Canadians from other parts of the country, will be surprised that "O Canada" was not the national anthem. It has been mentioned that the French version was sung for the first time in 1880 and that Weir's version came in 1917, I understand, and this is subject to correction.

Obviously that song has become, by the very nature of things and through the evolutionary process, the true anthem that met the total perspective Canadians had of their country. There have been of course other anthems, other popular songs such as "The Maple Leaf Forever" and "O Canada mon pays mes amours" by Sir Georges Etienne Cartier. However, "O Canada" established itself quite naturally. I think we are only sanctioning the will of the people by making "O Canada" the national anthem of our great country.

At any rate, all those who have travelled—and I would say this applies to most of us, and in fact to an increasing number of Canadians today, in view of tremendously improved transportation—all those travelling outside the country and hearing "O Canada" experienced a special feeling. And at home, where the concept of Canada is being challenged, it must be acknowledged how in these circumstances people sing that anthem with fervour, enthusiasm and great nostalgia. Therefore, Parliament is only responding once more to the general expectation of the people by deciding today that Tuesday next "O Canada" will be our national anthem.

● (1510)

[*English*]

I do not want to add anything else—I do not think it is necessary—except to say that we have the good fortune of having among us someone who is the husband of a great-granddaughter of Sir Adolphe Basile Routhier, the author of the French version of *O Canada*. That member of the Senate is Senator Arthur Tremblay. I would, therefore, yield to him so that he may say a few words about the role played by Sir Adolphe Basile Routhier in promoting this anthem.

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, I thank you for this opportunity to take part in this debate—or perhaps I should say in this historic dialogue—in which the points of importance for the history of Canada, that of the textbooks, have already been made by the spokesmen for our respective parties, who moved and seconded the motion which will enable us to pass the bill now under consideration.

[Senator Perrault.]

For my part, I would have no right to take part in this historic dialogue. However, as Senator Flynn has just said, because of an association which still lasts and which will last, I suppose, until the end of our lives, I am myself related to the descendants of Sir Basil Routhier through my alliance with his great-grandaughter, Pauline Dubuc, whose mother was a Routhier.

Thanks to Senator Flynn, I can use my position as a senator to pay homage, in the context of the footnotes to history, to the families of those who wrote "O Canada," the Routhier family, the Lavallée family, and of course, the Weir family.

I would like in particular to pay homage to the grandson of Sir Basil Routhier, Adolphe Routhier, who is still living but whose ill health would not allow him to take part in today's historic events. I would like to do so by quoting a note he wrote in 1959 to Dr. Eugène Lapierre about a book that Dr. Lapierre had written on Calixa Lavallée to suggest certain modifications to the original version in view of a conversation Mr. Routhier had with his grandfather shortly before his death. This note was written in 1959, and once again, in the context of the footnotes to history, I hope it will not be considered inappropriate to put this note on the record of the Senate, the upper chamber of this country, on this historic occasion.

I shall therefore quote from this note, which might clarify certain points in the account given this morning in the other place by Mr. Fox of the events surrounding the birth of "O Canada". The note says:

> My grandfather, Sir A. B. Routhier, died at his country home in Saint-Irénée-Les-Bains around the end of June 1920.
>
> In May of the same year, a few weeks before his death, my grandfather recalled for me some of the events surrounding the history of what was to become later our national song "O Canada". Before writing anything, he had listened to Lavallée playing on the piano his famous melody or heroic march, on Couillard Street, in Quebec City. This melody was reminiscent of the purest Mozart, but greatly enriched by the soul of the matchless artist that Lavallée was. This was a few weeks before June 24, 1880.

There is at this point a very sentimental paragraph about the extraordinary power of recall of his grandfather written by "Uncle Adolph," over which I shall pass. He then writes:

> All four stanzas of "O Canada" were written during the night which followed the audition of the famous melody or heroic march played on the piano by Lavallée at his home on Couillard Street, in Quebec city.
>
> This is how "O Canada" came to be, but apart from Lavallée, Ernest Gagnon and my grandfather, nobody knew about it yet.
>
> That happened in the weeks preceding the great convention of June 24, 1880, at which time a special committee of the St. John the Baptist Society (of whom Nazaire Levasseur, Ernest Gagnon, Arthur Lavigne and others

were members) had not yet been able, after quite some time—

I believe a contest had been organized to have a suitable anthem composed for the occasion—

—to compose or produce anything satisfactory as a song or cantata—

The word "cantata" is rather amusing.

—for the exceptional circumstance that was coming up only too soon.

The members of the committee hustled and bustled but to no avail, and Ernest Gagnon had every reason to worry that nothing tangible was in the offing.

One would almost believe this occurred in contemporary times when great achievements are at times painful in the making.

On the other hand, Ernest Gagnon, Lavallée and my grandfather found themselves in joint possession of a clandestine new-born whose coming should be announced without delay and whose fatherhood should be revealed.

The situation was particularly delicate in that my grandfather, in his capacity as general president of the convention, probably did not want to open himself to accusations of dictatorial and untimely intervention in the work of the famous special committee.

Once again, there are strange similarities between the past and the present.

The situation was also very tricky for Ernest Gagnon, who was also a member of the special committee.

Similarly, the situation could also have been very awkward for Calixa Lavallée to whom the special committee had not yet given any thought.

It was probably at that fated instant that the intervention of Lieutenant Governor Robitaille was conceived and immediately set forth.

When Lavallée received from Lieutenant Governor Robitaille the order to set the words of Routhier to music, everything had already been completed. Lavallée faithfully, and to perfection, played his role as a composer responsible for a very difficult and critical task. This led to a rebirth of "O Canada" just in time for June 24, 1880.

The intervention of Levasseur and Lavigne mentioned by Dr. Lapierre in his book on Calixa Lavallée may indeed have happened just as they said. That intervention, however, unavoidably followed the actual composition of the music and the drafting of the stanzas of "O Canada", which had to require the intervention of Lieutenant Governor Robitaille, as explained earlier.

During that talk in May 1920, my grandfather told me, incidentally, that by a lucky coincidence Ernest Gagnon had inspired almost the whole first verse of the first stanza by suggesting that the song should begin—even then it was a matter of words—with these words:

"O Canada, pays de nos aïeux".

The text became: "O Canada, terre de nos aïeux"

Ernest Gagnon said those words after his report on the above-mentioned special committee, whose activities led to nowhere.

Those words of Mr. Gagnon followed the invitation made to my grandfather to write forthwith a poem to be sung on that occasion.

My grandfather replied immediately to Mr. Gagnon that such a poem could not be written without knowing or hearing the accompanying music.

No sooner had he finished speaking than Mr. Gagnon shot back: "I have the music!. Come listen to it at Lavallée's on Couillard Street. You will hear some magnificent music."

I shall not quote anymore, now that "O Canada" has really been born.

Honourable senators, the institutional events and actions such as the one we are called upon to accomplish today are what the "great history" of a country is made of, since we are a great institution.

I thank you once again for having allowed me to introduce on this grandiose occasion some more modest material, which belongs to the footnotes of history and the uninterrupted contribution of families and generations to the common cause of building a nation and thus translating their solidarity in as significant a symbol as a national anthem.

● (1520)

[*English*]

Hon. Peter Bosa: Honourable senators, I should like to express a few thoughts on Bill C-36, respecting the national anthem of Canada. By way of background information I would say that I was a special assistant to the government house leader in the other place in 1964 when, on a previous historical occasion, Parliament debated another important symbol, the national flag of Canada, a flag that would not be mistaken for the symbol of any other nation.

As do other honourable senators, I recall vividly that that debate lasted six months. I kept track of some of the speeches that were made—they numbered in excess of 300. At the end of that six month period, the matter was referred to a Special Joint Committee of the Senate and the House of Commons, which met three times a day for a period of six weeks, and following the report of that committee, it seemed as though the whole debate was going to be repeated. It was at that stage that the government of the day reluctantly imposed closure. It was under those circumstances and in that manner that the flag of Canada was adopted.

I am happy that the national anthem of Canada was adopted unanimously in the other place, and it appears it is going to be adopted unanimously here. However, I would be remiss in my duty if I did not make some observations regarding the lyrics, about which I feel very strongly.

I must admit, I would have preferred that the word "native" in the first line be changed to either "cherished," or "glorious," with the line then reading:

O Canada! Our home and cherished land!

I think that would be much more reflective of the reality of the Canadian situation.

I am pleased that the Leader of the Government has assured us that the Secretary of State, the Honourable Francis Fox, has given an undertaking that this matter will be referred to a committee so as to arrive at a conclusion whereby the lyrics would be more in conformity with the reality of Canadian society.

I was on the verge earlier of moving an amendment to this bill, and it is only because I recognize the traditional and unique role that this chamber occupies in the parliamentary system—that is, that we are not here to frustrate the will of the elected house—that I shall not do so. This does not mean, however, that we have to accept holus-bolus, without voicing our strong opposition where appropriate, legislation that comes to us from the other house.

This is not the first time that something has been done as an afterthought. In fact, in the recent past we have had examples of this very thing. Honourable senators may recall that when the Bilingualism and Biculturalism Commission was constituted in June of 1963, its terms of reference were to look into the relationship and aspirations of the English and French communities in Canada. It was as an afterthought that the aspirations of other minority groups were added to the terms of reference.

In June of 1978 the government put out a publication entitled *A Time for Action*, setting out the preliminary intentions of the government with respect to constitutional amendments and stating that the Constitution would contain some form of recognition of our multicultural society. However, when Bill C-60 was tabled, it contained no reference to multiculturalism in the preamble of the Constitution as therein set out. It was again as an afterthought that the then Minister of Justice, the Honourable Marc Lalonde, gave an undertaking to the members of the Canadian Consultative Council on Multiculturalism that the bill would be amended to reflect that particular situation.

I hope that when this bill is adopted, all of us will stand up and sing *O Canada*, as they did in the other house earlier today, and I also hope that when a committee is constituted to consider amendments to the lyrics some of us will be invited to be members, so that we may present our ideas to make the national anthem of Canada more reflective of Canadian society.

Hon. Florence B. Bird: Honourable senators, I should like to add briefly to what Senator Bosa has said. I, too, would have moved an amendment to the English version of our national anthem were it not for all the good reasons that have been put forward.

[Senator Bosa.]

[*Translation*]

Honourable senators, Canada is my country; I love it with all my heart, I love it with a passion.

[*English*]

But I was not born here. Canada is not my native land. This is not a matter in which I was consulted. However, when I was of an age when consultation was possible I did come here and it is my home. I have never looked back and I shall never look back. But it is rather embarrassing to have to sing something which is not true.

• (1530)

I also feel that "true patriot love" should be commanded in all of us, and not in just the sons of this country, because I assure you, honourable senators, I am nobody's son—

Some Hon. Senators: Hear, hear.

Senator Bird: I am sure you can see for yourself. Therefore, I would hope that when the discussion comes up these minor items might be taken into consideration.

Hon. Guy Williams: Honourable senators, I rise to say a few words. I shall be brief.

I am most happy to be here on this historic day when Canada, in a few moments, will have a national anthem. As a descendant of the first citizens of this great land, I point out that in the opening line of *O Canada*, which I and my people sing with vigour, there is a small reference to the Indian people—the first citizens of this great land. That line, honourable senators, is: "O Canada! Our home and native land!" That is a small reference to my people as the first citizens of Canada.

Further on there are the words: "The True North strong and free!" That is a small reference to the people of the north. I am sorry that my colleague Senator Adams is not in the chamber at the moment, because these words refer to the Inuit.

I think this is one of the greatest and proudest days that Canada will witness—the day when this great anthem becomes official.

Honourable senators, I have spoken.

Hon. Heath Macquarrie: Honourable senators, I have heard my colleagues indicate their special reasons for speaking. I was not involved in a committee. My grandfather knew no musicians, unless they were pipers in Prince Edward Island. I was born in this country. My ancestors came here because they had to come here as prisoners of war of the English who were unkind enough to defeat Bonnie Prince Charlie and the Macquarries a long, long time ago.

I thought, as I heard the excellent speeches today and as I looked at the clock, that there is, perhaps, something a bit Canadian about this; we say it is a very important milestone, and it is, but we have about 35 minutes in which to express ourselves.

Senator Bosa gave the opinion that the flag debate was too long. Perhaps we have gone to the other extreme. I would have been happier—and I cannot believe I am the only one here who would have been—if this chamber had perhaps had some

time so that the senators, the representatives of all of the provinces, of various groups with different experiences, might have applied their thoughts and delivered their views on this historic and important occasion.

It is Canadian in that it has taken a long time. I have read some scornful reports—"What kind of country is this that would take 100 years to find its anthem?" Basically, I am not a person who thinks that procrastination is the greatest virtue; but I believe that, had this step been taken 40 years ago, 35 years ago or 25 years ago, it would not have won the ground swell of public opinion and support that it has today.

I am not saying that we needed to wait 113 years! The beautiful music was there and the inspiring words were there. Nevertheless, it took us some time to realize what in fact we should do with them.

We have been that kind of a people. As a Burke-ian, I am not upset about that. He told us long, long ago that all government, all progress, in fact every human benefit, is founded upon compromise and barter. It does not upset me that ours was not a country which, at the time of its birth, came like Pallas Athena, totally and radiantly clothed with all the attributes of shining statehood. I think our evolutionary process has worked well.

Senator Perrault: Hear, hear.

Senator Macquarrie: I think it will work well, and I am very happy as a junior senator to be here on this occasion, to be for once in my life not only with the majority but perhaps with the total group in supporting a measure. I commend all the honourable senators who have spoken so well with such—I will not say passion or compassion, but with such deep feeling, because Canadians do not dare get too carried away.

I remember 1967, when it was decided to designate John A. Macdonald Day but not to celebrate it. That was a judicious Canadian compromise. We went so far, but we must not let our Canadianism show.

I think we are letting it show a bit today and I agree so much with the senator who has just resumed his seat that this is a positive and welcome development. I am happy to be with all those who have spoken, with all those who will vote, and with the whole of the people whom we represent.

Hon. Andrew Thompson: Honourable senators, I should like to add a few words to the excellent speeches we have heard. I single out one speaker in particular who has made this a personal experience for us. I refer to Senator Tremblay, who spoke to us so eloquently, bringing in his wife's great-grandfather and his contribution to the anthem. That was a fascinating aspect of our debate today, which shows some of the characteristics of the Senate, the knowledge of history and the background present here. Having a personal flavour added to the debate has made this a special occasion for me.

I am a post-war immigrant. I do not have much to distinguish myself. I wish I could talk about a grandfather who had composed any kind of music, but I am afraid that on my side of the family we are all tone deaf. I was, however, the first post-war immigrant who, having become a Canadian, was elected to the Ontario legislature, and I believe I was the first such to be appointed to the Senate. I represent, in being the first, a large flow of post-war immigrants to Canada, among whom are people far more distinguished than I, such as Senator Bosa and Senator Rizzuto and others who have come to the Senate and made a great contribution.

● (1540)

I recognize the great legacy that has been given to us and also the personal account that we have heard of the composition of our anthem, but because of the changing face of our society I agree with Senator Bosa that there should be some modification of the words. I appreciate the assurance of the Leader of the Government that the words of the anthem will be examined in committee and perhaps changed so that we all might feel a personal pride in Canada when we sing them. I thoroughly agree with the suggestions made by Senator Bosa and Senator Bird. I am sure that such amendments will be made in time.

This day has a special meaning for all of us, because Canadians can speak with their hearts and their emotions, and through the symbol of a national anthem we are given an opportunity to show our common bond, which is very strong in all of us.

Hon. Stanley Haidasz: Honourable senators, on this historic and happy occasion, as we are gathered to give official sanction to our national anthem *O Canada*, it would be appropriate to mention that the version in Bill C-36, which we are now discussing, is the version that was recommended to Parliament by the special joint committee of the Senate and House of Commons on February 16, 1968. One of the co-chairmen of that committee was a former Speaker of this chamber, our late colleague, the Honourable Maurice Bourget. We owe to the members of that committee our thanks for the long and difficult work that was performed to come up with the version which we are all praising today.

If honourable senators will read the 1967 and 1968 proceedings of that joint committee they will learn that one of the witnesses mentioned that there are many national anthems which have not been declared official, and that there are many national anthems which do not have official lyrics; also that lyrics of national anthems, which are considered to be less important than the melody, have changed according to historical circumstances. Therefore, we are happy that the Leader of the Government in the Senate has given us the commitment that a joint committee of the Senate and the House of Commons will be established in the next session of Parliament—this has been agreed to, I believe, by all the leaders in the other place—to deal with amendments or modifications to the lyrics of our national anthem, if necessary.

In the meantime, we should be proud that we have a national anthem, and we should sing it with pride and thanks, because not only is it a stirring anthem, with an interesting and fine history, but it is one that was adopted in the other place unanimously and no doubt will be similarly adopted in this house in a few moments. The comments which have been made by honourable senators should be well taken in a spirit of

co-operation and understanding. We regard with pride our country and our national symbols, and we look forward with pride to giving consent in a few moments to our new official national anthem.

[*Translation*]

Honourable Paul C. Lafond: Honourable senators, I am very proud to take part in this debate. I would like to congratulate those who have spoken before me and thank them for their contribution.

The Leader of the Government has already told us that the Secretary of State has undertaken to allow parliamentary committees to review at a future date the proposed version of the national anthem. I am aware of the sentiments of our fellow citizens who did not have the chance to be born in this country. Since their arrival, all of those that I know have fully shown their desire to become full-fledged Canadians. It seems to me that the few questions they are asking as to the version of the national anthem is another proof of this desire. We are therefore happy about it.

However, during the debate, when we have talked about the possibility of amending the text at some time in the future, no one has specified that it would be the English version which would be changed. I believe that it is important to put this on the record for historians and so on. I am happy to support this bill, but I do so with the following qualification: As long as I live, I shall never authorize anyone, even a parliamentary committee, to tamper with the French version which has existed—

Some Hon. Senators: Hear, hear!

Senator Lafond: —which has existed for one hundred years and which I myself, and my father and grandfather before me, learned at school and which we have been singing for a hundred years.

[*English*]

Hon. Eric Cook: Honourable senators, I belong to a large group of statutory Canadians, and if I remain silent it may be thought that I have some objection to the proposed words. All Newfoundlanders, however, honourable senators, are great believers in poetic licence, and, therefore, I am sure we will be able to sing the proposed words with a happy heart.

[*Translation*]

Hon. Pietro Rizzuto: Honourable senators, as you know, I am among those who would feel excluded if I were to sing the national anthem as proposed in the English version. I therefore understand the feelings of honourable senators who say that they would be willing to make appropriate changes by establishing a committee in the near future. I believe that we should not be in any hurry to pass such an important bill about which we have been talking for 100 years, while promising to change it in two or three months.

For my part, I do not agree with the words "native", and I should say that I am rather uneasy about this! On the other hand, I would not want to force anything on the majority of Canadians, but there are hundreds of thousands like myself in Canada who are in the same situation. We have chosen Canada. We came here and applied for citizenship, and we became Canadian citizens. We would like to be able to sing the national anthem like anyone else and to feel ourselves fully Canadian. To do this and to make this possible for everyone, it is obvious that the words should be changed, as suggested by Senator Bosa. What I am wondering is why we should not wait a week, or ten days if need be, and refer the bill to a committee, or else refer the bill to a committee this afternoon to make the necessary changes and come back Monday to pass a bill which would please everyone, because we cannot ask the Canadian people to change the words of the national anthem once it has been adopted. If we want to make any changes, we should do so right now.

Hon. Maurice Lamontagne: Honourable senators, I do not plan to add anything to what has already been said very eloquently this afternoon—

• (1550)

[*English*]

At this stage I should like to correct the record so far as it concerns the remark made by Senator Bosa a few moments ago that the terms of reference of the B and B Commission had to be changed to refer to Canadians of more recent origin. I can tell you that I was the author of those terms of reference and that they included, from the start, this reference to Canadians of more recent origin in addition to the two founding peoples. From the very start we expressed our intention to appoint two distinguished Canadians of more recent origin to the commission.

Some Hon. Senators: Hear, hear.

Hon. Robert Muir: Honourable senators, as a foreigner—

An Hon. Senator: Explain.

Senator Muir: Explain? After what has been said, I can understand that remark. I was not fortunate enough to be born in this country. I was born in "Auld Reekie," Edinburgh, Scotland, and as Senator Macquarrie has said, they did not appreciate good talent over there at times so they kicked us out and raised sheep.

In any event, if we look around this chamber we will find people whose ancestors are from all over the world. Indeed, the only person here who can claim Canada as his native land is Senator Williams. I do believe, honourable senators, that we are doing a wee bit of nit-picking in playing around with this word and that word. I am not ashamed to sing "Our home and native land." I adopted this country as my native land, and I am proud of Canada. I would hope that we are all Canadians regardless of our origins, and that we still retain our cultures. This is the wonderful thing about this country. My goodness, there is nothing greater than watching Ukrainian or French folk dancing. In fact, when they are playing the fiddles and violins in Quebec, it reminds me of the Scots.

Why can we not all accept that we are Canadians? Whatever their origins in the United States they all say, "I am proud I am an American." We should all be proud we are

Canadians. We are Canadians first, last and always, and we live in a country where we can retain the best of what has been brought here from all parts of the world.

What a great country Canada is. Let us all be proud of it. There may be some slight changes to be made, but let us not say, "I am ashamed to say, 'my native land' ". I am not. I adopted this country. I am proud of this country. I wouldn't live anywhere else. I wouldn't have any part of any other country. We can still retain what has been brought here from Italy and all those other great countries.

Hon. Joseph-Philippe Guay: Honourable senators, I, too, would like to join with other senators who said they would not want to change—

[*Translation*]

—because, I too am proud of the French version. I would not have one word changed in that version, because my ancestors go back, through wedlock, to Quebec and Lévis, to the year 1652. I believe they were in Canada even earlier than that.

I would also like to say that I have always sung "O Canada", either in French or in English, with pride and enthusiasm. I can assure you that once we have passed this bill my pride and enthusiasm in singing it will be just as great.

It seems to me, as the honourable senator pointed out a while ago, that I have always felt that enthusiasm and that pride, ever since I first sang it when I was young; I would not like to see it changed.

Moreover, the bill we pass today, honourable senators, will in no way alter the respect I have always felt for our national anthem.

[*English*]

As far as the English language is concerned, I am saying *O Canada* in both languages. I am as proud as Senator Williams to sing, "Our home and native land!". I am proud to sing our national anthem in either language. The enthusiasm with which I have sung it will be passed on to future generations, just as my family passed it on to me in the past. I do not think that the words as some have suggested, will change that enthusiasm. I did say that I would like to keep the French version, as has been mentioned, and I reserve my right to that end on the French version.

Honourable senators, I thank you for giving me the opportunity to mention this.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators—

The Hon. the Speaker: I have to inform the Senate that if the Honourable Senator Perrault speaks now, his speech will have the effect of closing the debate on the motion for the second reading of this bill.

Senator Perrault: Honourable senators, one or two questions have been raised during the course of this very interesting and, indeed, inspiring debate. The question of possible changes in the future has been raised.

May I say that in June of 1967 a joint committee of the Senate and House of Commons was formed and given a mandate to study the question of the national anthem of Canada. This committee, as has been mentioned briefly in this debate, issued its report in February 1968 and unanimously recommended that the government immediately adopt *O Canada* as the national anthem of our country. The committee recommended that the slightly modified version of Judge Robert Stanley Weir's English text, and the original of Sir Adolphe Basile Routhier's French text, be adopted together with the music of Lavallée. This is the version that we have before us in the Senate this afternoon.

A number of senators—and, I think, with good reason—have suggested that perhaps modifications should be made in the ultimate form of the lyrics. Some members of both houses believe there should be changes in the version unanimously recommended by the 1968 joint committee of both houses. Certain members of the opposition, and indeed supporters of the government, both here and in the other place, believe that certain word changes should be considered. Some have suggested, that the words "sons" and "native land" be replaced. In the case of the words "native land," it has been suggested that they be changed to "cherished land", to better reflect the reality of Canada.

● (1600)

It should be said, however, that there are members of the Senate and the House of Commons who, in addition to their parliamentary skills, believe they have been endowed with the gift of musical composition and the ability to write lyrics. I understand that a number of proposals for even more drastic change in wording have been advanced by members of the other place. The process of parliamentary consideration of all of these creative variations would have delayed substantially the adoption of what, in the main, is a version satisfactory to all Canadians. The version of the anthem before us is the product of the demonstrated Canadian capacity to achieve a compromise.

I want to assure honourable senators that in the course of the next session the government will be more than willing to have considered proposals for word changes which may come forward in the form of a private members' bills. Such bills in both houses will be welcomed. Furthermore, I suggest that perhaps a joint committee should be designated to consider further word change proposals.

In view of the fact that we are so close to virtual unanimity on this version, with only one or two words in question, I feel that we should march forward together and adopt the anthem as it appears before us. As was said in the other place the other day, Sir Wilfrid Laurier, when speaking in terms of developing a broad view of the entire nation, stated:

> To those, sir, who have life before them, let my prayer be this: Remember from this day forth never to look simply at the horizon as it may be limited by the limits of the Province, but look abroad over all the continent—

Let us not get caught up too much on whether one word should be changed or altered, or get caught up on nuances of the word

"native"—a word open to several interpretations. Let us take a broad look at the future of our country and vote for this bill.

[*Translation*]

The Hon. the Speaker: Honourable senators, I am making a considerable effort to refrain from making a speech, and I shall therefore read the motion.

[*English*]

It is moved by the Honourable Senator Perrault, P.C., seconded by the Honourable Sentor Flynn, P.C., that this bill be now read a second time.

Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(b), seconded by the Honourable Senator Roblin, P.C., that this bill be read the third time now.

Hon. Stanley Haidasz: Honourable senators, I would ask that the music and lyrics of our national anthem be printed as an appendix to today's *Hansard*.

The Hon. the Speaker: Is it agreed, honourable senators, that the music and lyrics of *O Canada*, as they are found in Bill C-36, be printed as an appendix to the *Debates of the Senate* of today?

Hon. Senators: Agreed.

(*For Appendix see p. 567*)

Motion agreed to and bill read third time and passed.

Senator Perrault: Honourable senators, may I now ask the Deputy Leader of the Government to lead us in the singing of *O Canada*?

Senator Frith: I just happen to have my music with me.

Whereupon honourable senators rose and sang O Canada.

ADJOURNMENT

Leave having been given to revert to Motions:

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved that when the Senate adjourns today it do stand adjourned until Tuesday, July 8, 1980, at 8 o'clock in the evening.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move that the Senate do now adjourn during pleasure, to reassemble at the call of the bell at 4.40 p.m., or perhaps earlier.

It is expected that a number of private members' bills changing names of constituencies will be passed by the other place this afternoon. If we receive those bills in the next short while, we may ring the bell and ask honourable senators to consent to first, second and third readings today. The bills are receiving similar treatment in the other house. Of course, I do not insist, and leave might not be granted. There is no particular urgency, but if we are going to be here anyway, it might be an appropriate use of our time to deal with those bills, in which event they, too, could receive royal assent this afternoon.

So, if the bell does ring some time before the expected arrival of the Deputy of His Excellency the Governor General, it will probably be for that purpose.

Hon. Paul C. Lafond: Honourable senators, so that the deputy leader will not be surprised, may I tell him now that leave will not be granted?

Senator Frith: Yes, the honourable senator may tell me now that leave will not be granted.

The Hon. the Speaker: Do I understand that leave is granted?

Senator Frith: No, Mr. Speaker. I was not at this time asking for leave. I was merely indicating that I may later be requesting leave for these 13-odd bills to be given first, second and third readings this afternoon. However, assuming there is no way of having Senator Lafond otherwise engaged at that time, it appears that we will not be getting leave even if the bills do come before us.

The Senate adjourned during pleasure.

At 4.45 p.m. the sitting was resumed.

ELECTORAL BOUNDARIES READJUSTMENT ACT

BILLS TO AMEND—FIRST READINGS

The Hon. the Speaker informed the Senate that messages had been received from the the House of Commons with Bill C-268, respecting the Electoral Boundaries Readjustment Act (Saint Hyacinthe-Bagot); Bill C-402, respecting the Electoral Boundaries Readjustment Act (Sarnia-Lambton); Bill C-488, respecting the Electoral Boundaries Readjustment Act (Rimouski-Temiscouata); Bill C-529, respecting the Electoral Boundaries Readjustment Act (Hastings-Frontenac-Lennox and Addington); Bill C-565, respecting the Electoral Boundaries Readjustment Act (Notre Dame de Grâce-Lachine East); Bill C-599, respecting the Electoral Boundaries Readjustment Act (Berthier Maskinongé-Lanaudière); Bill C-600, respecting the Electoral Boundaries Readjustment Act (Cochrane-Superior); Bill C-601, respecting the Electoral Boundaries Readjustment Act (Argenteuil-Papineau); Bill C-602,

respecting the Electoral Boundaries Readjustment Act (Verdun-Saint Paul); Bill C-604, respecting the Electoral Boundaries Readjustment Act (Montreal-Sainte Marie); Bill C-605, respecting the Electoral Boundaries Readjustment Act (Montreal-Mercier); Bill C-606, respecting the Electoral Boundaries Readjustment Act (Richmond-Wolfe); Bill C-608, respecting the Electoral Boundaries Readjustment Act (Montmorency-Orléans); and Bill C-609, respecting the Electoral Boundaries Readjustment Act (La Prairie).

The Clerk of the Senate: Bill C-268, an act to change the name of the electorial district of Saint-Hyacinthe; Bill C-402—

Hon. Senators: Dispense.

Bills read first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Royce Frith (Deputy Leader of the Government): With leave, now.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am reluctant to give leave. After all, we have not even heard the titles of these bills read out in this house, let alone had an opportunity to read the bills themselves. They may be the most innocuous and routine measures that could be imagined, but it seems to me that it would be quite irresponsible for us to take that for granted, and I for one would suggest that this house would do well to at least read the bills before proceeding further.

Senator Frith: Honourable senators, Senator Lafond certainly gave my learned friend, the deputy leader on the other side, an opportunity to fire off a stinging salvo. The reason I asked for consent to dispense with the reading of the list was that we all knew very well that Senator Lafond was not going to give consent. However, I don't begrudge that suggestion, but I do want to make it clear on the record that there would have been no intention of giving the bills three readings in this chamber without even going through the titles. A votre place, j'en ferais autant.

Therefore, since leave is not granted—and that seems to be the consensus—I move that the bills be placed on the order paper for second reading on Wednesday, July 9 next.

Senator Roblin: Honourable senators, seeing that reference was made to me, I think I shoud have an opportunity now to reply.

First, I should say to the house leader that I am not his learned friend. I am his friend, but I am not his learned friend. Those adjectives are applied to those members of the Senate who are barristers or solicitors, and as I am a university drop-out I do not think I can claim any consideration from my honourable friend—who is my honourable and learned friend—in this respect at all.

The second thing I have to say—and I want this to be quite clear—is that while I respect the comments of Senator Lafond, I by no means, consider that that inhibited me from making my views known, and I want to assure my honourable friend, the deputy leader, that had Senator Lafond risen before me, I would still have made the same comment that I made just now.

Senator Frith: Honourable senators, I was referring only to the fact that there was a suggestion that we would want to proceed with these bills without even reading the titles. My comment related only to the suggestion that we ought not to dispense with that.

Senator Roblin: You asked for leave, and what did you ask leave for but to proceed?

Senator Frith: Well, we could read them all on second reading.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Senator Frith: Honourable senators, this is turning out to be more fun than I thought. The reason why I have moved that these bills be read the second time on July 9 is that, since there is no leave, two sitting days' notice is required.

Senator Roblin: That is correct.

Motion agreed to.

The Hon. the Speaker: As there is no business before the house, is it your pleasure, honourable senators, that the Senate do now adjourn during pleasure to await the arrival of the Honourable the Deputy of His Excellency the Governor General?

Hon. Senators: Agreed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable W. R. McIntyre, Puisne Judge of the Supreme Court of Canada, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Speaker of the Senate said:

> Honourable members of the Senate:
>
> Members of the House of Commons:
>
> I have the honour to inform you that His Excellency the Governor General has been pleased to cause Letters Patent to be issued under his Sign Manual and Signet constituting the Honourable W. R. McIntyre, Puisne Judge of the Supreme Court of Canada, his Deputy, to do in His Excellency's name all acts on his part necessary to be done during His Excellency's pleasure.

The Commission was read by the Clerk of the Senate.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

> An Act respecting the national anthem of Canada.
>
> An Act to amend the Small Businesses Loans Act.
>
> An Act to amend the Farm Improvement Loans Act.

An Act to amend an Act to provide for the appointment of a Port Warden for the Harbour of Quebec and to amend an Act to amend and consolidate the Acts relating to the office of Port Warden for the Harbour of Montreal.

An Act to implement the International Convention for Safe Containers.

An Act to amend the Federal Business Development Bank Act.

An Act to amend the Fisheries Improvement Loans Act.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, July 8, at 8 p.m.

APPENDIX

(*See p. 564*)

NATIONAL ANTHEM



THE SENATE

Tuesday, July 8, 1980

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

THE HONOURABLE DONALD SMITH

TRIBUTES ON RETIREMENT FROM SENATE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators may be aware of the fact that a long-time colleague and a great friend of all of us, the Honourable Senator Donald Smith, retired from the Senate yesterday.

Senator Smith was born in the great province of Nova Scotia. He had a distinguished parliamentary career before he was named to the Senate in 1955. He was an outstanding member of the other place; he came here in 1955 and rendered outstanding and distinguished service in this house. He served in many capacities and was a member of several Senate committees. During the course of his service in the Senate, honourable senators may recall that among his many responsibilities he rendered invaluable service as the Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration.

By profession, Senator Smith is a Doctor of Dental Surgery, and I would say that, in terms of his deportment in this house and the manner in which he conducted himself with respect to all affairs relating to Parliament, he was a great credit to the Senate. I think we all agree that the news of his resignation yesterday came as a great disappointment to his colleagues and all who knew him. However, we do wish him well in his retirement. Undoubtedly, this able person will be active in many areas of endeavour. Certainly his resignation deserves to be marked by all of us.

● (2005)

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I join the Leader of the Government in paying tribute to Senator Donald Smith who resigned from the Senate yesterday on reaching his seventy-fifth birthday. It is a pity, because he is an affable, congenial partisan. Nova Scotia seems to have spawned a lot of those. He was one who, because he never minced his words, and always made his position clear, was a pleasure to listen to.

He served in the House of Commons and in the Senate for over 30 years. I believe he came to the Senate in 1955.

The people of Queens-Shelburne had, as their spokesman in Parliament, an able, articulate and dedicated gentleman, one who gave of himself unstintingly, and one who made an effort to understand. He served his country well. The people of Nova Scotia have reason to be proud and thankful—proud of the significant contribution made by one of their native sons, and thankful that he offered to represent them in Parliament.

We on this side wish Senator Smith a splendid retirement. May he enjoy increasingly good health and the opportunity for as much physical and cerebral activity as may be required to keep him happy and content.

● (2010)

Hon. Henry D. Hicks: Honourable senators, perhaps I may be permitted to add a word or two. There are two Doctors of Dental Surgery in the Senate, and both are graduates of the Dalhousie dental school—the Honourable Senator Orville Phillips and the Honourable Senator Donald Smith, about whom we are talking this evening.

Senator Smith has been a long-standing close friend of mine. Some political leaders, when they were chosen to become leaders of their party, can claim there was an overwhelming surge of support for them and people everywhere demanded that they throw their hats in the ring, but when I sought the leadership of the Liberal Party in Nova Scotia in 1954 this was not the case. Indeed, there were only a half a dozen people who thought I should seek the leadership, one of whom was Donald Smith, then a member of the House of Commons. I cannot help but commend him for his good judgment on that occasion! However, he may have made a mistake because I did not survive very long.

Seriously, Donald Smith has been a public-spirited citizen, doing more than his share for a great many years. It is too bad that failing health has finally prevailed upon him to tender his resignation from the Senate. We all appreciate the contribution that he has made, and I join with the Leader of the Government and the Leader of the Opposition in expressing the hope that his years of retirement will see an improvement in his health and a pleasurable life for many years to come.

Hon. G. I. Smith: Honourable senators, perhaps I might be permitted to join for a moment or two in expressing appreciation for the great service of Senator Smith, and I, of course, join in the good wishes for his retirement years which have already been expressed.

I knew Senator Smith well many years ago when he was active in politics in a different way. It should be mentioned that before he went into federal politics, he was active at the local level, having been a member of the Council of the Town of Liverpool, as well as being a member of many other organizations, all of which entailed a great deal of useful service to his community and to that portion of the province in which he lived.

After I came to the Senate—and by that time he had been here many years—I found him to be a friendly and congenial

companion, both in activities in the Senate and in travelling back and forth from the capital of our country to Nova Scotia. I deeply regret that he has found it necessary to leave this body, and I join most warmly in the good wishes for his future that have been already so well expressed.

Hon. Margaret Norrie: Honourable senators, I should like to add a few words in honour of Senator Smith. On the occasion of my being sworn in as a member of this house, Senator Smith, at my request, escorted me into the chamber. Our friendship dates back to 1924, when we were at Mount Allison University together. It has been a long friendship, and I have always cherished his advice in connection with my duties in the Senate. He is a knowledgeable person, a leader, and one who is always willing to help. While I knew it was inevitable, I was shocked to learn of his resignation. I wish him all the best in his retirement.

Hon. Heath Macquarrie: Honourable senators, again I speak as a baby in this house, but I can say to you that I have known Senator Smith for a long time, and have admired him for all of that time. I am not praising him just because he is a graduate of Mount Allison University, of which illustrious institution I am an Honorary Professor of Political Science, which gives me the maximum of glory, the minimum of work, and absolutely no reward financially. But Mount Allison admires him and I admire him.

• (2015)

I can say of Senator Smith, and I have known him for a long time at parliamentary gatherings, what one great English scholar wrote to another—it is not easy for a Highland Scot to bring to bear an Englishman—"He was never mean or little in his disputes." He was a partisan, but he was more than a partisan. He was a great Canadian. I admire him and I wish him the very best in what I hope will be the many years before him.

Hon. David A. Croll: Honourable senators, Don Smith and I came to the House of Commons together and we came to the Senate together. For a while we were seatmates in the House of Commons. In his quiet way he had great capacity, understanding and ability. When he came here he continued with his work, although his health was not good. He gave excellent service, and his influence was considerable. He is one of those maritimers who make a most valuable contribution. That is Don Smith.

My friendship with him continued, and we corresponded with each other regularly after it became impossible for him to come here regularly. He is an unusually pleasant and able man, and the country has benefited from the many years of service that he gave. I join with all honourable senators in wishing him and his family the very best.

Hon. A. Irvine Barrow: Honourable senators, I too would like to pay a brief tribute to the Honourable Donald Smith. I had the pleasure of saying a few words about him the other evening at a testimonial dinner given in his honour.

Donald Smith is a good friend of mine. When I came to the Senate he was instrumental in showing me around, and in a number of ways he made my life here easier. He represented the area from which he came more than adequately, and while I join in what has been said by those who have risen here tonight, I would add that Donald Smith will be sorely missed by the people of the riding from which he came because he was both a friend and a person in Ottawa whom they could approach to do for them the things they wanted done.

Hon. William J. Petten: Honourable senators, I would like to join my colleagues who have preceded me in paying tribute to Senator Donald Smith. He can best be described as one of God's Christian gentlemen. When I first took my seat in this august chamber, Don was one of the people who was most helpful and considerate to the new boy.

He was, until the recent past, when his health prevented it, a most faithful attender in this chamber and the various committees on which he served. As chairman of the Internal Economy Committee and acting whip and deputy leader he was a credit to his province and to his country. We will all miss him. I wish him well in his retirement.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the names of Mrs. Appolloni, Messrs. Joyal and Chénier had been substituted for those of Messrs. Chénier, Hopkins and Mrs. Appolloni on the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

• (2020)

BANK ACT
QUEBEC SAVINGS BANKS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-39, to amend the Bank Act and the Quebec Savings Banks Act.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

ADJUSTMENT OF ACCOUNTS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-22, to adjust the Accounts of Canada and to make related amendments to certain Acts.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

SALTFISH ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-7, to amend the Saltfish Act.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Farm Credit Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1980, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Report of Atomic Energy of Canada Limited, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1980, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Document entitled "A Report on the Nickel Industry", dated April 1980, prepared for Environment Canada by ILMAR J. Martens and Associates Inc.

Document entitled "A Preliminary Assessment of Feasible Sulphur Dioxide Emission Reductions and Costs at INCO Copper-Nickel Smelter, Sudbury, Ontario", dated May 1980, issued by Environment Canada.

Report of the Science Council of Canada for the fiscal year ended March 31, 1980, pursuant to section 19 of the *Science Council of Canada Act*, Chapter S-5, R.S.C., 1970.

Supplement to the Report of the Canada Council, for the fiscal year ended March 31, 1979, pursuant to section 23 of the *Canada Council Act*, Chapter C-2, R.S.C., 1970.

Report of the National Harbours Board, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1979, pursuant to section 32 of the *National Harbours Act*, Chapter N-8, R.S.C., 1970.

[The Hon. the Speaker.]

Report of the Road and Motor Vehicle Traffic Safety Branch of the Department of Transport for the fiscal year ended March 31, 1979, pursuant to section 20 of the Motor Vehicle Safety Act, Chapter 26, R.S.C., 1970 (1st Supplement).

Report respecting operations under the *Health Resources Fund Act* for the fiscal year ended March 31, 1978, pursuant to section 13 of the said Act, Chapter H-4, R.S.C., 1970.

Report respecting operations under the *Health Resources Fund Act* for the fiscal year ended March 31, 1979, pursuant to section 13 of the said Act, Chapter H-4, R.S.C., 1970.

Capital Budget of Atomic Energy of Canada Limited for the fiscal year ending March 31, 1980, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with a copy of Order in Council P.C. 1980-1477, dated January 5, 1980, approving same.

Report of the President of the Federal Business Development Bank, including accounts and financial statements and the auditor's report thereon, for the fiscal year ended March 31, 1980, pursuant to section 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Copies of Proceedings of the Royal Society of Canada, 1979, together with a copy of the 1979-80 Report of Council containing the financial statements of the Society for the year ended February 29, 1980, and the auditors' report thereon, pursuant to section 9 of *An Act to incorporate the Royal Society of Canada*, Chapter 46, Statutes of Canada, 1883.

• (2025)

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting tomorrow, Wednesday, July 9, 1980, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

QUESTION PERIOD

[*English*]

ENERGY

ALASKA HIGHWAY GAS PIPELINE

Hon. Guy Charbonneau: Honourable senators, I have a question for the Minister of State for Economic Development. Is it still the position of the government, as stated many times previously by the minister, that approval will not be given for the prebuild section of the Alaska Highway gas pipeline until the government has absolute assurances that the entire line will be constructed? Those were the words of the minister on May 13. On June 18 he stated that there was no point in one country going ahead with pipeline construction to the border when the other country is unable to give assurance that its section will be built. On June 19 he stated that the conditions with respect to the exchange of assurances between the two countries would have to be met before a construction permit is issued. On June 26 he further stated that the prebuild did not stand alone as a means of exporting Canadian gas. I should like to know the government's position.

● (2030)

Hon. H. A. Olson (Minister of State for Economic Development): I believe the reply to the question that the honourable senator has just finished reading states the government's position.

I do not want to offer any information that has not been asked for, but I will do so once more. In the last two weeks or so, very significant progress has been made towards meeting those conditions.

FOREIGN AFFAIRS

STATEMENT TO PRESS BY CANADIAN AMBASSADOR TO UNITED NATIONS

Hon. Heath Macquarrie: Honourable senators, I have now posed this question three times and have exhausted my terminology of the Anglican Church since I am a member of that great Christian community of Presbyterians. However, I should like to ask the Leader of the Government for the fourth time, following my question of May 14, which is a long time ago, whether he has discovered what the Canadian ambassador to the United Nations did say. It seems to me and to members of the press that what he said was a reflection upon the former government.

Can the leader advise me whether he has ascertained what the ambassador said because, if the Canadian government cannot discover what their own ambassador is saying, then what, in the name of God, is the international community thinking of Canadian diplomacy?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, as a result of diligent research, I have come into possession of a statement with respect to the remarks allegedly made by the distinguished ambassador.

I can assure honourable senators that it was most certainly not Ambassador Dupuy's intention in his press conference to imply in any way that the policies of the former government were unsound. He is a senior civil servant who has loyally served both Liberal and Conservative governments over more than 25 years. If this unfortunate impression was gained, it was an inadvertent result of the manner in which the one hour's briefing was summarized and telescoped in the short news report quoted by the senator. Ambassador Dupuy simply said that the foreign policy review was not being pursued at this stage.

It is, in the government's view, entirely appropriate that after being returned to office it should continue policies which have proved sound in the past, and equally appropriate, honourable senators, that a senior civil servant should publicly express support for his government's policies. To state this, however, does not imply in any way that different policies of the former government were unsound.

As Mr. Dupuy's press conference was an informal gathering, no transcript was retained by the government.

Senator Macquarrie: I thank the leader for his full reply after a three-week period, and I congratulate him on that. However, can he indicate what the ambassador really meant when he said that the government is *now* pursuing sound policies? From that one would think that previously the government had been pursuing policies which were not sound, and that strikes me as an inappropriate comment for an ambassador to make.

I notice my bearded friend from the prairies shaking his head, and I must say I love the diversion, but could the leader make available to this chamber a full statement of what our honoured ambassador did, in fact, say to the press in New York?

Senator Perrault: Honourable senators, may I repeat that this was a friendly, informal gathering. No transcript was retained by the government and, frankly, honourable senators, I felt the statement I gave might have brought some comfort to Senator Macquarrie because it certainly did not constitute a criticism of the previous government. Indeed, let me repeat those words to state that this does not imply that different policies of the former government were unsound.

● (2035)

Senator Macquarrie: Honourable senators, I have never yet pursued a question to the third stage. I usually stop at the first stage. Would my very good friend, who is so well trained in Anglicanism and political—

Senator Flynn: Liberalism.

Senator Macquarrie: No, I would say political dexterity. I admire him for that. Would he be prepared to put before this house, or a committee thereof, the full record of what our honourable ambassador did in fact say, because, as I mentioned to him at my second time of inquiry, the United Nations has very good recording facilities and can, I think, reproduce every word uttered there. I am sure that the minister knows that we of this Senate would make the appropriate,

decent and honourable judgment. I would like him to make that available to us.

Senator Perrault: Senator Macquarrie makes reference to the honourable ambassador. Indeed, he is an honourable man. There appear to be no recordings available of the press conference which, as I have stated, was informal. There are no tapings available, and this finding is as a result of efforts to locate a transcript or recording of the press conference.

Senator Olson: Quit the witch-hunt, anyway.

Senator Macquarrie: Who suggested a witch-hunt? I rise on a question of privilege. I think the bearded member of the cabinet suggested witch-hunting. I will not defer to him in my internationalism. I am interested in knowing what our ambassador is saying abroad, and I have no intention to defer to him in my regard for this particular ambassador. I want him cleared fully, and I do not think this is clearing him fully. I want exactly the words that he said, and this Senate deserves no less.

INDUSTRY

EXTENSION OF SUBSIDIES TO SHIPBUILDING

Hon. Jack Marshall: Honourable senators, I want to ask the Minister of State for Economic Development if he has an answer to a question I asked him on June 19. The question had to do with the continuance of the 20 per cent government subsidy for the shipbuilding industry. Could the minister answer the question now? I am sure that he has a positive reply.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I thought the information requested was included in the delayed answers that I am prepared to give this evening, but apparently it is not here. I will make sure that the answer is given tomorrow.

ENERGY

DOMESTIC OIL PRICE—FEDERAL-PROVINCIAL NEGOTIATIONS

Hon. G. I. Smith: Honourable senators, I have a question for the Minister of State for Economic Development, and, if it gives him any comfort to know it, I am proposing to read some notes in connection with it.

I understand that the Minister of Energy, Mines and Resources said in the other place today that the federal government is reviewing the recent discussions between himself and the energy ministers of the producing provinces. I believe this to be a direct quotation, or very close to it: "If it becomes clear that improvements are possible in the federal offer, then a new package could be presented to Premier Lougheed by the Prime Minister." That leads me to wonder whether it is really possible that this government could be contemplating such a crucial conference, knowing that the negotiations referred to have not proceeded very well, with nothing more in their hands to further the negotiations.

[Senator Macquarrie.]

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, it is well known that this government had given a commitment and that it would negotiate with the producing provinces, especially Alberta, in good faith. I think that has been done. We are sincerely attempting to reach a negotiated settlement. We tried to have that completed by July 1 when there was some indication on both sides—it was more than an indication—that the oil producing agreement had terminated. We now have 30 days more by agreement, and certainly it is our very sincere hope that a negotiated settlement can be reached by then.

The honourable senator, of course, is asking for more than that. He is asking me now to reveal what has been part of those negotiations and what additional matters might have been put up. I could repeat the answers that my predecessors gave day after day after day last November and December. You do not frustrate the negotiations by revealing their contents until the negotiations are concluded.

Senator Smith: I can only say that the honourable gentleman could not have been listening very carefully to what I was reading. I was not asking him to reveal the contents of any negotiations except in the particular way in which the question was phrased. I do not pretend to repeat myself now, but this was the sum and substance of the question: Is it really possible that the Government of Canada in such crucial negotiations now contemplates meeting the representatives of the producing provinces, and particularly meeting the Premier of Alberta, with no new inducements or indications in their hands that would further the negotiations?

● (2040)

Senator Olson: That is another way of asking the question probably in more general terms than I indicated. As far as I can see, it is exactly the same question that I said I was not going to answer, because I think it is improper to do so. What the honourable senator is asking is if there is going to be more put on the table, and I would expect that that is another way of doing what a lot of people try to do with cabinet ministers if they cannot find out what happened in a cabinet discussion; they will ask about a lot of other things, such as whether it was on the agenda and so on. I do not propose to be sucked one inch into that kind of trap.

Senator Smith: The honourable minister has a stock answer to every question. I am not sure if he will be able to divulge whether or not there was a thunderstorm this afternoon without resorting to this circumlocution in answer.

Senator Flynn: He doesn't know.

Senator Smith: It leads me to wonder something further. I believe that in his answer the minister referred to an agreement with reference to pricing which had expired, but which I understand has been extended to July 31. I understand further he is indicating that no more meetings are expected until the meeting of July 24. I now ask him: Is it really possible that the Government of Canada contemplates being able to reach an agreement by July 31 if no further meeting is to be held until July 24, in one week?

Senator Olson: Honourable senators, I don't want to repeat the commitments that this government has made and maintained through many, many weeks of negotiation, which is that we sincerely intend to try to reach a negotiated solution, and of course an agreement. I am an optimist in this, I think. I never cease to believe that reasoned agreement can be reached by reasonable men in a reasonable discussion.

Senator Smith: I should think that is probably right. I am trying to find out if one side is going to be reasonable.

Senator Olson: That you can take for certain.

HYDRO-ELECTRIC POWER—EXPORT TAX

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development. At the recent Liberal Party convention in Winnipeg, I understand that a resolution was passed to the effect that no export tax would be applied to natural gas sales. Will that same policy be applied to the export of hydro-electric power?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I know of no such resolution having been passed in Winnipeg.

Senator Flynn: Were you there?

Senator Olson: Yes, I was there.

Senator Perrault: He certainly was.

Senator Asselin: Can you say that no statement at all has been made in this regard by the minister?

Senator Olson: No, I cannot say that no statement has ever been made. I can say that I did not hear it. However, that is not the reply I made. Senator Doody said that some resolution had been passed that there be no export tax on gas. I don't know that that resolution was passed. It might have been when I was not at the meeting. I expect to get a full report of all the resolutions that were passed in a very few days.

Senator Doody: I have a copy of the resolution here, if that would be helpful to the minister, but perhaps he would prefer to wait until he gets the report.

Senator Olson: It is nice to have a copy of the resolution, but I would like to have the evidence that it was debated in the proper way and passed.

Senator Asselin: We weren't invited.

Senator Olson: I think I would rather rely on those rapporteurs from those meetings than some hearsay evidence that the honourable senator brings here.

Senator Flynn: Whether it was properly debated or not.

Senator Doody: I have read words to the effect that there was very little participation by the rank and file, but I guess it extended to the top echelons as well. I will just have to wait until the minister is ready to reply.

THE CABINET

PUBLICATION OF COMMITTEE MEMBERSHIP

Hon. Lowell Murray: Honourable senators, I have a question for the Leader of the Government arising out of the announcement by the Prime Minister today that he has no objection to making public the information as to the membership of cabinet committees. I wonder whether the minister and his colleague, the Minister of State for Economic Development, who have been stonewalling this chamber so shamelessly on this subject for the past number of months—

Senator Olson: You have destroyed the question by a long preamble.

Senator Murray: Are they now prepared, in the same spirit of freedom of information, to say whether they have seen the light as of 2 o'clock this afternoon and are now prepared to divulge this highly sensitive information to this chamber?

Hon. Raymond J. Perrault (Leader of the Government): First of all, I do not believe that anyone on this side ever suggested that this was a highly sensitive matter.

Senator Roblin: He just doesn't answer the question.

Senator Perrault: It was suggested that the proposal was under consideration whether the composition of these cabinet committees would be made public. I have looked at a transcript of the comments of the Right Honourable the Prime Minister in the other chamber this afternoon. If he proceeds to make public the make-up of the committees I can see no objection to having the same information tabled in this place. However, we must await events as they occur in the other place.

Senator Flynn: Really? You will do that? That is nice.

AGRICULTURE

MANITOBA—DROUGHT RELIEF

Hon. Duff Roblin (Deputy Leader of the Opposition): I should like to address a question to the Minister of State for the Canadian Wheat Board in connection with drought relief in Manitoba. My first question to him is if he will tell me whether or not the Honourable Lloyd Axworthy, Minister of Employment and Immigration, is the authorized spokesman for the government in respect to matters connected with drought relief.

Senator Perrault: He is a great minister.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I am not sure that Mr. Axworthy is the authorized spokesman for drought relief. He is the authorized spokesman for Manitoba, and I would wish to know what he said about this particular question before I comment on it. I think Mr. Axworthy can handle himself. He speaks very well whenever he speaks.

Senator Roblin: I call that damnation by faint praise, and very well done too. I congratulate the minister on his perspicacity.

Senator Argue: I think he is exceedingly able.

Senator Roblin: The point that brought me to my feet has to do with the statement made by the Minister of Employment and Immigration in Winnipeg on July 4, in which he said, referring to the federal program, that there was nothing in there to help pay any portion of Manitoba's emergency feed and transportation program. He said there was nothing in there. Then he went on to say—and this particularly concerns me—

Senator Perrault: A newspaper report.

Senator Roblin: Well, these are in quotation marks, so I presume they are correct. If not, we can establish the facts, because I wouldn't wish to put any words in his mouth.

Senator Smith: It is full of them anyway.

Senator Walker: He is going to choke.

Senator Roblin: Referring to Mr. Downey, who is the Minister of Agriculture in Manitoba, he said:

> He made an announcement without consulting with the federal government about federal participation.

He went on in the same interview, I suppose, or perhaps in another one, to say:

> It is unfortunate there was no consultation by the provinces with the federal government beforehand. I don't have to explain to you how government works.

I will reserve any comment on the cynicism of that final sentence, but I will say that I am disturbed to see it printed as coming from the minister, because I have had pretty fair assurances, which I must say relieved my mind on the matter, both from the minister to whom I am addressing these remarks and also from the Minister of State for Economic Development. Both of those gentlemen gave me repeated assurances that they were in contact with the governments in the prairie provinces; that there had been consultation in all respects, and in particular reference to the program that the Government of Manitoba announced I think both ministers can fairly be said to have given assurance that the fact that the Government of Manitoba took the action it did had not ruled them out in any way from receiving support from the federal government.

• (2050)

On May 27, I made the following statement:

> It seems to me that if a meeting were held between the three provincial Ministers of Agriculture and the federal officials, such a meeting would go a long way towards ensuring that we had the maximum effect for the minimum of effort in relieving the distress to which my honourable friend referred.

Senator Olson replied:

> My honourable friend can take it that exactly what he is describing that ought to be done now has been going on for many days.

I thought that was a good statement.

Then, on May 29 I asked the following question:

> I have a final supplementary question. The minister has said that he thinks the provinces will go along with the federal government's relief policy. The provinces have their own policies. What is the attitude of the federal government with respect to those policies? Could the minister give us a statement on that?

The minister replied:

> Having had discussions with my colleagues, I can say that I am positive that the federal government will agree in principle with the policies that have been put forth by the provincial government. It is simply a matter of co-ordination. I honestly do not anticipate difficulty in any way whatsoever.

Then I followed with the following question, which really was the final question:

> Will money follow the agreement in principle?

The Honourable Senator Argue answered "Yes." I can give you another example of a question I put to one of the two honourable gentlemen. This time, I guess, it was Senator Argue still speaking. Referring to me he said—

Senator Argue: Was it I?

Senator Roblin: Yes. The reference is June 17, page 476. The passage reads:

> The honourable senator asked whether in this program, in addition to the sharing of costs involved in the moving of feed to livestock, there should be a provision for payment for the movement of cattle to pasture. That provision is in the program. The federal government is prepared to share those costs.
>
> With regard to the agreements—and here I do not want to put up any barriers, because there are none—they will need to be signed by both the federal and provincial governments. I have seen draft copies of the agreements. The Minister of Agriculture for Manitoba, in a telephone conversation with me, said that he felt the points were satisfactory.

So it seemed that the minister was well in touch.

After the fact—after the statement made by the Manitoba government—on June 25, the Honourable Senator Olson said this:

> The fact that Manitoba has made an announcement in advance of having a prior financial commitment by the federal government in no way jeopardizes the possibility of asking—

And I realize how carefully he worded his reply:

> —the possibility of asking the federal government to participate—

From those statements I got the impression that there was a good co-ordination, a good liaison with the provincial governments, and that the federal government was giving sympathetic consideration to the request. I hope that is still the case. I have been given no reason by the ministers opposite not to think that it is still the case, and I hope that it is. If it is, I wonder if they would correct the statements made by their

colleague, which seems to me to be far from the spirit of co-operative federalism.

Senator Argue: Honourable senators, in the statement I made on May 29 I talked about and referred to the federal program that had been announced up until that time. Any notes I had seen about a possible agreement were draft notes, and I saw no difficulty in an agreement about certain transportation costs that Ottawa would share within that program of $7 million, which was made light of and which was ridiculed.

I knew nothing on May 29, nor at a later date, about any possible $40 million drought plan which was to be unveiled by the Premier of Manitoba. I did not know that the Premier of Manitoba had any consultation—any prior consultation—with any member of the federal cabinet about that program. I do know, however, that the Deputy Minister of Agriculture for Manitoba was in Regina on the Sunday preceding the announcement asking federal officials for their opinion as to what might be inserted in a program. He was getting their technical advice.

In any event, on Monday, June 24, Premier Lyon unveiled a $40 million Manitoba drought relief program. A certain spokesman for the Conservative Party—I cannot quote what was said because I don't have the press clippings right at hand—was pretty critical and said that the federal government was not very co-operative and was not doing very much about the situation. It did seem a little strange to me that with no consultation—and that is as far as I know—between the Premier of Manitoba or any minister of the Manitoba government and any minister of the federal government, which discussions might have led to this kind of an announcement on the basis of a joint plan, the Premier of Manitoba would ask the federal government to pay for a large share of his plan. I do know that after the statement was made, instructions were issued by the Premier of Manitoba to the Minister of Agriculture for Manitoba, Mr. James Downey, asking him to go to Ottawa the next morning to interview Mr. Whelan and ask the federal government to pay half the cost or close to half of the cost.

There is great room in this country for discussion and for co-operation, and perhaps even for agreement between the federal government and the provincial governments, but I do not see how it is likely to result in a satisfactory agreement if one party—this time I believe the Province of Manitoba—announces a large plan without having had prior consultation and yet wants to send the federal government a bill for close to half of the cost.

We announced at a later date a specific federal drought program and a specific one directed toward herd maintenance, with some other details, in the amount of $60 million. The federal government did not ask the Province of Manitoba to share in that cost.

Hon. Senators: Hear, hear.

Senator Roblin: I should like to ask the minister if he would please obtain more facts on this situation for the house, because my information varies somewhat from what he has told us.

My information is that the deputy ministers from the two Departments of Agriculture met in May and that the program was outlined to them at that time. My information is that the Minister of Agriculture for Manitoba telexed the federal Minister of Agriculture on the Friday before the announcement was made in Manitoba. I also am informed that—

Senator Argue: Would you have the contents of that telex?

Senator Roblin: I was going to ask you for that.

Senator Argue: I don't have it. It was for the Minister of Agriculture.

Senator Roblin: When the Minister of Agriculture for Manitoba met with the federal Minister of Agriculture, the latter is reported to have said that it was a good program and that they would work with them on it. That is the information I have.

My question is: Will the minister be kind enough to table in the Senate the documents that may have passed between the deputy ministers or the ministers with respect to this matter so that we can ascertain the facts of the situation?

Senator Argue: I am certainly prepared to make those inquiries of the ministers involved in the other place. I presume they themselves will decide on what information may be given to me to supply to the Senate and to my honourable friend. However, I certainly will endeavour to have that done.

• (2100)

As to a meeting of deputy ministers dealing with this subject at an earlier date in which a deputy minister from Manitoba was involved, I cannot say; but it was alleged by the Minister of Agriculture for Saskatchewan that there was a meeting of officials at the deputy minister level, meaning officials from the Saskatchewan Department of Agriculture—I believe a deputy minister—in Ottawa with federal officials at which a certain agreement was reached. I saw a copy of the letter that the federal Minister of Agriculture wrote to the Minister of Agriculture for Saskatchewan, and in that letter he stated that at that particular meeting—and I would think that was the very first meeting that was held at that level—not only was there no agreement arrived at but the question of an agreement was not even considered; that the meeting discussed the problem, with no reference to an agreement. But, assuming that is the same meeting, I will certainly endeavour to get the position of the federal Minister of Agriculture on that subject.

Senator Roblin: I am sure that the matter of the communications with the Government of Saskatchewan is of interest, but my main concern is the relationship with the Government of Manitoba. My honourable friend left me in some doubt as to what he proposes to produce by way of papers. He made reference to the ministers of the other place. Did he mean the Government of Manitoba or—

Senator Argue: I think there is only one "other place" from our standpoint.

Senator Roblin: Yes, but it seems to me that if a request for papers is made in this house, we do not necessarily have to be guided by what happens in the other house. We can make our requests here, and the minister can then make up his mind as to whether or not he is going to let us have them.

Senator Argue: All I was endeavouring to say was that I would take the request of Senator Roblin to the federal Minister of Agriculture and point out to him the request that has been made and then bring to this chamber whatever information he is prepared to supply. I do not know that this chamber can order that anything be done, but I am willing to do my best to comply with the request of Senator Roblin.

Senator Roblin: I take my honourable friend's statement at its face value. I know he will do his best. But I think that as one of the Houses of Parliament we have the same right to demand production of papers as the other house, and it seems to me that if the minister then declines to produce the papers, he had better have some good reasons for doing so.

Senator Argue: That is why I was trying to make the point. If Senator Roblin wishes to put a motion on the order paper for the production of papers and that motion is passed, then that would have a great deal of authority. But he has asked me whether I would endeavour to do certain things, and I have agreed to endeavour so to do.

Senator Roblin: I thank the honourable minister. I shall await the exercise of his good offices, and if that does not produce results we will see what else can be done.

PARLIAMENT

LIBERAL AND NON-LIBERAL RIDINGS

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government. I am wondering whether the leader still holds the view expressed at one of the annual meetings of his party that he attended, near Harrison Hot Springs, and as reported in a Canadian Press release, to the effect that he rejected the proposal that eastern members of Parliament should try to represent western ridings in the House of Commons, which was a suggestion that had been earlier made. The Leader of the Government was quoted as saying that no eastern MP should purport to speak for western ridings and that the role of opposition members in Parliament should not be usurped in any way.

I am wondering whether he still holds that view.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I hold the view that members of the House of Commons and the Senate have a responsibility to all the people of the region they purport to represent, regardless of party affiliation. A member of Parliament, whether serving in the House of Commons or in this place, has a responsibility to the people of the constituency or region he or she purports to represent regardless of his or her political affiliation, and I hold to that view. I do not believe that we can ever institute any official system of having a member from one part of Canada represent a riding in another part of Canada. I do believe there is a great deal to be said for members of Parliament, wherever they live, trying to obtain more information and more comprehension of regional problems that exist in this country. If this twinning concept involves eastern members learning more about western problems and western constituencies, that would be highly commendable, and it is just as important for western members of Parliament, regardless of party, to learn more about the problems facing the Atlantic provinces, Ontario, Quebec and the North. In that way we are going to build a better and more united country.

[Senator Argue.]

Hon. Senators: Hear, hear.

Senator Nurgitz: While I appreciate the response of the Leader of the Government, I would still like to know whether, in an official or a non-official capacity, the leader continues to reject the proposal for twinning.

Senator Perrault: If twinning is interpreted as meaning that a member from a Quebec or Ontario constituency assumes the right to speak on behalf of all the people of certain western constituencies, I reject that idea; but I do welcome the initiative that was going ahead in western Canada to have more members of other parts of Canada learn more about the problems of Alberta, British Columbia, Saskatchewan and Manitoba. Such knowledge would improve their performance as members of Parliament. However, if this hand of friendship is extended by members of Parliament from the eastern provinces, then western members of Parliament, regardless of party, should interest themselves in the problems that exist in other parts of Canada. It must not be a one-way street.

Senator Nurgitz: Honourable senators, the Leader of the Government having, in my view, somewhat switched his position, could those of us from the west know who our "unofficial" twin member is so that we might know who to speak to in terms of having a Liberal representative.

Senator Perrault: That really is a question that should be asked by one of the honourable senator's colleagues serving in the other place.

An Hon. Senator: Why?

Senator Perrault: I do not keep a list here, nor do I believe that a list of names of those members of Parliament from Ontario, Quebec and the maritimes who have some sort of special interest—and that is the best way to describe it—in the western ridings is kept by any honourable senator. I do know, however, that as far as this chamber is concerned, no senator of whom I am aware applies to any problem brought to him or her some sort of political test in terms of whether the person writing the letter is Liberal, Progressive Conservative, NDP, or anything else. One of the strengths of this place is that it is not politicized to the degree some other legislative chambers in this country happen to be.

Senator Choquette: Only when there is a vote.

Senator Perrault: That kind of political test will never be applied by government supporters in this place, and I know it is not being applied by members of the official opposition.

Senator Nurgitz: One final supplementary. I take it, then, there is a policy of not disclosing who the twin member is.

Senator Flynn: Do you know your own twin?

Senator Perrault: There seems to be almost a passionate zeal on the part of the official opposition to try to create the impression in the country that there is an attempt on the government side to suppress information. This has been one of the most forthcoming governments in the history of this country.

Senator Flynn: That is the best joke I have heard for some time.

Senator Nurgitz: Given the openness of the government leader, I trust he will not object to giving us in the next day or two the list of twin members.

Senator Perrault: If the honourable senator is seeking the assistance of one of these so-called twinned MPs in respect of a particular problem, why not send the problem over to us and we will do our best to solve it for him.

Senator Asselin: Produce the list.

THE ECONOMY

SMALL BUSINESS DEVELOPMENT BONDS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wish to reply to Senator Roblin's question of June 25 last regarding the broadening of the policy relating to small business development bonds so that these instruments could be used by small businessmen to raise working capital.

I wish to inform the honourable senator that I have consulted with the Minister of Finance on this matter. He indicated that the decision to introduce the measure on April 21, 1980, was based on the need to help small business continue to expand despite present interest rates. The proposal achieves this objective in two basic ways: first, it allows interest subsidies to small businesses for the purpose of acquiring new capital assets which are vital to expansion and to finance research and development expenditures.

• (2110)

Secondly, it allows interest subsidies to small corporations in financial difficulty and in this latter case the funds can be used for any business purpose including working capital needs.

It is important to note that this proposal endeavours to foster the development of small businesses. The government feels that the proposal, as outlined in the communiqué dated June 13, 1980, is the most efficient means of allocating scarce resources to attain this objective.

Accordingly, the Minister of Finance is of the view that it would not be appropriate to broaden the terms of small business development bonds so as to include all refinancing of working capital requirements.

I would be very happy to send the honourable senator a copy of that communiqué if he does not already have it.

ENERGY

PROMOTION OF PETROLEUM SUBSTITUTES—TAXATION POLICY

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to reply to Senator Roblin's question of June 25 concerning the application of the seven cents per gallon (1.5 cents per litre) special excise tax on petroleum substitutes, in particular, gasohol, which is a blend of 90 per cent gasoline and 10 per cent alcohol. The government has received several inquiries about the application of the seven cents per gallon excise tax to gasohol.

Different provinces have adopted different positions. Manitoba, as the honourable senator knows, provides full exemption from its gasoline tax levies for gasohol. Ontario, on the other hand, exempts only that portion of the blended product which represents the alcohol content.

Complete exemption from the seven cents per gallon levy for gasohol could have adverse revenue consequences as well as encouraging wasteful use of this precious resource.

Various options which may achieve energy conservation by encouraging the use of gasoline substitutes are currently under review. No firm decision has been made to date as to whether any or all of them will be implemented.

Q & M PIPELINE—ENVIRONMENTAL STUDY

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wish to reply to a question directed to me by Senator Marshall on June 25 regarding the status of environmental studies related to the application by Q & M pipelines to construct a pipeline from near Quebec City to New Brunswick and Nova Scotia.

The Minister of Energy, Mines and Resources has stated on several occasions that the government remains committed to reducing the dependence of the Atlantic provinces on imported oil and that the natural gas pipeline extension is a preferred way of achieving this objective. He stated last week in the other place that he has had two meetings with the promoters of the Q & M project and has asked them to continue their study on the environmental aspects identified by the National Energy Board. To date there has been no decision by the company to complete these studies or to file a new application with the NEB. The minister also indicated he hoped to discuss the project again in the near future with his provincial colleagues in Nova Scotia and New Brunswick.

I might add that with regard to the Quebec extension, the Quebec government is expected to make a final decision on the pipeline's right of way under its land use legislation this summer so that construction can commence early next year. This would provide for completion of the Q & M pipeline as far east as Quebec City.

I would like to add also that while I now have the information respecting the question asked by Senator Marshall regarding shipbuilding, perhaps in view of the hour it would be satisfactory if I were to give that reply tomorrow.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have some information on the status of the Garrison Dam controversy which may be of interest. The government is deeply disappointed at the July 2 decision taken at the House-Senate Conference to approve the additional Garrison appropriation of $9.7 million, particularly in light of the government's strong efforts through the embassy in Washington and the actions of the Manitoba government and the initiatives of concerned Canadian parliamentarians to make United States Congressmen well aware of Canada's concern over the provision of any new funding for the project.

The government has noted the stipulation of Congress that the additional appropriation will not be for work directly affecting Canada. Through our embassy, however, the government has this week secured confirmation from senior U.S. Administration officials that any construction activity funded by the new appropriation will not provide for any drainage into Canadian waters, that is inter-basin transfers.

While the government finds the recent action by Congress disturbing, it should be noted that the entire project remains under internal review by the U.S. Administration. Accordingly, the government will continue to take every available opportunity to reiterate Canada's concerns over the project as currently designed, and to urge that the project be modified to eliminate all inter-basin transfers of water and associated harmful foreign "biota." The United States government has given us formal assurances that it will honour its Boundary Waters Treaty obligations and commitments to Canada. We will continue to do everything possible to ensure that this will be the case.

Honourable senators, may I state in addition that I have been informed by the office of the Right Honourable the Prime Minister that Canada's concerns regarding Garrison were made known to President Carter at the Venice Summit Meeting, indicating the importance that the government places on this entire matter.

POST OFFICE

SETTLEMENT WITH CANADIAN UNION OF POSTAL WORKERS—MAIL DELIVERY GUARANTEES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by the Honourable Senator Molson on June 5 regarding his concern for mail delivery guarantees. The answer is quite long, and in the interest of saving time it might be the wish of honourable senators to have this answer printed as part of today's proceedings.

Hon. Senators: Agreed.

Senator Perrault: Or perhaps Honourable Senator Molson would like to receive the answer verbally tomorrow.

[Senator Olson.]

Senator Molson: I would be quite satisfied, if it is an important statement, to have it placed on the record. If it is not, then I would be quite happy to have a copy of the reply.

Senator Flynn: Put it on the record.

Senator Perrault: Very well.

(*The answer follows:*)

Canada Post attaches the highest importance to achieving a high rate of reliability in mail delivery, and that it has achieved considerable success in meeting the most demanding specifications it has set for itself in this area.

The current first-class mail service specifications, developed to replace the "Assured Mail Program", were adopted in May, 1978, between 22 major offices and were subsequently extended to other post offices. According to these specifications, postal managers have introduced operating plans to ensure the following:

—next-day delivery for mail destined to the socio-economic area as determined by historical practices, customer expectations and needs;

—next-day delivery for closely paired cities where there has existed a precedent for this level of service and where operational capability permits this;

—second-day delivery to other selected paired cities where it is operationally possible; and

—third-day delivery to other post offices except isolated and remote areas.

The above basic service commitments apply to letter-size items and flats which comply with "Canadian Postal Standards".

Canada Post plans to better its performance and reliability by improving the integration of key centres and by keeping critical connections to a minimum. They are now analyzing operations at these key centres to ensure that the collection and delivery, processing and distribution systems within them perform effectively, both individually and when fully integrated.

To promote an understanding and commitment to service specifications, internal "rule books" are being prepared which outline the basic operational principles to be used at each individual plant in developing operational plans that will result in meeting schedules and time specifications. Moreover, to identify areas not meeting specifications we are establishing system and service performance indicators at the working level for the timely application of corrective measures.

Their specifications as to reliability have been set at a high level and much work remains to achieve these specifications across the whole country. In the upcoming planning period they will continue to concentrate our efforts towards meeting these higher standards.

In the recent past they have made substantial progress in improving their reliability. Canada Post remains confident that the above programs will contribute in no small

measure to providing Canadians with a reliability in the mails that is second to none.

CANADA-UNITED STATES RELATIONS

FISHERIES—EAST COAST BOUNDARY CONTROVERSY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, there was a question asked by Senator Marshall on June 12 regarding the East Coast Boundary controversy over fisheries. The question has been answered by a news release, on June 6 by the Minister of Fisheries and Oceans. Again that could be printed as part of the record if honourable senators agree.

Hon. Senators: Agreed.

(*The news release follows:*)

A ban on commercial fishing of Atlantic salmon, imposed in April 1972 as a conservation measure in certain areas of Atlantic Canada, will continue in 1980, Fisheries and Oceans Minister Roméo LeBlanc announced today.

"The ban," said Mr. LeBlanc, "was introduced as a conservation measure to allow salmon stocks to increase. However, the advice of our fisheries experts indicates that the recovery of the stocks has not yet reached a level to justify a resumption of commercial fishing."

The minister added that the department last year undertook a thorough review of the Atlantic salmon fishery, including biological considerations and the economic and social impact within the Atlantic provinces. A comprehensive plan is now being developed, covering management and the further enhancement potential for Atlantic salmon stocks.

Mr. LeBlanc said that subject to Federal Treasury Board approval, compensation payments will continue to be paid in 1980 to fishermen prevented from fishing as a result of the commercial salmon ban. This compensation amounts to approximately $1.5 million annually, and will continue at 1979 payment levels for some 700 commercial fishermen.

Because of the commitment made by the previous government to continue the ban on commercial salmon fishing, and due also to the fact that the new administration has not had sufficient time to fully assess the situation, a decision to reopen the fishery, even on a limited basis, could not have been made in time for the fishermen to gear up for the 1980 fishing season, said the minister.

TRANSPORT

TORONTO AND MIRABEL AIRPORTS—INTERNATIONAL AIR SERVICES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked on June 12 by the Honourable Senator Smith regarding user and landing fees at Ministry of Transport owned and operated airports.

The answer is as follows. The general policy is to recover the costs of facilities and services provided, at public expense, in support of air transportation. The specific cost recovery objective for facilities and services must, however, be assessed on its own merit. In the case of the proposed increases in landing fees and general terminal fees, there is a need to generate additional revenue to fund the Air Transportation Program. For example, a deficit of $356 million is forecast for the program in fiscal year 1980-81.

Honourable senators, I have other questions to which I shall give the replies tomorrow.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, would the honourable leader permit me to ask a further question about the Garrison project? Is he able to provide the house with a copy of the communication from the Government of the United States in respect to this matter. It would certainly help to clarify at least one person's understanding of the matter.

Hon. Raymond J. Perrault (Leader of the Government): That inquiry will go forward, and if it is possible to provide that document it certainly will be tabled.

GRAIN

COUNTRY ELEVATOR SYSTEM—GRADE PROMOTION

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, a question was asked of me by the Honourable Senator Bielish on May 29. The question was as follows:

Could the minister inform the house and the farmers of western Canada whether he has investigated grade promotion or upgrading practised by the country elevator system and, if so, have the results of his investigation led to the assurance that the producer is receiving full value for his grains?

Honourable senators, the answer is somewhat lengthy and, if it is agreed, I will have it printed in the record as though it had been read at this point.

Hon. Senators: Agreed.

(*The answer follows:*)

The fundamental principle of grain grading is to assure each producer on delivery to the country elevator receives the grade his grain is entitled to under the grade established by the Canadian Grain Commission. Where a dispute arises upon delivery, an agreed on sample by the farmer and the country elevator agent is submitted to the Canadian Grain Commission's chief inspector and the grade he establishes is binding on the purchase of the grain. Once the grain is in the elevator and ownership has changed, the elevator agent can then blend the grain in any manner he wishes to improve its quality. For example,

he could buy grain from five farmers totalling 5,000 bushels, which was at the top of the No. 1 grade. He could buy grain from five farmers totalling 5,000 bushels, which was above average of the No. 2 grade, blend the two 5,000 lots together and ship 10,000 bushels that would grade No. 1. I use this as an extreme example for illustration purposes only. In practice, blending within the country system in total represents less than 10 per cent in grade gains. The overall benefit, while not directly, is certainly indirectly a benefit to the farmers. The elevator company has an earning that may allow it to operate at a lower country tariff than would otherwise be required. A producer co-operative elevator company has these additional funds that will in due course be distributed to its membership.

TRANSPORTATION

MEMORIAL UNIVERSITY, NEWFOUNDLAND—FEDERAL GRANT FOR RESEARCH

Question No. 3—**By Hon. Jack Marshall:**

1. Has Memorial University, in the Province of Newfoundland, ever applied for a federal grant for transportation research to focus university attention on Canadian transportation problems and to increase the number of students specializing in transportation studies for the industry and government?

2. If an application was received, was it approved? If not, why not?

Reply by the Minister of Transport:

1. According to our records Memorial University of Newfoundland has not applied for a grant under the program supporting transportation research at various Canadian Universities.

At the present time there is provision for only one grant-supported centre for transportation studies in the Atlantic Provinces, the Canadian Marine Transportation Centre at Dalhousie University in Halifax. Under the "Centres of Excellence" policy the very limited federal funds available for transportation research activities at universities are directed to those universities which have well-developed and recognized transportation programs at the graduate level. Memorial is not one of these.

However, in 1974 Memorial University did receive a $4,500 grant from the Transportation Development Agency to help support a transportation conference in Gander.

2. Not applicable.

EMPLOYMENT TAX CREDIT ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. John. J. Connolly moved the second reading of Bill C-19, to amend the Employment Tax Credit Act.

[Senator Argue.]

He said: Honourable senators, Bill C-19, to amend the Employment Tax Credit Act, happens to be a very short piece of legislation. It contains but two clauses, and its purpose is to extend a program that would have ended on March 31, 1981 to March 31, 1982. It extends also the time within which employers may register for participation in the program. The extension of that right is for one year. This is all contained in clause 1 of the bill.

• (2120)

Clause 2 of the bill says that the effective date of the amendment will be April 15, 1980, which is the day after that on which this session commenced.

Having said that, I think I can add that I have said more about this bill in these last few minutes than was said in the House of Commons in eight or nine days of debate. But the bill, for the Senate, is certainly a matter of déjà vu. In January 1978 the Senate had before it Bill C-23, which was an act to amend the Income Tax Act and to establish the Employment Tax Credit Program. That bill was debated in this chamber on January 31 and February 1, 1978. For the record, that debate can be found in the *Hansard* of this house for the session of 1977-78 at pages 280 and 286. The bill was referred to the Standing Senate Committee on Banking, Trade and Commerce, which considered it on the 1st and 2nd days of February, 1978. For the record, committee's proceedings on the bill can be found in issue No. 15 for that session. The minister appeared before the committee, and so did officials of the department. The committee then reported to the Senate on the bill.

I should say something about the program envisaged here, if only to recall to honourable senators what we all knew two years ago but which, no doubt, like myself, everyone has forgotten in the meantime. In the first place, the Employment Tax Credit Program does not involve direct grants or subsidies or subventions in the public sector of the economy by governments. Programs of that kind have already been announced by the appropriate minister, and I think if I referred to them in a general way that would be sufficient to satisfy the requirements of all senators.

There are community service projects, community development projects, new technology employment programs, and employment programs for the disadvantaged. We also have a multiplicity of training programs which are the result of a direct subvention by the federal exchequer. Some of these programs are the Native Opportunity Training Program, the Critical Trade Skills Training Program, the Non-Traditional Training for Women, the Refugee Language Training Program, and so on. We have the Summer Youth Employment Program, the Canada Works Carryover Program, the Local Employment Assistance Program.

I am told that the sum total of all of these programs involves jobs or training places in the fiscal year for over 122,000 people, and that the cost is roughly $370 million.

This program, as honourable senators may remember, is an attempt to foster employment in the private sector of the

economy by reducing the cost of wages paid for new jobs created by employers. The method used to assist the employer in the private sector to do that is to provide him with a tax credit. At this point perhaps I should say what the amount of the tax credit is in the various regions of the country. The regions are those prescribed in the Regional Development Incentives Act, which is a statute of this Parliament.

In the Atlantic region and the Gaspé the amount of the tax credit is $2 per hour per new job. In the more populous regions of southern Canada, both east and west, such as Montreal, western Quebec including Hull, southern Ontario and southern British Columbia, the amount of the tax credit is $1.50 per hour per new job. In the other regions of the country the tax credit is $1.75 per hour.

Those figures seem rather meaningless without being put into some context, and the best method to follow might be to use an example to explain how these proposed credits are to be applied. For the sake of an example, let us consider only the situation in the Atlantic region. Assume an employer creates a new job for which he will pay the new employee $5 an hour, and assume also that the employee in this new job will work a 40-hour week for 50 weeks. In one year he will have worked 2,000 hours, and the total cost of that job to the employer, therefore, will have been $5 times 2,000, or $10,000. Because we are talking about the Atlantic region, the tax credit will be determined at $2 per hour for 2,000 hours, and will be $4,000. That tax credit, under a provision in the mother act which amended the Income Tax Act, is taxable. So the $4,000 tax credit that became available to the employer is added to the employer's income.

Let us say that in this case the employer is the owner of a small business rather than of a large corporation. As honourable senators know, the income tax rate for small businesses is 25 per cent. Since $4,000 is to be added to the earned income of the small business it will be taxed at the rate of 25 per cent, and, therefore, the tax on that amount will be $1,000. The benefit therefore from the $4,000 taxable tax credit is $3,000, and that $3,000 accrues to the benefit of the employer.

● (2130)

The gross cost to the employer of this new job which he created is $10,000; the tax benefit that he gets under this legislation is $3,000, so the actual cost of that job for that first year—the only year in which he is entitled to this benefit—is $7,000. It costs him $7,000 to create a new job, for which he pays the employee $10,000.

That tax credit, honourable senators, can be carried forward for five years. Excluded from the program are temporary jobs and jobs of personal service. Two years ago, when we had this legislation before us, we discussed whether or not new ventures qualified. At that time we were told—and the rule still applies—that they do not.

There is a once only credit allowed for each job. The employee, in order to qualify for a new job, must be out of work for at least two weeks and he must be under the age of 65 years.

It may be of advantage and helpful to honourable senators if at this point I were permitted to place on the record a table showing the agreements signed and the jobs created in the fiscal year 1978-79, which was really the first year of the program, and the fiscal year 1979-80.

I might say that when the program was first announced in 1978, it was hoped that 50,000 jobs a year would be created. In the first fiscal year that expectation was not realized, only 16,711 jobs being created under the program. However, the program was thought to be valid enough for an intensive advertising campaign to be undertaken by the department, as a result of which in the fiscal year from March 31, 1979 to March 31, 1980, 50,906 jobs are said to have been created. The tables to which I have just referred give not only the number of jobs created in each of those two fiscal years but also give the number created by provinces.

May I also place on the record, honourable senators, another table showing the jobs by standard industrial code? I do not know too much about the meaning of the words "standard industrial code," but the table indicates the percentage of jobs that have been created in agriculture, forestry, fish and game, mines, manufacturing, construction, transportation, trade and commerce, finance and insurance, and services.

Perhaps honourable senators might be interested to know that 51 per cent of all the jobs were in manufacturing; 19 per cent were in trade and commerce; 12.7 per cent were in services, and there were smaller percentages in the other categories of employment. I now ask permission to place those two tables on the record?

Hon. Senators: Agreed.

(*The tables follow:*)

EMPLOYMENT TAX CREDIT PROGRAM

AGREEMENTS SIGNED AND JOBS CREATED
AS OF MARCH 31, 1980

Province	1978-79		1979-80	
	Agreements	Jobs Created	Agreements	Jobs Created
Newfoundland	267	348	416	524
Prince Edward Island	158	226	190	245
Nova Scotia	378	530	831	963
New Brunswick	413	572	970	1,458
Quebec	6,223	8,523	14,279	18,538
Ontario	2,885	3,748	14,771	19,108
Manitoba	316	421	875	1,163
Saskatchewan	238	272	638	727
Alberta - N.W.T.	388	468	1,391	1,639
British Columbia - Yukon	1,181	1,603	4,559	6,541
Total:	12,447	16,711	38,920	50,906

JOBS CREATED BY STANDARD INDUSTRIAL CODE

	Percentage
Agriculture	1.8
Forestry	1.1
Fish and Game	—
Mines, Oils and Quarries	0.7
Manufacturing	51.0
Construction	8.4
Transport	2.3
Trade-Commerce	19.8
Finance and Insurance	2.2
Services	12.7
	100.0

Senator Connolly: I am told that the majority of the firms that participated in the program were small business firms. In fact, 77 per cent of the firms which participated had less than 20 employees. Over 50 per cent of the people employed were under the age of 35. The average schooling that employees taken on under the plan had acquired was to the level of grade 11. The wages of the employees varied quite a bit by region, but the average was somewhere between $180 and $200 per week. I am told that 34 per cent of the persons employed were women, which is not a bad record when one considers the fact that women account for some 40 per cent of the work force.

I am informed that of the employers who participated, 92 per cent have said that they would participate again. It was hoped originally that the jobs would be continuing, permanent jobs. I am informed that 48 per cent have continued for more than the year in which the program was operative.

Honourable senators, this is not by any means a complete answer to the unemployment problem in this country, but I believe that from a poor start the program has picked up and it seems to me to be a valid type of program to have in place at a time like this.

We are not the only country that has programs founded upon similar concepts. There are similar programs in the United States, Spain, Sweden and France. I think the second year of experience with this program has proved to be more helpful and to have had a more positive effect than in other countries.

To summarize, I would use the example which I used originally. The 50,000 jobs created by this program in the second fiscal year, at $10,000 per job, mean that a half-billion dollars was put into the economy. The cost to the government, estimated to be the same as it was when the program was begun, was $100 million or 20 per cent; the 80 per cent or $400 million that went into the economy as a result of the program was contributed by the employers, who, of course, got the benefit of the work done by the new employees. The cost to a small businessman of a job that paid $10,000 a year, in the example I used, would be about $7,000. By comparison, the cost for a big businessman or a corporation would be about $8,000.

• (2120)

Honourable senators, as I have said, I do not think this program is a complete answer to the unemployment problem in this country, but it is an attempt, by co-operation between the public authority and the private sector, to do something positive about creating new jobs and, hopefully, permanent ones.

If the bill receives second reading and if honourable senators desire that it be sent to a committee, I would suggest that the appropriate committee is the Standing Senate Committee on Banking, Trade and Commerce, and I would make a motion to that effect.

On motion of Senator Macdonald, for Senator Nurgitz, debate adjourned.

REGIONAL DEVELOPMENT INCENTIVES ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. L. Norbert Thériault moved the second reading of Bill C-35, to amend the Regional Development Incentives Act.

He said: Honourable senators, as you are aware, this amendment in Bill C-35 is simply for the purpose of extending the existing legislation for three years to December 31, 1984. I am sure that every member of this chamber, like the members of the other place, have had and still have a very deep interest in this legislation which was passed about 10 years ago.

If I remember correctly, His Honour the Speaker was the first Minister of Regional Economic Expansion.

Hon. Senators: Hear, hear.

Senator Thériault: I believe it was said by everyone who spoke on this amendment in the other place that great things have come out of this legislation—perhaps not everything we expected, but nevertheless progress has been made. Many people in government, including the new minister, his immediate predecessor, and others before him, feel that the time has arrived to take another in-depth look at the operations of that whole department.

I believe that proper legislation, or at least a paper on the program, would have been introduced by now had it not been—and my comments are not intended to be political—for the intervening elections with different ministers taking different views at different times.

I am informed that the present minister hoped to be able to present legislation encompassing the whole operation of the department before the expiry of this act, but found that more information and more studies were required and he, therefore, saw the necessity of introducing an amendment to extend the life of the statute by five years.

There are many reasons for this step. As many of you are aware, before a plant is built, machinery has to be ordered,

and before the operation goes ahead a long time may elapse. I am informed that at the present time, under the existing legislation, at least 30 applications for incentives cannot be proceeded with because of the expiry date of December 31, 1981. I will not bore this chamber with more details of the reasons for the amendment. I think they are self-explanatory.

The benefits that have accrued, especially in the area of the country in which I live, the Atlantic provinces, and in some other parts of the country, are tremendous. I personally believe that this program and this department has to be strengthened. As the minister has requested, I believe it has to be funded in a more permanent manner since I am often told that when a prospective industry is approached, it is concerned about the permanency of the program and, therefore, does not really bother to take an in-depth look at establishing in an area where it may benefit by incentives under this program. Of course, that applies especially to major industries.

I hope this house will be afforded an opportunity to discuss the new legislation even before it is passed in the other place. Hopefully, that will come forward this fall or early next year. Regardless of what part of the country the members of this house are from, they will realize that progress has been made by the Department of Regional Economic Expansion in slow growth areas as a result of this legislation.

Nevertheless, I repeat that, in my humble opinion, the department has to be strengthened. The minister responsible for that program must be given an opportunity to have some say in the co-ordination of activities and programs of other departments. Over the years it has been found that different bureaucracies do not always see eye to eye on how to solve various problems, and sometimes empire building becomes more important than the net benefit to the people who are affected.

The amendment is, as I say, to extend the legislation until December 31, 1984. Therefore, honourable senators, I would hope that with these few words of explanation you will pass this measure, with hope that we will have an opportunity to put forward our views on the whole operation as soon as possible.

On motion of Senator Macdonald, for Senator Roblin, debate adjourned.

• (2150)

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, July 9, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Copies of document entitled "Proposals to correct certain anomalies, inconsistencies, archaisms or errors and to deal with other matters of a non-controversial and uncomplicated nature in the Revised Statutes of Canada, 1970, and other Acts subsequent to 1970", issued by the Department of Justice.

Report on the Audit of the Office of the Auditor General to the House of Commons for the fiscal year ended March 31, 1979, pursuant to section 7 of the *Auditor General Act*, Chapter 34, Statutes of Canada, 1976-77.

NOVA SCOTIA

OFFSHORE MINERAL RIGHTS—NOTICE OF INQUIRY

Hon. G. I. Smith: Honourable senators, I give notice that on Tuesday next, July 15, I will call the attention of the Senate to:

Some of the historical facts relevant to the claim of Nova Scotia to minerals off its shores which distinguish that claim from the British Columbia claim dealt with by the Supreme Court of Canada in *Reference re Ownership of Offshore Mineral Rights,* (the British Columbia Reference Case) (1967) Supreme Court Reports, 792 and (1968) 65 Dominion Law Reports (2d), 353, by reason of which the said judgment does not decide the ownership of minerals off the shores of Nova Scotia.

In view of the fact that I have had a similar Notice of Inquiry standing on the order paper for some time, perhaps I might be permitted a word of explanation. My purpose in proceeding with this second inquiry is simply to divide the subject into discussions of convenient length. If I were to deal with the whole problem in one speech, I am afraid I would inflict myself upon honourable senators, with their consent, until they might not be willing to continue that consent. So it seemed to me that to divide the subject matter which I wish to discuss into two would help honourable senators to endure what I have to say.

Senator Frith: Perhaps you might explain the two divisions.

Senator Smith: The first inquiry would deal with the judgment of the court itself—that is, what it says—and emphasize the fact that the judgment recognizes that there might be historical facts which are different in other places from those which the court had to consider in reference to British Columbia. That would be the subject of my first inquiry.

The second inquiry would be to go on to discuss what those facts are.

Senator Frith: Would it be the wish of the proposer that once his remarks with reference to the first inquiry were completed and someone on this side were to adjourn the debate, that that would be the time to do so; that is, to complete the first division of the inquiry and then to proceed to the second?

Senator Smith: That is what I rather hope will happen.

STATUTE LAW AMENDMENT PROPOSALS

REFERRAL TO LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the document entitled "Proposals to correct certain anomalies, inconsistencies, archaisms or errors and to deal with other matters of a non-controversial and uncomplicated nature in the Revised Statutes of Canada, 1970, and other Acts subsequent to 1970," tabled in the Senate this day, be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

• (1405)

By way of explanation, honourable senators, this, I believe, is the third such periodic document proposing non-controversial amendments to statutes. Often they involve simple typographical errors, and the practice that has developed in both houses is to refer the document to the appropriate committee in each house. I understand that this document is being tabled in the House of Commons today and will be referred to their judicial committee. This is what happened in the case of the previous two, and for that reason I am moving that this document be referred to the appropriate committee in this chamber.

Motion agreed to.

QUESTION PERIOD

[*English*]

ENERGY

ALASKA HIGHWAY GAS PIPELINE

Hon. R. James Balfour: Honourable senators, I have a question for the Minister of State for Economic Development. Last evening the minister in reply to Senator Charbonneau reaffirmed the government policy that no prebuild of the Foothills pipeline would be permitted until ironclad guarantees had been received from the Americans that the entire line would be completed. The minister also cited progress over recent weeks insofar as achieving those necessary guarantees is concerned.

Would the minister indicate to us if the progress to which he alluded constitutes those absolute guarantees that Canada has been seeking?

Hon. H. A. Olson (Minister of State for Economic Development): Well, honourable senators, I have been around the political scene long enough to know that there is nothing quite as absolute as seems to be involved in that question. I suppose something could happen that would either delay or have some other effect on the assurances that have been given by the United States administration, the United States Houses of Congress and the producers and sponsors involved in the building and operating of this pipeline.

But I said last night, and I can reaffirm today, that there has been a great deal of progress made in getting all of the parties involved to a higher level of commitment. If you want my personal opinion, I believe an assessment of those commitments leads to the conclusion that all of those people in the United States are very anxious that the pipeline should be built in its entirety and, indeed, as soon as possible.

Senator Balfour: I have supplementary question for the minister. Accepting the remarks he has just made at their face value, I would, nevertheless, point out that approval of the prebuild, if it were to be given in the absence of absolute assurances that the remainder of the line would be built, would in effect constitute a decision to export Canadian natural gas. My question is this: Is it still the policy of the government, as enunciated by Mr. Lalonde last December 6, that our bias as Canadians should be against any gas exports outside of Canada, and that approval of further exports would go down in history as one of the greatest sell-outs we have seen?

Senator Olson: The honourable senator should keep up with historical facts that have taken place. Obviously he has either not done his homework or he is ignoring some important facts.

Senator Perrault: The Tory Research Bureau.

Senator Olson: Yes, the Tory Research Bureau or whatever. The fact is that there have been some decisions made by the National Energy Board since December 6, 1979, after adequate hearings, that there is something over four trillion cubic feet of gas in excess of providing for all the requirements of Canadian use that are contained within the formula to arrive at that figure. It seems to me that the honourable senator should take those factors into account. That is not a decision made by the government. It is a decision made by a board that is set up with terms of reference, a board in which I would expect both sides of this house to have some confidence.

• (1410)

Senator Balfour: Is the minister in effect telling us that additional discoveries of natural gas have been made since December 6 last, which now justify the approval of massive exports of Canadian natural gas to the United States? Is that what he is saying?

Senator Olson: No, that is not what I said at all.

Senator Flynn: He tries never to say anything.

Senator Olson: What I said was that there were hearings under way probably before December 6. The consideration of the National Energy Board, who are charged with the responsibility of making an assessment of those hearings and all the data that support those hearings, is such that they have reached the conclusion, and indeed recommmended, that an export permit be granted for, I think it is, 4.2 trillion cubic feet of gas through more than one delivery point, some of which would go through the prebuild system.

Senator Balfour: Is the minister in effect saying that Mr. Lalonde, when he made his statement on December 6, had failed to do his homework?

Senator Olson: No, not at all.

Senator Flynn: Oh yes.

Senator Olson: In case the honourable senator is unaware of the fact, let me point out that that is over six months ago.

Senator Flynn: He wanted to win the election.

Senator Olson: There have been some important decisions made by the people charged with the responsibility of assessing the data and the submissions that are made to the National Energy Board, and that decision was not made until, I think, April, which is some time later than December 6.

Senator Flynn: Hot air. He only wanted to win the election.

Senator Perrault: You are living in the past over there.

Senator Flynn: You are living in the past and you are looking to the future.

Hon. G. I. Smith: It might do the honourable senator some good to consider the past too. I should like to ask a supplementary question of the minister. Even he must find it very difficult to be certain in his own mind that Mr. Lalonde was well informed when he made those remarks last December.

Senator Olson: If I left the implication or imputation that Mr. Lalonde was not well informed then, I certainly want to take it back, because I think he was very well informed then.

Senator Flynn: You still don't know.

Senator Olson: I think the problem we have is that the honourable gentlemen of the opposition have not been informed of what has happened in the last three or four months.

Senator Perrault: They never have been.

Senator Flynn: You still don't know what the situation was.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I could, if I wished, I think, draw a parallel between the inability of the minister to explain Mr. Lalonde's statements with my inability to reconcile his statements with those of Mr. Axworthy in connection with the drought situation.

I am going to pursue this gas pipeline business if I may, and I have two questions to start out with. The honourable minister went to Washington recently, and after he came back, or at the same time, the American Congress passed what I call a comforting resolution in respect of the major pipeline development that is in prospect in Alberta. Was any indication given to my honourable friend that the conditions laid down by the American Congress in 1977 with respect to pipeline principles were discussed, and if so were any conclusions arrived at? I refer particularly to the resolution of the American Congress that the United States government would not participate in any way in the financing of such a pipeline. I want to know whether there has been any change in their position on that.

The second principle that was adopted by them at the same time had to do with the tracking of prices. My honourable friend may understand me if I try to explain it by saying that they declined to approve the charging of prices of gas coming from Canada in advance of the completion of the whole pipeline system.

● (1415)

Senator Olson: You mean from Alaska?

Senator Roblin: That's right. I am talking about the Alaska pipeline. We will come back to the prebuild in a minute or two; but I want to clear the ground, if I may, in the first instance, by inquiring whether any change was made in the principles adopted by the American Congress in 1977 on these two points.

Senator Olson: My honourable friend should realize that the United States government or the Congress has not been asked to finance the pipeline. The pipeline was to be built with private financing. I do not think the United States government or Congress make it a practice of announcing that they stand behind the United States Treasury when they have not been asked to do so. So far as I am concerned, it is a rhetorical question.

In response to the honourable senator's comment that the motion was one of comfort, I would recommend that he read the motion that was passed in both Houses of Congress. It seems to me that the words are clear and positive. It does not change the law but it sets down in unequivocal terms the position of those two houses. In my view, that is far more than "comfort".

[Senator Flynn.]

Senator Roblin: I am glad that my honourable friend is soothed by what he learned in Washington, but I have to tell him that my questions are not rhetorical. I am referring him to the resolution of the United States Congress which prohibits the financing of the pipeline by the United States government. The minister knows—better than most, I suspect—that the main hangup today in proceeding with that pipeline is financing. So we can have all kinds of encouragement from the United States Congress, but if they persist in their attitude toward government financing, the situation will remain unclear. I am making no judgment as to whether that is good or bad; that is their business. I am merely trying to find out what their position is, and I take it from the minister that if it remains unchanged on those particulars, they will not participate in financing and they will not allow charging for the gas until the whole of that pipeline is completed.

Senator Olson: Honourable senators, it is still a rhetorical question, because I fail to understand how the United States Congress or the United States administration can be expected to commit the United States Treasury to financing the pipeline when they have not been asked to do so. If there are some conditions that appear to make that a desirable thing to do in the interests of the United States, I suppose they can make whatever decision they want based on those facts. However, at the moment the honourable senator should take into account the fact that the sponsors and the producers have committed themselves and signed an agreement to provide $500 million to complete the design and survey—I guess that is what one would call it—of the Alaska section of the pipeline.

Some people might say that that is a small amount, but I think that $500 million is a pretty significant amount. In fact, I consider it to be an indication that the private financiers who eventually will be asked to put the financing package together are pretty heavily committed to building the pipeline. In addition, the producers already have several billion dollars invested in Prudhoe Bay, which provides some incentive to see that the whole job is completed.

The United States administration, through their President and Secretary of Energy have on several occasions repeated to me—indeed it was reiterated by the Vice President of the United States, whom I met at the White House when I was in Washington—in the strongest possible terms their commitment to have the whole pipeline built.

In addition, and for reasons that should be obvious to my honourable friend, both Houses of Congress have passed a firm resolution that they too are committed to having the whole pipeline built.

● (1420)

It seems to me that if we are going to acquiesce to the kind of interpretation of what "absolute commitment" means, then perhaps we in Canada should wait until the U.S. has the pipeline built right to the Yukon border. That kind of action was never anticipated by the Canadian Parliament. We were going to go ahead with the construction of this together. It seems to me that the level of commitment by all parties involved is now very high.

Senator Roblin: Honourable senators, we shall see just how far we get along with this.

Senator Perrault: Have a little faith.

Senator Roblin: I am making no effort here to decide what the policy of the United States government is; that is entirely their business. I am merely trying to ascertain the facts.

If my honourable friend had contented himself with simply saying, "Yes, the 1977 situation still persists," that would have satisfied me, since I believe that to be the truth. However, my honourable friend is going to find that some reconsideration, at least of the pricing portion of the 1977 decision in Washington, may be required to secure the financing of expenditure which now appears will be about $20 billion.

I come now to the question of the prebuild pipeline, a subject raised by one of my honourable colleagues. Has there been any change in the policy of the Canadian government toward the prebuild? I gather from the minister's rather canny answer that there probably has been, so we will wait and see what happens with respect to that.

I would ask him a question with respect to markets and prices in the United States in connection with the prebuild which, if it takes place, will allow for the export of a very large quantity of gas. We know, in connection with our present exports to the United States through British Columbia and Alberta, that users in some parts of the United States are not taking their full quotas; in fact, they are down to about 30 per cent in connection with the B.C. delivery, and that raises the question of price. Price, of course, is a significant factor in connection with financing the prebuild.

Can my honourable friend give us any statement as to what policy approaches he is taking in connection with the price negotiations for the delivery of prebuild gas, which certainly has to be a major consideration in the negotiations now taking place?

Senator Olson: The price of the prebuild gas will, I expect, be exactly the same as any other exports of gas to the United States.

My honourable friend knows that there was a change in the formula relative to the factors taken into account with respect to what the price is going to be. There was also a change announced last April as to the method and application of that price. However, that does not force United States customers to buy Canadian gas at any price and in any volume. We do not have a 100 per cent take-or-pay provision within the contracts, not only with respect to this one but with respect to previous contracts.

My honourable friend ought to know also that there is a gas bubble inside the continental United States so that there is no particular pressure during the summer of 1980 for some additional supplies. In addition, there is a lot of residual fuel around providing the BTU requirements which gas would fulfil under other conditions. That means there is a soft market at the moment in the United States. However, all of the projections I have seen indicate that that will be very short-lived and, indeed, it is the policy of the United States government to bring on the rest of the gas that may be available to them as soon as it can make the connection from the North Slope to the lower 48 states.

Senator Roblin: What does my honourable friend have to say about the attitude of the American government towards pricing? In connection with the main Alaskan pipeline, it has warned us that, in accordance with the 1977 resolution of Congress, it will not be able to project costs forward into the United States until the pipeline is completed. What relationship has the prebuild section to the 1977 resolution?

Senator Olson: I am not sure if you can relate the two. I find it difficult to try to interpret the attitude of the United States government; I would rather go on what it has very firmly said, but that would be repetitious of what I said a few minutes ago. I do not think that it would be a proper thing for any Canadian minister to try to interpret the attitude of the United States government. I can produce a copy of the resolution passed in Congress. I can produce a copy of the agreement that was signed between the producers and the sponsors of the Northern Pipeline in the United States, including the Alaska section, and I can produce a copy of the commitments made by the United States administration. If he adds that all together, I think my honourable friend can interpret the attitude of the United States as well as I can.

• (1425)

Senator Roblin: Well, I will try one last time to get my point across. The 1977 decision also prohibits the charges for any section of the pipeline from starting until all sections are completed. That raises the question of whether this particular resolution covers the prebuild, which, in my opinion, is part of the main pipeline, or whether it does not. Does my honourable friend intend to investigate that matter?

Senator Olson: I believe that my honourable friend can find the answer to that, and I will help him to do so. But my understanding of the prebuild is that a specified amount of gas will be delivered through that pipeline during the term of the contract, which I believe is something like six years, and the admissible price into the United States is known.

Senator Roblin: What is it?

Senator Olson: It is $4.47 at the moment, but the formula to determine that level changes it from time to time based on the substitution value of BTUs equivalent to imported oil into Canada. That determines the price at which it will be admissible to the United States, but it doesn't force United States customers to buy it, and, obviously, whoever is making that decision, whether it is the producers, the National Energy Board, the Department of Energy, Mines and Resources in Canada or others, will have to take into account market conditions from time to time.

Hon. Ernest C. Manning: Honourable senators, I have a supplementary question on the pricing of gas that may move through the prebuild section if it goes ahead.

The honourable minister may be aware that within the last couple of weeks the Governor of Utah was in Alberta and was

interviewed on a television program in which this question of United States purchase of western Canada gas through the prebuild section of this line, if it goes ahead, was raised. He expressed the view that Canadians need to realize there is a change in attitude developing in northwestern states regarding the purchase of Canadian gas because they feel the price is getting so high that it will no longer be competitive with the price of other forms of energy. He particularly mentioned that large-scale commitments were being made to generate electric energy by using coal as an alternative to Canadian gas.

I think the minister will agree that as far as the prebuild section of the line is concerned—at least, as I understand it—the only gas that will be moving through it until the total line is built on up to Alaska will be Canadian gas going to American markets. If as a result of jacking up the price of the gas at the border to the point where Americans feel it is no longer economically viable to use it, I think the minister would agree that that would raise a serious question with respect to the prebuild section, because there is no point having it except to move Canadian gas to American markets in the near future.

● (1430)

I assume that the Canadian government is monitoring the U.S. attitude towards the price it is now paying. If there is a serious problem, surely it should be thoroughly investigated before the prebuild is proceeded with, because we don't need the prebuild if the Americans are not prepared to buy the gas. The prebuild section would just sit there if it were not economically viable for the Americans to buy the gas. My own view is that it has not reached that stage.

I thought the statement by the Governor of Utah was not a criticism. He was simply pointing out that, while Americans prefer power generated by Canadian gas to power generated by local coal, the price of the Canadian gas is reaching a level where it is questionable whether it is economically viable for them to use it.

My question is: In view of the direct relationship between the selling price of gas in the United States and the cost of the prebuild section, is the Canadian government taking a serious look at the whole pricing issue?

Senator Olson: Honourable senators, the Canadian government is looking at that. The agreement reached with Secretary Duncan in April was that there be an agreement on the formula Canada would use in adjusting its price from time to time. That agreement was based on the substitution or BTU equivalent of oil imported into Canada at Montreal.

The United States is also buying oil in that same market, the world market. Therefore it seems to me that there would be no time at which Canadian gas would be out of step with that alternative fuel.

The argument can be made, of course, that for some purposes coal could be substituted, providing the price of coal remained at a percentage below the BTU equivalent of world prices. I don't argue with that; it is a decision they would have to make.

[Senator Manning.]

It seems to me that Canada is justified in not offering its fuel to the United States at a price lower than they charge themselves. On that basis there will be times when a soft market exists, and I suppose we have such a market now. We have experienced a reasonably mild winter, and therefore a smaller amount of gas than normal was used. This is also true of residual fuel that substitutes for gas in much of the same market. This situation could change dramatically, and I suppose that American consumers would have to make a decision on that basis, and also on the basis of security of future supply.

It seems to me that for Americans to be hooked to a pipeline from Canada, and indeed to their own gas from Prudhoe Bay, is a far more secure position than relying on the changes that could take place with respect to imported oil. That ought to be taken into account.

I know of these concerns, but I do not believe it would be wise for Canada to enter into long-term agreements that would prevent us from recovering the number of dollars that it would cost for the substitution and, indeed, to be in a position where we would be required or obliged to supply gas to American customers at a price that could eventually be substantially lower than they are paying their own producers.

I know there are some distortions in that market at the moment, but I think all long-term projections indicate that there will be a viable market in the United States whenever we have any excess gas to sell them.

Senator Manning: I might make one further comment and then perhaps the minister could enlarge somewhat on this point. I think that basically we all agree that Canada should not sell an energy resource to another country at a price less than that country charges its own domestic customers, or at a price lower than that country would have to pay for the resource elsewhere.

Does the minister agree that with respect to the sale of surplus Canadian gas to the United States there are two advantages to this country in addition to getting a fair and just price for our gas? The first advantage would be the alleviation of our serious balance of payments problem. The sale of surplus Canadian gas affords us one opportunity to partially alleviate that serious balance of payments problem. It seems to me that the Government of Canada should attach some monetary value to that when considering the price of gas to the United States—in other words, it is a benefit not directly related to the price we get for our gas.

The second advantage would be in the reduction of the large volume of capped gas which exists in western Canada awaiting a market. That has now reached the point where it is having a serious detrimental impact on further exploration and development.

I suggest that these two things—the balance of payments problem and the maintenance of stimulation of exploration and development—are directly tied to the export market. I would hate to see Canada quibble over a few cents per one thousand cubic feet for the gas, thereby losing benefits to Canada that would result from the export of that surplus gas. I

am interested in knowing whether the government is considering those aspects as well.

Senator Olson: Honourable senators, information supplied to us indicates that the value of the gas exported through the prebuild is approximately $17 billion, based on an 8 percent escalating factor. Indeed, that escalating factor is probably going to exceed that. We are very conscious of what something over $2 billion a year would do to our balance of payments problem.

We are also conscious of the fact that there is a great deal of additional gas that has been added to the reserves since the National Energy Board considered the amount it is now ready to approve for export. There has been no further application, however, for a permit to export more gas, although we know there is a great deal more there. There are over 8,000 capped wells in Alberta that are not producing now because of a lack of markets.

We are taking all that into account, but there is another major thrust of the government that has to be taken into account. We are determined that Canadians from coast to coast will have access to this high quality clean fuel. So the amount we require to go into the rest of the line—that is, the Q & M line to Halifax and beyond, if necessary, and indeed further penetration into the existing market now served by a pipeline—has a high priority. Therefore, it seems to me that the National Energy Board and others should take a look at the totality of those requirements and then determine whether we have enough reserves to take care of all needs in the reasonable future. If there is more gas available in excess of all that, then I suppose a further application to the National Energy Board would be warranted.

● (1440)

Hon. George van Roggen: Honourable senators, I hesitate to prolong the discussion on this particular subject, but it is a matter of such vital importance to not only the west, but to all of Canada, that I shall take another minute or two on it. I am disturbed by what seems to me—and I hope I am wrong—to be a rather negative attitude towards the prebuild on the part of members of the opposition—and I do not include Senator Manning in that.

Many of us in years past, as Senator Olson is aware, fought rather strenuously in various forums, with whatever means we had at our disposal, to assist the United States in making the decision to bring this gas from Alaska across Canada as opposed to having it transported in liquefied form via tanker down the west coast, which was the El Paso proposal—a proposal which was a very serious threat for a long time.

I am concerned—and I should like the minister to let me have whatever indication he may have from his officials in this respect—as to the length of time, within reasonable economic limits, the gas in Alaska can be re-injected into the ground, as it has to be at the moment in order to enable them to produce the oil which they need up there, and which they are bringing out through the Alyeska line.

I am concerned that if we do not move with the assurances we now have on the prebuild, as a first step to constructing this pipeline to Alaska, the United States is going to decide one day that they do not have a forthcoming partner in this great project in Canada and start looking at the El Paso proposal once again. To prevent any such thing happening, I think we need to give careful consideration to just how long they can economically re-inject that gas, and I am wondering whether the minister has any idea as to what that length of time might be.

Senator Olson: Honourable senators, I do not have the technical data that is being requested by Senator van Roggen, and I am not sure that that data is available anywhere inside the Canadian government establishment, whether in the Department of Energy, Mines and Resources or anywhere else. I could make inquiries of some of the United States technical people, who probably do know. I have heard from reliable people, however, that, given the physical capability of the re-injection of that gas and the cost of compressing it so that it can be re-injected, it is getting to the point where, in respect of the production of oil at Prudhoe Bay, putting the gas into a pipeline for delivery to the United States would be by far the most economical and sensible way of handling it.

I would like to make one slight correction to Senator van Roggen's comments, and that is to say that it has not been anything that we failed to do in Canada that has held up the construction of this pipeline. We have been ready for many, many months to proceed with all of the commitments that we made. I made it clear to the United States congressional leaders, and to their secretary—and they acknowledged the truth of this—that the reason we are not on the targets that were set out in 1977 is the lack of action that was needed in the United States, not in Canada.

I would not want to leave the impression that we acknowledge that we have failed in any way to meet all of the commitments we made. Both our parliamentary and our regulatory authorities have been ready to go for many months, as well as Foothills Pipe Lines Ltd.

Senator van Roggen: Just to make my position quite clear, nothing in my remarks was meant to indicate that I felt that we in Canada had been in any way negligent in staying completely ahead of the United States throughout this whole period. I am simply saying that I would not want to see the negativeness I detect in some of the questions of the opposition result in our not being forthcoming at this particular time after the United States Congress and administration have been as forthcoming as they have been.

INDUSTRY

EXTENSION OF SUBSIDIES TO SHIPBUILDING

Hon. Jack Marshall: Honourable senators, my question again has to do with the reduction of the subsidy to the shipbuilding industry from 20 per cent to 9 per cent. This is a question I asked on June 19 and again last evening, and the minister now probably has an answer—but I think I can

pre-empt him on it. I read in the Ottawa *Citizen* that a new program is to go into effect.

Could the minister go beyond that to allay the fears of the shipbuilding industry that this reduction will destroy their competitiveness in the international marketplace?

Hon. H. A. Olson (Minister of State for Economic Development): The honourable senator will not pre-empt me by reading it in the Ottawa *Citizen*, because anyone could have read it in *Hansard* of the other place for July 7.

Senator Marshall: My copy of *Hansard* came late.

Senator Olson: As was stated by my colleague, the Minister of Industry, Trade and Commerce, on July 7, the government intends to carry out extensive consultations with the industry, labour and the provinces with respect to the long-term future of shipbuilding in Canada. Honourable senators will appreciate that I would not wish to prejudice those discussions by speculating on the nature of the outcome of such consultations.

The Canadian shipbuilding industry is currently in a state of relative good health, with orders on the books to provide work well into 1981 in some cases, and until 1982 in others. I think, for example, of the Marystown shipyard, which is currently busy with construction of a replacement for the *Cygnus* fisheries patrol vessel, as well as new trawlers.

I would not want to add anything more to that. My honourable friend knows that there will be time for some consideration of this change, and in the meantime most of the shipyards in Canada, with one or two exceptions, are working at near-full capacity.

Senator Marshall: In spite of the assurance from the minister that the industry is in good health, that does not comply with the position of the president of the Canadian shipbuilding industry, who fears that the reduction of the subsidy will destroy the competitiveness of the Canadian shipbuilding industry.

Given the fact that the government is prepared to help Chrysler Canada to the tune of $250 million, and the Michelin Tire Company, can the minister explain why it is there is no apparent concern for the jobs lost as a result of the Canadian shipbuilding industry being non-competitive?

I appreciate that the minister has said that they now have contracts taking them into 1981 and 1982, but evidently the president of the shipbuilding industry does not share his view as far as the impact of this reduction is concerned.

Senator Olson: I guess the president can put any interpretation that he wants to on the situation, and I suppose my honourable friend can put his interpretation on it, as can the Minister of Industry, Trade and Commerce. I suppose if one wants to look far enough into the future, one can find some validity to that at some point in time.

It seems to me it is reasonably comforting to know that these shipyards will be busy well into next year, and beyond in many cases. Of further comfort is the commitment that has been made by the Minister of Industry, Trade and Commerce to look into the matter. It may be that the shipbuilding industry does not need a subsidy of 20 per cent in perpetuity. I do not know that. It may be that it does require some subsidy so as to be competitive in the international marketplace.

It would be premature for me to discuss that in detail until the Department of Industry, Trade and Commerce has finished its survey of what is required. I am sure my honourable friend would not want us to subsidize that or any other industry beyond what is necessary to make the industry competitive.

SCIENCE AND TECHNOLOGY

SPACE RESEARCH

Hon. Paul Yuzyk: Honourable senators, I have a question for the Minister of State for Economic Development and it is in respect of Canada's space future. In January of this year the previous government announced a $43 million space science research program, to be spread over six years. Can the minister assure us that the cabinet is taking this matter into consideration and will approve such a program?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I really cannot reply to that. My honourable friend knows that the cabinet announces decisions after they are made, not before.

Senator Yuzyk: But has the matter been considered at all up to the present time?

Senator Olson: Honourable senators, it is not the practice of this government, nor any other government, to announce what is on the agenda for cabinet meetings.

Senator Smith: Oh, come on!

• (1450)

Senator Flynn: Why didn't you say you didn't know?

Senator Olson: Because I do know.

Senator Yuzyk: It is rather alarming to me because I would like to call to the attention of the government the fact that very recently Dr. Ian McDiarmid, associate director of the National Research Council, Herzberg Institute of Astrophysics, and director of its Space Science Co-ordination Office, stated that if the program is not approved soon "it will be almost equivalent to deciding that we do not want to do space science in this country for the next 10 years."

Senator Olson: Honourable senator, what you are really asking me to do now is comment on someone else's opinion. I am not in the habit of doing that. The commitment by the government is clear; it was in the Speech from the Throne. We are going to move it up from what it was then—it was, I think, about .9 per cent of GNE—to 1.5 per cent of GNE. We have some programs and some policies now under consideration to achieve the objective that was set out. We did not say we were going to do it in the next two or three months. So I guess my honourable friend will have to wait until the cabinet has made decisions before he can expect me to tell him what those decisions are. But for him to claim that someone else's opinion

of what cabinet is doing is factual and not just an opinion, of course, is something that I cannot accept.

Senator Yuzyk: But this was the opinion of a leading scientist. I think we have to have a lot of patience to find out what the government intends to do in such important matters as this.

CONSUMER AND CORPORATE AFFAIRS

MAJOR CHAIN STORES—ALLEGATIONS OF DEMANDS FOR REBATES FROM SMALL BUSINESSES

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Minister of State for Economic Development. Would the minister indicate if the government is intending to act on the request by the Canadian Apparel Manufacturers Institute that the issue of rebates being demanded of small manufacturers by both the Hudson Bay Company and the Simpson Company be investigated both from the perspective of the effect it is having on small industry and in terms of its cost to the consumer?

Hon. H. A. Olson (Minister of State for Economic Development): I will have to take that question as notice.

THE CONSTITUTION

CONFERENCE AT WOLFVILLE, NOVA SCOTIA—ABSENCE OF GOVERNMENT REPRESENTATIVES

Hon. Heath Macquarrie: Honourable senators, I would like to direct a question to my genial and eloquent friend, the Leader of the Government in the Senate. It relates to a very important Atlantic Canada conference on the Constitution of Canada held recently in Acadia University in Wolfville which was attended by all the maritime premiers and members of the Atlantic Progressive Conservative caucus including my colleague, Senator Smith. Can the minister indicate why no member of the government attended this significant gathering, or if it was ever suggested that senatorial members of the government or senatorial supporters of the government might attend and thus show Atlantic Canada a degree of interest in their contribution to a major national issue?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I understand that that conference was held last weekend when there was another event of some national significance held in Winnipeg at which a great many Canadians gathered to discuss the problems of many parts of Canada including Atlantic Canada. There was difficulty for many of the ministers as a result of their efforts to attend the Atlantic conference.

Senator Macquarrie: Just for clarification, I was wondering about the attendance of members of the government during the two-and-a-half days before the Winnipeg conclave.

Senator Perrault: Of course, the Winnipeg conclave required a great deal of preparatory work.

TRANSPORT

ATLANTIC CANADA—PASSENGER AND FREIGHT FACILITIES

Hon. Robert Muir: Honourable senators, I want to direct my question to the Minister of State for Economic Development. I should think that economic development in any country involves the transportation of people and goods in that country. This leads me to the question I want to pose to the minister. Of course, he will not have the answer today, but this will serve as notice to him.

I would like to know why VIA Rail is having to resort to hiring buses to transport people in the Atlantic region because their rail liners are so overcrowded. VIA Rail, at great cost, is hiring buses to transport people.

In the meantime Canadian National are stalling, as usual, with respect to transporting goods to the great province of Newfoundland by not having the necessary rolling stock located conveniently, and by having carloads of goods lying on sidings at the mainland ports while businessmen in Newfoundland are awaiting those goods that should be transported as quickly as possible.

In so many words, Mr. Minister, it would appear to me that Canadian National and VIA Rail are continuing a practice started some years ago. They are showing a profit and Dr. Bandeen boasts about it, but they are making it difficult for people to use, and so are discouraging them from using, Canadian National facilities. They are driving business away, and thereby reducing the need for rolling stock, freight cars and passenger cars to the point where they are reducing employment in that particular region of Canada. I know it is a difficult problem right across the country, particularly in the west in respect of the handling of wheat, and so on.

Hon. H. A. Olson (Minister of State for Economic Development): As the honourable senator indicated, I would have to take this question as notice. It would be helpful if he could indicate to me—or send the information to my office—the places where this has happened, and I shall refer the question to the Minister of Transport who will provide an answer to it.

ATOMIC ENERGY OF CANADA LIMITED

PORT HAWKESBURY AND GLACE BAY—REPORTED SHUTDOWN OF HEAVY WATER PLANTS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wish to reply to Senator Muir's question of June 25 regarding the possibility of cutbacks in the production of heavy water at the Port Hawkesbury and Glace Bay plants in Nova Scotia.

There has been no change in the situation since I replied to the same question of the honourable senator on June 11. I would like to take this opportunity to stress again that there are no plans to cut back on production at the heavy water plants in Nova Scotia.

INDUSTRY

CANADA-UNITED STATES AGREEMENT ON AUTOMOTIVE PRODUCTS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wish to reply to Senator Charbonneau's question of June 25 regarding renegotiation of the Canada-United States agreement on automotive products, referred to as the auto pact.

Over its term, the auto pact has been good for Canada, providing jobs for Canadian workers and ensuring the growth of a strong and competitive automobile industry in Canada despite some problems that have arisen, particularly in areas of parts sourcing, R&D and engineering.

I am sure the honourable senator is well aware that, at the present time, the automobile industry is facing a transitional period due to the very large increases in fuel prices in recent years and improved pollution and safety standards. It is a period wherein the industry is having to make very substantial investments in R&D, capital equipment and productivity improvement in order to ready the industry for the requirements of the rest of this century.

Ensuring that Canada and Canadian workers get a fair share of these developments is the reason why the Minister of Industry, Trade and Commerce has initiated discussions with the Canadian and United States heads of the North American auto industry, and why the minister met with the United States special trade representative, Reuben Askew, in Washington recently—the same day that I was there, by the way. The minister, on July 2 in the other place, indicated that he "put our case forcefully" including the mix of automobile products to be manufactured in Canada in the post-transition period and the sourcing of auto parts in Canada.

● (1500)

I wish to note in this regard that during the Chrysler negotiations the federal government got new commitments from Chrysler on the sourcing of parts and materials as one of the several firm conditions for the loan guarantees to the company in 1982. It is the intention of this government to negotiate better operation of the auto pact, and while it is not desired, nor is there any intention, to seek a total renegotiation of the pact, there will be some changes to it. The Minister of Industry, Trade and Commerce has indicated that discussions will continue until we get the results that we are seeking in the interests of Canadian auto workers.

POST OFFICE

SETTLEMENT WITH CANADIAN UNION OF POSTAL WORKERS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a number of replies to questions asked in recent days. First of all, there was a question from Senator Doody on June 5, 1980, regarding the 37½-hour work week in the Post Office.

As part of normal operations volume, counts of mail entering and leaving postal plants are taken daily to assist management in such things as identifying and staffing peak periods. This system of monitoring mail flows should provide a good base for monitoring whether the productivity goals, negotiated with CUPW, are being met.

Insofar as changing the hours of work for supervisors is concerned, this is a negotiation item which comes under the authority of Treasury Board. Nevertheless, the Post Office and the Treasury Board will certainly consider the effect of this provision negotiated with CUPW in the current negotiations with the supervisory personnel bargaining unit.

The honourable senator also asked:

> I understand that this agreement by which 40 hours' work is to be done in a 37½-hour week is applicable to the postal workers, or at least to that unit covered by the Canadian Union of Postal Workers. Will the same circumstances and conditions be applied to other people employed by the Public Service directly, or by crown agencies, or is this to be specifically related to the Post Office and to no other area of government?

Here again the question of hours of work is a bargaining item under the authority of Treasury Board. It is reasonable to assume that bargaining units will continue to put forward such demands as they have in the past.

It should be pointed out, however, that the recently negotiated contract with CUPW recognizes that inside postal workers work in an industrial environment which is quite different from most other groups in the public service. For instance, such benefits as flexible hours are not available to workers in postal plants.

It should also be emphasized that the hours of work negotiated with CUPW are dependent on productivity. The government has made it clear it will not consider them to be an acquired right in future negotiations unless increased productivity is achieved.

VETERANS AFFAIRS

WAR PENSIONS, COMPENSATION AND ALLOWANCES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have an answer to a question asked by the Honourable Senator Marshall relating to the exemption of the $35 increase in the guaranteed income supplement to war veterans allowance and civilian war allowance recipients and the re-introduction of Bill C-28.

I am pleased to advise that the Governor in Council has authorized an amendment to the War Veterans Allowance and Civilian War Allowance Regulations, whereby the recent increase of $35 a month in the Guaranteed Income Supplement has been exempted as income for allowance purposes, effective July 1, 1980. I know all members of the Senate will welcome this announcement. This has been done to ensure that eligible war veterans allowance and civilian war allowance recipients over the age of 65 benefit to the same degree as guaranteed income supplement recipients in general.

With reference to the re-introduction of Bill C-28, the minister, as a veteran, informs me that he was pleased with this legislation and proud that many of the measures contained in the bill were the result of initiatives he took when he was minister. He will soon be proposing legislative measures which will include his own priorities for veterans and their dependents.

Senator Flynn: Is that what they are discussing this afternoon?

Senator Perrault: Yes, I think it covers the same area. The reply has just been received, but you have it as it came from the minister. Very soon, he said.

NATIONAL DEFENCE

INTERNATIONAL CONFERENCE ON ARTILLERY SYSTEMS—PARTICIPATION OF SPACE RESEARCH CORPORATION (QUEBEC)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on June 18 there was a question asked by the distinguished Senator Macquarrie regarding the participation of Space Research Corporation in the International Conference on Artillery Systems. He asked on June 18 whether the government had any feelings of misgiving, or any sense that something inappropriate was taking place, in that the Government of Canada was "supporting the holding of a conference in the Ottawa Conference Centre."

The government believed that it was appropriate that the International Conference on Artilleries Systems take place in the Government Conference Centre. The conference was a technical one intended to examine where NATO was going in the area of large calibre ammunition. While this conference was organized with the help of the Canadian government, which clearly had an interest in and a responsibility for maintaining and modernizing defence forces of Canada, it was, in fact, arranged by the American Defence Preparedness Association (ADPA).

The invitations to the participating individuals and companies were issued by ADPA. I am told that scientists from Space Research Corporation (Quebec) (SRC(Q)), neither of whom have been found guilty in an American court of supplying arms to South Africa, were invited by ADPA because of their expertise in the subjects to be discussed. Their participation had no connection whatsoever with the issue involving SRC(Q) that is now the subject of legal proceedings in Canada. In this regard, the honourable senator may be aware that the Canadian government is at present examining the organization and the operations of SRC(Q) and some of its affiliated companies.

I want to take the opportunity to reiterate the wholehearted commitment of the Canadian government to the United Nations' embargo on the sale of military equipment to South Africa and its determination to enforce both the embargo and Canada's own laws.

Regarding the other aspect of the question, I do not believe that the government's commitment to seek international disarmament, which I also wish to reaffirm, is put in any doubt by its participation in a technical conference such as this. Indeed, the government believes it can pursue this commitment best through its NATO relationship.

HEALTH AND WELFARE

MARIJUANA—NATIONAL EDUCATION PROGRAM

Hon. Raymond J. Perrault (Leader of the Government): Finally, I have a reply to a question asked by the Honourable Senator Haidasz on June 27 regarding marijuana prosecutions and the government's policy on the possession of marijuana.

The Attorney General of Canada has recognized the severity of a seven-year minimum jail sentence in those instances where small quantities of cannabis are brought into Canada unlawfully. Federal prosecutors are expected to exercise their discretion in the laying of charges for importing cannabis, and in those cases where small quantities are brought into Canada in circumstances that do not suggest a commercial venture the discretion may be exercised in favour of laying the lesser charge of possession or possession for the purpose of trafficking. In addition, an interdepartmental committee has been considering these and other questions concerning the law as it relates to cannabis.

Recommendations for changes may be expected in the near future. I do not know whether those recommendations will propose an "exact amount that will be regarded as possession for personal use only".

In the Toronto case used by the honourable senator to illustrate his point, the discretion had been exercised and a charge of possession for the purposes of trafficking was before the court. If convicted, the accused would have been liable to imprisonment for life. However, she gave evidence in the course of the trial to the effect that she had purchased the marijuana in Jamaica and was taking it to her home in Japan for her own personal use. The judge accepted her explanation and convicted her of possession, which is a lesser offence and carries a maximum penalty of seven years' imprisonment. The accused had been in custody for approximately two months awaiting trial and was sentenced to an additional three months' imprisonment. This was an unusual case and it is not certain that is provides compelling argument for the application of weight limits in possession offences, but I am given to understand that this is within the terms of reference of the interdepartmental committee.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before the Orders of the Day are called, I should like to report on the possible date of commencement of the summer recess. I wish I had a final report, but I don't. However, I think it fair to give honourable senators notice of the present situation as we see it.

• (1510)

There is hope and some possibility of our rising for the summer recess at the end of next week—that is July 17 or 18.

I believe there is a concerted effort on both sides in the other place, and in this house too, to achieve that result. If I were forced to place a bet on it, I do not think I would place it at anything better than six to five, but there is that possibility, particularly because I believe the leaders in both houses and of all three parties hope to achieve that result.

If it looks as if that is indeed an achievable result, we will be asking honourable senators to sit possibly Monday evening or Tuesday afternoon of next week to enable us to get a good head start and to dispose of those bills that appear to raise no serious controversy on either side. We can then shoot for royal assent on either Thursday of Friday.

At present the Leader of the Opposition, the Leader of the Government and I have consulted daily on this subject, and following some conferences that are to take place in the House of Commons we should have a clearer picture by tomorrow's sitting. Therefore I shall advise honourable senators tomorrow as to whether we—that is the Leader of the Opposition, the Leader of the Government and I—believe we can complete our deliberations by the end of next week. I thought that honourable senators would like to have an indication of what we had in mind concerning the target date.

REGIONAL DEVELOPMENT INCENTIVES ACT

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Thériault for second reading of Bill C-35, to amend the Regional Development Incentives Act.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I will not detain the house for any great length of time on this bill because I have no quarrel with the substance of the matter that is contained within it. It provides authority for an extension of the present Regional Development Incentives Act for a further period ending December 31, 1984.

It is of interest to note that this represents a change from the original bill introduced in the House of Commons, in which the termination date was 1986. I suspect the reason for the reduction in the term is because it is pretty generally recognized that it would be a good idea to have a complete review of the operation and principles of the Regional Development Incentives Act, and one way to insure that would be to put a relatively short term on its continued life. I must say that if that is the reason for reducing the term of the bill, I approve of it.

One of the committees of the Senate is at present investigating the whole question of DREE, which, of course, is involved with this piece of legislation. We are asking ourselves a number of questions about it. We are interested to know how we can approach some impartial assessment of the results that have been achieved, how we can decide which of the tools used in regional development are most effective, whether they can be improved, and if there are any that should be dropped. We are interested in the question of the value of subsidies by DREE compared to the principle of unsubsidized economic viability. We are interested in knowing whether the emphasis should be placed on small business development under this act—I myself think it should be—and to what extent it should be extended to cover larger industries, as it does from time to time.

We are also interested in the question of co-ordination between the DREE administration and other departments of the government, and whether the present arrangements put sufficient muscle in the hands of the DREE ministry in order to obtain the sort of co-ordination and co-operation that would be required to give full expression to the thrust of this act.

Although we have not yet got around to it, I suppose we are going to look at the size of the DREE budget. I believe it is a fact that over a period of time the percentage of the federal effort going into DREE has declined by almost a half. I believe it was 2.1 per cent in 1970 and 1.1 per cent in 1977. Surely that raises the question of whether this trend in policy is desirable.

All in all I consider it wise to have reduced the term of the bill. There are many good things that could be said about DREE, and many success stories could be quoted in all parts of the country as to the beneficial effect of the application of this statute. So I do not wish it to be understood by any that I am opposed to the principle and the thrust behind the Regional Development Incentives Act. I am not. It is a good principle.

I may also say that the pedigree of this idea probably goes back to the administration of the Right Honourable John George Diefenbaker. I recall his particular concern for the need of the Atlantic provinces of Canada to receive the fraternal support of their fellow citizens in the rest of the country. As time rolled by, the names were changed and the bills received different titles, but the principle was the same, that we were going to use our collective effort to improve the economic circumstances of other people in our country who would be entitled to that kind of help.

The question of the co-ordination of the federal administration of DREE and the provincial administrations, most of whom, if not all, run similar programs, is an important consideration. My impression so far is that there is remarkably good co-ordination between the federal administration and the provinces in this connection, and that DREE has gone to some effort to decentralize its activities to ensure that that kind of association is encouraged and developed.

So all in all I would say to honourable senators that I shall certainly vote for the bill. I think it is a good thing that the term of its life has been shortened, and I have some confidence that the Standing Senate Committee on National Finance, which is seized of the matter under its very able Chairman, Senator Everett, will in due course produce some recommendations for the consideration of this house that will make this policy even more effective in the country.

Hon. Frederick W. Rowe: Honourable senators, I realize that we are running against time and there is a great deal to be done in the next few days if we are going to be able to recess before the end of the month. However, I should like to say a few words about this bill, as I have more than a passing interest in it.

His Honour the Speaker was the first minister of DREE in the Government of Canada, and I am sure he will recall I was the first minister of DREE in the Government of Newfoundland. I believe I had the honour of being one of the first to sign a DREE agreement, on behalf of the Province of Newfoundland, with the federal government.

Prior to that, as Senator Roblin has said, there were a number of programs which envisaged the DREE as we know it today. Sequentially there was the so-called FRED program. I have forgotten the full title from which that acronym was derived, but it was a program specifically designed to try to remove some of the inequities which existed in Canada. Prior to that there was the ARDA program and, before that, as Senator Roblin pointed out, there were a number of federal programs, not the least of which was the Roads to Resources Program initiated by the Diefenbaker government, which was also designed basically to relieve some of the inequities that existed across Canada. There were also a number of other programs.

● (1520)

We can all disagree on the details of the DREE program and, indeed, of the other federal-provincial programs initiated in the last 20 years or so. However, a person would have to be biased, short-sighted or, frankly, stupid to argue, as some have done—and they are not confined to any one political party—that the DREE program has been virtually useless. The DREE program has worked miracles in certain parts of Canada. Those of us who belong to the Atlantic provinces can point out specific example after example where the DREE program has transformed areas that formerly had known only privation, poverty and isolation, since one aspect of the DREE program has been the building of highways.

Senator Thériault, in his brief but very able introduction of this amendment, pointed out two of its essential characteristics. One is that it is important to continue programs such as DREE if we are going to see Confederation continue as many of us envisage it. Certainly, we in Newfoundland, who worked to join with Canada and to become a part of the Confederation process, must have programs of this kind, and they must not be rigid; they must be flexible because what is a disadvantaged area today may be a prosperous area tomorrow. I can remember, as a young man, when the most prosperous part of Canada today, the province of Alberta, was certainly not prosperous by any stretch of the imagination. The transformation that has taken place in Alberta in recent years could very well take place in other parts of Canada. In fact, it has already done so, although not so spectacularly. In the not too distant future, we may very well see a transformation of that kind in eastern Canada, particularly in Newfoundland, Nova Scotia and perhaps all of eastern Canada, if the oil potential that we believe is there is realized.

The second important point made by Senator Thériault is that there must be some continuity and some logical plan. In Canada we all look forward with anticipation to the promised revision of the DREE legislation.

As I listened to Senator Thériault yesterday, and to Senator Roblin today, I was reminded of the famous dialogue contained in the latter part of Plato's dialogues where Socrates has a debate with one of his pupils on education and, as usual, there was disagreement on details. Socrates summed it up by saying that we may disagree on details; we have the right to do that, but we have to remember this: Education is a good thing and a necessary thing, and it is a duty of us all to support it. This great concept of removing regional disparity is, in my mind, implicit in DREE and is the very heart of Confederation. We have to remember that it is a good thing and it is our duty to support it.

Hon. L. Norbert Thériault: Honourable senators—

The Hon. the Speaker: Honourable senators, if the Honourable Senator Thériault speaks now, his speech will have the effect of closing the debate on the motion for the second reading of this bill.

Senator Thériault: Honourable senators, I listened very carefully to what Senator Roblin said, and I want to assure him that every point he made was a good one except, perhaps, the one in which he mentioned the name of Mr. Diefenbaker. However, now that he has passed on, I cannot see any harm in it.

Senator Walker: That is not funny.

Senator Thériault: It is not funny because I remember the day when there were hodge-podge ad hoc programs introduced on the spur of the moment until the establishment of the Department of Regional Economic Expansion with His Honour the Speaker as minister.

Senator Roblin is right in saying that the reason for the extension being cut from five years to three years is because the members of the other house—and I think rightly so—want to be assured of a chance to review the whole program before the dissolution of this Parliament. I can tell Senator Roblin and other senators that I have a letter in my hand from the minister assuring this house of his entire co-operation and that of his officials in the higher echelons, and saying that they are at our disposal to discuss this matter and to hear our views. I hope that the Standing Senate Committee on National Finance, which has undertaken a review of regional disparities, will advance some proposals and suggestions for a better and stronger department to the minister and his officials in order that they may convince the government of the importance of this department to the poorer parts of this country.

I am sure that all honourable senators are prepared to co-operate, and that this bill can proceed to third reading, with leave, now.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Senator Thériault: Honourable senators, as I suggested I would earlier, I move, with leave, that this bill be now read a third time.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

ELECTORAL BOUNDARIES READJUSTMENT ACT

BILLS TO AMEND—SECOND READINGS—DEBATE ADJOURNED

Leave having been given to consider Orders 4 to 17 together:

Hon. Royce Frith moved the second reading of Bill C-268, respecting the Electoral Boundaries Readjustment Act (Saint Hyacinthe-Bagot); Bill C-402, respecting the Electoral Boundaries Readjustment Act (Sarnia-Lambton); Bill C-488, respecting the Electoral Boundaries Readjustment Act (Rimouski-Temiscouata); Bill C-529, respecting the Electoral Boundaries Readjustment Act (Hastings-Frontenac-Lennox and Addington); Bill C-565, respecting the Electoral Boundaries Readjustment Act (Notre Dame de Grâce-Lachine East); Bill C-599, respecting the Electoral Boundaries Readjustment Act (Berthier Maskinongé-Lanaudière); Bill C-600, respecting the Electoral Boundaries Readjustment Act (Cochrane-Superior); Bill C-601, respecting the Electoral Boundaries Readjustment Act (Argenteuil-Papineau); Bill C-602, respecting the Electoral Boundaries Readjustment Act (Verdun-Saint Paul); Bill C-604, respecting the Electoral Boundaries Readjustment Act (Montreal-Sainte Marie); Bill C-605, respecting the Electoral Boundaries Readjustment Act (Montreal-Mercier); Bill C-606, respecting the Electoral Boundaries Readjustment Act (Richmond-Wolfe); Bill C-608, respecting the Electoral Boundaries Readjustment Act (Montmorency-Orléans); and Bill C-609, respecting the Electoral Boundaries Readjustment Act (La Prairie).

● (1530)

He said: First I thank honourable senators for allowing consideration of these bills en bloc, which is the way they were considered in the other place. I must follow that with an apology for the fact that we did not get copies of each bill printed for consideration today, because I suspect that some senators will want to refer to individual bills. Whether my suspicion is correct or not, as a matter of form they ought to be available for honourable senators to have that opportunity even if they decide not to seize it.

For that reason, I propose at this stage simply to suggest some reasons for favourable consideration for this block of bills, and then someone on the other side might wish to adjourn the debate. We could then deal with them by way of questions or comments. In any event, I propose, no matter how we proceed, to make some observations about them today.

[Senator Thériault.]

Honourable senators, each of these bills changes the name of an electoral district. The name to be changed was the name that was established during the last revision of the electoral boundaries and so persisted. They were the designations of those constituencies during the last election.

The reasons for the change of names do not appear in any detail in explanatory notes or otherwise for those constituencies with which I am personally familiar.

For those constituencies with which I am personally familiar I can see in many cases that the members of the House of Commons representing those constituencies feel that the names proposed more accurately describe the regions or areas that make up the constituencies they represent. That analysis is supported by the fact that in no case that I have noticed is the name of the constituency shortened; rather, in all cases it is lengthened. For example, there is before you a bill to change the name of the electoral district of Sarnia, and it is proposed that it be changed to Sarnia-Lambton. I am familiar with that constituency and I know that the County of Lambton lies just to the east of Sarnia and to the west of the County of Middlesex. There is a riding called Lambton-Middlesex and the border runs right down the middle of Lambton. I take it that the member for Sarnia wishes to make it clear that his riding consists of a good portion of the County of Lambton. I take it that that is an example of the motivation behind the suggested changes for names.

Honourable senators will notice that in one case, for example, Montreal is added to make it clear that a constituency is found in Montreal, although the name the constituency presently has would not disclose that fact.

I have no other information. I have not been individually briefed by the members of the House of Commons on why they want the names of these constituencies changed.

Here in the Senate, of course, except for Quebec senators, members of the Senate to not represent constituencies as such, but provinces. Quebec senators represent electoral divisions.

The blandishment that I hope will be successful in encouraging honourable senators do give quick approval to these bills is that this is something we are being asked to do by some of our colleagues in the other branch of Parliament, for reasons that I am sure are sufficient to them. I am equally sure that, in reverse circumstances, they would do the same for us.

On motion of Senator Macdonald, for Senator Flynn, debate adjourned.

BANK ACT
QUEBEC SAVINGS BANKS ACT

BILL TO AMEND—SECOND READING

Hon. George J. McIlraith moved the second reading of Bill C-39, to amend the Bank Act and the Quebec Savings Banks Act.

He said: Honourable senators, this bill is quite direct in form and simple in language. Its purpose is simply to extend the charters of the banks in Canada to November 30, 1980. It

will do this whether the banks come under the provisions of the Bank Act or of the Quebec Savings Banks Act.

The reason is quite simple. The charters of the banks under the existing legislation expire on July 14. Consequently, they would no longer be chartered, were we to do nothing about it. This is, thus, a simple, direct provision to extend that term to November 30 next. I regret very much having to ask the Senate to pass such a measure, because it will be the fourth time we have had to extend the Bank Act in order to enable Parliament to get on with its revision.

● (1540)

By way of background, the revision process was started in 1976. It first appeared before the Senate in the form of Bill C-15, I think, and at a later time in the form of Bill C-14. It is now before Parliament in the form of Bill C-6.

The Standing Senate Committee on Banking, Trade and Commerce has already done a great deal of work on the proposed revision of the Bank Act since it was first brought forward in 1976. I am happy to say that much of the work of that committee has been reflected in the bills which have replaced the original bill. As a matter of fact, the Standing Senate Committee on Banking, Trade and Commerce is meeting on this matter at this very moment.

Bill C-6 is before the Committee on Finance, Trade and Economic Affairs of the House of Commons. There are some amendments proposed to the existing bill. Of course, the Senate committee is studying the bill in anticipation of the Senate's receiving it, and in anticipation of its being referred to that committee.

I do not think there is anything more I can add. It is a self-evident problem. I commend the bill to the house.

Hon. David Walker: Honourable senators, I wish to join with my honourable and distinguished friend in supporting second reading of this bill. I should say that it is through no one's fault that this extension is required. Two elections have intervened which held up the passage of this very tortuous bill to revise the Bank Act and to amend the Quebec Savings Banks Act, and so forth.

I have nothing further to say on the matter. The less said the better and the sooner we can get on with our job.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. George J. McIlraith: Honourable senators, I am in your hands, but I would ask leave of the Senate to move that the bill be read the third time now.

The Hon. the Speaker: Honourable senators have heard the motion. Is there unanimous consent?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

ADJUSTMENT OF ACCOUNTS BILL

SECOND READING—DEBATE ADJOURNED

Hon. A. Irvine Barrow moved the second reading of Bill C-22, to adjust the Accounts of Canada and to make related amendments to certain Acts.

He said: Honourable senators, I am pleased to be able to make some comments on Bill C-22, to adjust the accounts of Canada. This bill is rather lengthy and a bit complicated, but the purpose of it is to implement a number of recommendations concerning technical accounting improvements to the Government of Canada's financial statements and to write off certain loans and other accounts.

In 1973, the Secretary of the Treasury Board undertook to implement a study of the accounts of Canada to resolve several technical accounting issues which had been discussed over the years in the Public Accounts Committee of the House of Commons, and raised by successive Auditors General. The study was completed in October 1975. Its 41 recommendations were accepted by the Treasury Board and by the cabinet, and were submitted to and approved by the Public Accounts Committee in March 1976.

Recommendations 10, 11 and 12 of the report, which are the primary subjects of this bill, redefine what constitutes an asset or liability of the Government of Canada. To meet this new definition, it will be necessary to write off certain items previously classified as assets, recognizing that in future they will be treated as expenditures rather than assets.

A three-stage technique has to be used to implement the necessary changes. In stage I, to reflect the changes in the government's financial statements at March 31, 1979, the Minister of Finance has exercised his authority under section 54(2) of the Financial Administration Act to "establish such reserves with respect to the assets and liabilities of Canada," as he feels are required to give a true and fair view of Canada's financial position. Stage II is the application of the portion of this bill which removes the legislative authority for the various accounts, funds and loans that are to be deleted. Stage III will be the application of the portion of this bill to delete amounts outstanding in the accounts of Canada as at March 31, 1981. Most of the deletion arises from the Unemployment Insurance Fund and the Airports Revolving Fund.

The exact amounts to be deleted will not be known until the actual balances at March 31, 1981 are established. The $3.8 billion estimate of the balance to be deleted that was quoted in the government release of April 29, 1980, was based on figures published in the Public Accounts for 1978-79. Since the press release, preliminary figures for the year 1979-80 have become available from the year-end accounting records and the estimate of the amount to be deleted can now be revised down to $3 billion. This change occurred because the government's cost of paying benefits to the Unemployment Insurance Fund was reduced by about $1 billion in fiscal year 1979-80 from what it was in 1978-79. This reduction in the government's cost of paying benefits was due to a new formula that increased the share of costs to employees and employers, reduced benefits

paid because of some new rules, and a slight improvement in the rate of unemployment.

The objectives of this bill could have been met through special supplementary estimates followed by a special appropriation act, but because they are accounting adjustments rather than spending initiatives, and because they represent a significant change in accounting policy, it was felt that they would be better explained through a separate act. In keeping with this philosophy, it was decided to include in this bill only those items which had previously been agreed to and publicly acknowledged in the Financial Statements of Canada. Note 3 of the 1979 Public Accounts relates to recommendations 10, 11 and 12 of the study of the accounts, and to the write-off of certain loans which are included in this bill. A more detailed explanation of the major items is provided in the following paragraphs.

Unemployment Insurance: The largest amount involved relates to the Unemployment Insurance Account. At March 31, 1980 advances by the government and other current obligations to this fund were in the order of $1.6 billion. The advances to the Unemployment Insurance Account made by the government, to meet the expected cash requirements of the account at March 31, 1980, totalled $1,025 million.

A calculation was made of the government's cost of paying benefits for the calendar year 1979, plus January to March 1980. This total cost exceeded the advances by $574 million and is an obligation of the government to the Unemployment Insurance Account. The total amount of the required adjustment, therefore, is $1,025 million, plus $574 million, for a total of $1,599 million.

● (1550)

This adjustment has the effect of recognizing the government's total cost of paying benefits to the Unemployment Insurance Account up to March 31, 1980, and more adequately discloses the government's expenditures. Bill C-22 will obviate the need to make this kind of adjustment in the future since the proposed act will require that the government recognize as budgetary expenditures its cost of paying benefits to the Unemployment Insurance Account on a monthly basis.

The next largest amount involved relates to revolving funds and working capital advances. Under the present accounting method, the additional moneys provided by appropriations over revenues collected were treated as loans or advances, rather than expenditures of the government. The new method will recognize "advances" as budgetary expenditures at the time they occur, instead of treating them as non-budgetary loans. It is now necessary to delete the outstanding balances of all such accounts effective March 31, 1981, and that is one of the purposes of the bill. The total of these balances as at March 31, 1980 was $859 million, and they involved some 56 separate accounts belonging to 17 different departments.

The only significant addition in Bill C-22 over its predecessor, Bill C-13, is that part coming under the heading "Authorization for Certain Revolving Funds" and comprising clauses 22 to 33. Generally, parliamentary authority for revolving funds not originally authorized in specific legislation would be approved or rescinded through supplementary estimates. However, because of difficulties associated with co-ordination and timing between supplementary estimates in fiscal year 1980-81 and Bill C-22, it was considered appropriate to include the rescinding of all previous revolving fund authorities and to establish new revolving funds in this bill. It is intended that future amendments to the revolving fund authorities set up by this bill will receive parliamentary authority through supplementary estimates. Consequently, a special clause is included in this bill to facilitate amendment by an appropriation act.

Another amount to be adjusted relates to unamortized bond flotation costs. The balance of unamortized flotation costs of $140 million for bond issues prior to 1977 needs to be deleted from the Accounts of Canada.

A fourth major item to be adjusted arises from loans totalling $387 million made to finance certain types of capital expenditures for the Canadian Broadcasting Corporation, the National Capital Commission, the Northwest Territories and the Yukon Territory. Payments of principal and interest on these loans have not been made since March 31, 1975, the reason being that, commencing on that date, any new capital expenditures have been treated as normal budgetary expenditures of the government. These old loan balances have continued to be carried as assets in the Accounts of Canada pending the granting of parliamentary authority to delete and recognize them as expenditures.

In addition to these assets there are also some liabilities of the government that must be removed to correct the accounting and improve the accountability to Parliament. These special accounts, previously shown as liabilities in the Public Accounts, were in essence special accounts where the agency concerned deposited its appropriation and revenue accrued through sales in order that these funds not lapse at the end of the fiscal year.

In conclusion, it is emphasized that this bill does not propose any new expenditures of cash. The bill seeks to implement recommendations of the Study of the Accounts of Canada approved by the Treasury Board and the cabinet of the previous government, and which have been endorsed by the House of Commons Standing Committee on Public Accounts.

Hon. C. William Doody: Honourable senators, as I rise to speak on Bill C-22, to adjust the Accounts of Canada and to make related amendments to certain acts, I do so in the knowledge that this bill has been agreed to by all members of the other place and now comes to us with minor amendments.

Bill C-22 can technically be called a housekeeping bill since what it does, in effect, is to correct a group of accounting errors, and it results in the treating of some amounts of public expenditure as expenditures and removing them from listings of assets in the Public Accounts, where they have been year after year.

To be able to accept the writing-off of approximately $4 billion as housekeeping or accounting adjustments, or errors in bookkeeping, demonstrates how fully we have come to accept

the magnitude of the amounts of money being moved about by governments in this present era.

Bill C-22 is a move in the right direction, at least as far as proper accountability of government to Parliament is concerned. It is quite obvious to all of us that expenditures should be treated as expenditures. The moneys have been spent, and we should not be told that they are recoverable loans or advances. This is particularly true of the amounts advanced by the government to cover claims paid by the Unemployment Insurance Commission, a subject mentioned earlier. These are statutory obligations of the Government of Canada, and why they should be called advances or loans on a year-to-year basis escapes me.

Perhaps in closing the debate on the motion for second reading, the sponsor of the bill in the Senate could provide us with some information on the writing-off of the loan to the CBC. This is a mystery, but I am sure there is a reasonable explanation for it. The people of Canada, through the government, pick up the deficits or losses of the CBC, and why this particular amount should be written off while we pick up the losses further down the road is something of a mystery. Perhaps we could be given an explanation of that at some point in time.

The Study of the Public Accounts of Canada was commissioned in 1973, with the report being tabled in 1975, and we only now have a bill before the Parliament to correct the obvious. There are many other areas in the Public Accounts which are, to be charitable, in error, or at least suspect, and I alluded earlier to one such area, that being pension fundings. There are contingent liabilities in the Public Accounts which are not covered properly; there are loans to foreign countries which are listed as assets and which, in reasonable and responsible accounting, should not be called assets of the Government of Canada or the people of Canada. There are many other areas in the Public Accounts which probably should be looked at in a far more serious light than they have been hitherto.

It is vital to the people of Canada, to the accounting principles of Canada, and to the responsibility of the public that a reasonably detailed accounting be made to Parliament in respect of the amounts of money that are spent. These bookkeeping sleights of hand should really be put aside. They are beneath the dignity of Parliament.

Perhaps the recent appointment of a permanent Comptroller General might go a long way toward correcting these things. I hope that the gentleman gets the co-operation he will need to make the necessary improvements and corrections. In any event, since this bill will add a further $4 billion to the true national debt of the country—and this we have done in the past two days—it does demonstrate the obvious shortcomings in our accounting system, and perhaps it is time to commission another study of the accounting system in place in Canada. The last full study was done around 1920, and we had this partial one in 1973 resulting in the half dozen or so improvements included in this bill. Perhaps the time has come to recommend a detailed upgrading and remodelling of the accounting system in place in Canada.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I inquire whether it is the intention of the sponsor to refer the bill to the National Finance Committee.

Senator Barrow: That was not my intention.

Senator Roblin: May I suggest that that might be advisable. It is a very complicated bill and there is a lot in it. I, for one, would recommend that it be referred to the National Finance Committee for examination.

The Hon. the Speaker: Are you making a motion?

Senator Roblin: I operate as always on the principle of persuasion. I am trying to persuade my honourable friends to adopt the idea as their own.

• (1600)

Senator Frith: Honourable senators, just as Senator Roblin would like a committee to consider the bill, I would like to consider his proposal that it go to committee, and have a chance to speak to the chairman of the committee with reference to the time schedule. Otherwise I agree in principle with Senator Roblin, and would ask the sponsor of the bill to stand it or to move that it receive third reading at the next sitting of the Senate, and we can make inquiries in the meantime.

Senator Barrow: I move that it stand until the next sitting.

Senator Roblin: Honourable senators, I wonder if we could not just allow the matter to stand without reference to third reading, because once that is on the record then that becomes and order of the house. I appreciate my honourable friend's desire to consult, and I certainly agree with that. Perhaps the best way would be just to allow the matter to stand. It has been suggested that the mover of the motion for second reading should move the adjournment of the debate.

Senator Barrow: I move the adjournment of the debate.

On motion of Senator Barrow, debate adjourned.

SALTFISH ACT

BILL TO AMEND—SECOND READING

Hon. Ernest G. Cottreau moved the second reading of Bill C-7, to amend the Saltfish Act.

He said: Honourable senators, Bill C-7 is legislation to amend the Saltfish Act, an act under which the Canadian Saltfish Corporation has been granted a monopoly of the trade in cured codfish produced in Newfoundland and Labrador and on the lower north shore of Quebec. There are two provinces involved here, and each province has supporting legislation.

The purpose of Bill C-7 is to increase the borrowing authority of the Canadian Saltfish Corporation from $15 million to $30 million. The $15 million ceiling has been sufficient for the corporation in past years—sometimes lean years, when we consider the mid-1970s. But conditions have changed since that time and the Atlantic fisheries are now prospering, particularly because we now have control over our fish stock in

the 200-mile zone. Foreign fishing fleets which had depleted our stocks are now being restricted, and cod stocks are being rebuilt. This means, of course, that we now have more fish and this is particularly true with the northern cod stocks. Our scientists foresee a great increase in the supply of saltfish products, especially from the northern cod stocks which were so heavily overfished by foreign ships until 1977.

In 1970 when the Canadian Saltfish Corporation was established, its borrowing ceiling was $10 million. By 1976 this amount was insufficient and the ceiling was raised to $15 million, but with the expected increase in codfish this amount will not adequately service the demand for borrowing that is anticipated.

Projections by our scientists show that codfish landings from both inshore and near-shore operations alone would be more than 200,000 tonnes by 1985 or earlier in Newfoundland alone. That is not taking into account the Quebec catch nor does it take into account our offshore fleet. If there is a substantial catch there, the total amount would be twice what we are now landing.

Almost everyone agrees that the present markets made up chiefly of those in the United States are not flexible enough for a supply of that size in frozen product forms, and this also applies to other potential markets. We have, of course, the alternative to those frozen products in the form of cured codfish. There are many private firms that make up the frozen fish sector of the industry in Newfoundland, and they foresee cured codfish as the alternative.

The country is now looking for new markets in codfish products. Some of these markets are in southern Europe, in countries which had their own home-based fleets in Canadian waters before we declared our 200-mile zone in 1977. Some of these countries are familiar with cured codfish, and like the product. If the present projections are valid—and we believe they are—it will be necessary to double the salt and dried cod production over the next five years which would amount to approximately 20,000 tonnes per year.

Honourable senators, I am sure you recognize that these figures mean a large increase in the amount of borrowing that will be required by the corporation to meet the new demands placed on it. Codfish production will be double its present volume by the mid-1980s. In addition to that there is an increase in the price of raw materials and processing charges which amount to some 5 or 6 per cent per year, and, as is the case in most businesses, inflation, of course, has added to the corporation's problems.

The volume of product flow will require adequate storage capacity, and working capital will be needed to purchase and handle the expanded production into the mid-1980s. The corporation supplies salt to fishermen and advance loans to outfit boats and obtain fishing gear. The peak borrowing needs for working capital usually occur in October, and it is important that this legislation be passed before that time.

The corporation engages private firms as its agents to assemble, process and store the supply of cod which it handles.

[Senator Cottreau.]

During the time of decline of the codfish resources in the 1970s, prior to Canada's declaration of the 200-mile zone, it was the corporation that kept many of these firms alive. Many of the fishermen living along the Quebec north shore of the Gulf of St. Lawrence have a great dependence on the corporation. They fish from isolated communities in small open boats, and rely on the cod fishery for the greater part of their living. Since 1971 the corporation has been the only purchaser of salt cod produced on the north shore, thus playing an important part in the economic stability of the area.

The corporation is a non-profit organization, and over the past seven years its aggressive marketing policy has meant an increase of more than 200 per cent in the price of salted fish paid to the small boat fishermen.

In conclusion, honourable senators, I hope this bill will meet with your approval and that you will give it your wholehearted support so that the act can be amended and the corporation's borrowing ceiling raised to $30 million.

Hon. Jack Marshall: Honourable senators, I am pleased to reply to the introduction of Bill C-7 by Senator Cottreau, and to congratulate him on his succinct explanation of the bill which, as he indicated, would increase the borrowing authority of the Canadian Saltfish Corporation from $15 million to $30 million. To one who has read the debates in the other place on the bill, it is obvious there was general agreement on its passage. It was first introduced by the previous administration under the Minister of Fisheries, the Honourable James McGrath, who, on behalf of the official opposition two days ago, gave approval to increase the borrowing authority of the Canadian Saltfish Corporation, and the bill passed all stages in a very short period of time.

• (1610)

Having followed the activities of the corporation since its establishment in 1970, I have no hesitation in suggesting that we in this house should pass the bill without referral to a committee, in the interests of the segment of the fishing industry that will continue to benefit.

Honourable senators, one does not hear too much about saltfish these days, but, as reflected in the need to double the borrowing authority, it has become a very important export commodity for Newfoundland and Quebec. The product has had its ups and downs over the years. Not too many years ago the inshore fishermen, isolated from the markets by outmoded methods and painstaking labour, had to cut, split and dry the codfish, and sell or barter the product for a few pennies per pound, or indeed keep it for food.

Salt cod was traditionally considered an inexpensive food. However, the steady increase in raw fish prices, the changing trend from fishermen's produced fish to agent's produced fish, thus causing extra cost, the increased cost of salt and other means of processing, have changed this concept, and saltfish has, as have other fish products, become considerably more costly. It is still, however, a very good buy considering the food value.

Certain markets are already showing some resistance to increased prices, and therefore the corporation must obtain more raw material of proper quality and large size for the more lucrative markets in order to remain viable and to increase its influence and volume in the more desirable markets.

As Senator Cottreau mentioned, the Canadian Saltfish Corporation was established in 1970 and given the monopoly over the trade in saltfish produced in Newfoundland and Labrador, as well as the lower north shore of Quebec. I must say, honourable senators, that today it is one of the few successful crown corporations, and I feel it appropriate to pay a tribute to its first and founding president, Mr. Arden Maloney, who has been responsible for the steady progress of the corporation, which has done much for the inshore fishermen in the province of Newfoundland.

One of the obstacles the corporation encountered was difficulty in obtaining sufficient quantities of saltfish for export markets. This was due to the increase in the price to fishermen of fresh cod. Instead of going through the painstaking process of processing it, they were able to sell it to the buyer at a pretty good price, and this made it easier for the fishermen to dispose of their fresh cod, instead of going through that process of drying.

It is interesting to note that since the corporation was set up sales have increased from $6.8 million in 1971 to $24 million in 1979, and it is expected that this figure will grow even more, hence the need to increase the borrowing authority.

Certainly an aspect that will affect its growth is the fact that with the recovery of fish stocks, the United States, which at one time took between 80 and 85 per cent of our fresh frozen product, is now taking advantage of the lucrative fishing grounds, and they will not now require as much of our fresh fish, so it is to Canada's advantage, through the corporation, to encourage the processing of saltfish and improve its marketability.

The other problem with which the corporation was faced had to do with the quality of the product, to meet competition from other countries, such as Iceland and Norway, which enjoy tariff-free entry to the European Economic Community.

The quality problem tends to be defined in certain markets, but now one of the trends is that they are looking for a larger fish, so we have to be interested in the size. This is the sort of product which is attractive to consumers in the importing countries, the trend being to dried heavy salted codfish, which is a rather new product. For example, Puerto Rico continued to be the corporation's most important market, although more emphasis is put on expanding other markets by penetrating the countries where it previously sold little or nothing.

In this respect, the corporation is now reasonably well established in the Italian market with dried heavy salted codfish, which is a rather new product in that market. This market previously only bought from Canada the traditional light salted codfish. The corporation's re-entry into the Spanish market for heavy salted dried fish appears to be an established fact.

The corporation also continues to hold its position in the northern part of Brazil. Its position in the West Indies is solid in some islands but insecure in others, due basically to internal politics and depressed living standards.

It is therefore important that one of the priority objectives of the corporation should now be to continue to find new markets and to improve the quality of its product.

The corporation also continues to be hampered by a large proportion of small fish and very few large and extra large. Although there appears to have been some improvement in quality, there is still a long way to go, even ignoring the problems of small and extra small trap codfish. Little can be done about this because of fishing methods. Fishermen's split and cured fish continues to be of generally better quality than fish split by machines in the plant. The lack of large fish prohibits the corporation from entering such lucrative markets as southern Brazil, and also expanding to a greater extent in markets such as Spain, Portugal and Italy.

Another problem has to do with the selling prices, which, although higher than last year, did not increase to the same extent as prices for fresh and frozen fish. Most of the corporation's contracts were in United States funds, and thus it enjoyed a beneficial currency exchange rate.

All in all, the corporation has done a reasonably adequate job, in taking a product which was confined to little areas of Newfoundland and northern Quebec, and establishing markets which can continue to grow to the benefit of the fishermen in those provinces.

I feel it is vitally important that the corporation be allowed to extend its borrowing authority, and I have no hesitation in recommending that the bill receive second and third readings and be passed today.

Motion agreed to and bill read second time.

THIRD READING

Hon. Ernest G. Cottreau moved with leave, and notwithstanding rule 45(1)(*b*), that the bill be now read the third time.

Motion agreed to and bill read third time and passed.

● (1620)

LIVESTOCK FEED ASSISTANCE ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Wednesday, June 25, the debate on the motion of Senator Hays for second reading of Bill C-15, to amend the Livestock Feed Assistance Act.

Hon. Cyril B. Sherwood: Honourable senators, in speaking to Bill C-15 I would say, first, that my party endorses, within the context of this act, the principle that northern Canada should enjoy benefits comparable to eastern Canada and Brit-

ish Columbia. Accordingly, we on this side will support Bill C-15.

In my remarks, I should first address the incongruity that the north should not have been accorded, when the act was first introduced, assistance similar to that available elsewhere in Canada. Certainly, the Progressive Conservative Party has been on record for some years as endorsing the extension of the Livestock Feed Assistance Act to the north. The Yukon Territorial Council long ago requested such an extension. Finally, it took the intervention of the Department of Northern Affairs to persuade this government, in the dying days of its previous incarnation, to introduce such a measure. True to our commitment, we reintroduced Bill C-9, but enjoyed too little time in office to secure its passage. We are pleased that this government has seen fit to smile graciously upon northern Canada so early into its mandate.

Let no honourable senator be misled as to the impact of this act. The government will pay approximately 30 per cent of the transportation costs of livestock feed to northern Canada, amounting to about $50 per metric ton on a current transportation cost of $160 per metric ton. Inasmuch as cheaper access to feed engenders the development of a local livestock industry, northerners will benefit both from cheaper and fresher food being available. It is hoped, of course, that shipment of the feed will contribute to the establishment of a local grain industry. There are 3,000 to 4,000 square miles that have the capacity to produce grain for forage in the north, and with summer daylight hours as long as they are, the potential for growth, if cultivation takes place, is impressive.

There are, however, problems which arise from the extension of this policy. The government will have to monitor its application to ensure that local grain growers are not undercut by an influx of cheaper grain. The government, to give effect to its policy, will also have to improve transportation and distribution systems in the north. They are woefully poor at the moment, causing an official of the Livestock Feed Board, appearing before a committee of the other place, to admit that it may be necessary to truck grains in from Alberta, as the existing transportation system might be unable to accommodate the increased demand.

Honourable senators, in the light of these facts, it would be very unfortunate if the government were to decide, upon passage of this bill, that it had done its bit for the development of northern agriculture. Certainly the government has studied to death the future of agriculture in northern Canada. One could almost argue that had they long ago introduced the comprehensive policy which is so desperately needed, the bill which we are debating today would be unnecessary.

It is regrettable that in some respects Liberal policy has directly worked against the prosperity of northern agriculture. Certainly the closing of certain Department of Agriculture experimental stations in the north has lent that appearance. So what the government must do is put into effect a program which would realize the potential for production in the area, as part of an overall assistance package. In fact, the government once received a request from the Yukon Council not to proceed with this bill until an overall northern agricultural policy had been proclaimed.

It is now time that this piecemeal approach end. A comprehensive package must address those transportation and distribution problems to which I have already referred. It must also strive to assist in the creation of an early self-sufficient northern agricultural industry, and in doing so the government will absolutely have to permit the development of agricultural and recreational land in the territories.

The previous government, sympathetic to the aspirations and desires of northern Canadians, had taken some of the wraps off of such development, effective this summer. The new Liberal administration has decided not to proceed in this regard.

An Hon. Senator: Shame.

Senator Sherwood: While sharing your concerns about the rapidity of development, we believe that northerners deserve the opportunity to more closely meet their own demands with local produce, and we believe that outstanding concerns can be met through the judicious application of regulations. Realistically, honourable senators, if development of the north does not become a priority of this government, then such harmless legislation as we are now debating will have very little impact upon the achievement of its stated goals.

With the indulgence of honourable senators, I would like to tackle one final but very fundamental problem arising from the introduction of this bill. It is a matter which I fear either the government has failed to consider, or, alternatively, has already passed judgment upon, to the detriment of western Canada.

To paraphrase the Minister of Agriculture, this program is designed to tide each region over until it becomes self-sufficient in livestock, and hence forage, production. To that end, the province of Quebec benefited last year from $4.5 million in federal funding under this act. The maritime provinces received almost $4 million, while British Columbia got $4.6 million. So-called "top-loading" subsidies by more prosperous provinces, designed to enhance still further the development of local livestock industries, have caused an even greater proportion of the livestock industry to move from western Canada to other parts of the country.

The point I wish to make, honourable senators, is that while the extension of the provisions of this act to the north is the only equitable way to proceed, given that other regions of the country are benefiting perhaps the rationale for the act itself should come under closer scrutiny. Since the inception of the Canadian Livestock Feed Assistance Board in 1967, western Canada's proportion both of the livestock and slaughterhouse industries has declined considerably. While the differential has narrowed, freight rates still heavily encourage the movement of unprocessed or semi-processed foodstuffs from west to east. The west still pays a transportation premium for finished products travelling in the other direction. While other regions are benefiting from self-sufficiency, or are approximating that

objective, the west's competitive advantage in livestock production has been reduced.

I hasten to add that this would not be a problem if the government had policies in place designed to promote regional self-sufficiency in every endeavour. Allowing that such an objective would be ridiculous and counterproductive in terms of our international competitive position, I nevertheless point out that I have seen no federal policies designed to equalize automobile or textile manufacture across our regions.

Accordingly, I would urge the government, given the era of renewed federalism which has dawned upon this country, to review the overall impact of programs such as this, which may, quite understandably, contribute to the alienation which exists today in western Canada. At the very least, the inclusion of some western representation on the board's advisory committee would be a start.

• (1630)

With that request for the sort of fundamental review for which this government is not particularly known, yet expressing my sincere hope that a few months in opposition has increased its sensitivity, I conclude my remarks by reiterating our support for the passage of Bill C-15.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in Senator Hays' name, I move, with leave, that this bill be read a third time now.

Senator Roblin: Is it not the intention to refer this bill to committee?

Senator Frith: The Chairman of the Agriculture Committee, Senator Hays, and the Vice-Chairman, Senator Sherwood, consulted on that possibility. There was a time when they thought they would like that to happen in order to have a review of the whole principle as suggested by Senator Sherwood. After further discussion, they decided they would postpone that to some other occasion. Therefore, they do not feel it is necessary for this bill to be referred to committee.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

THIRD REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the third report of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments, which was presented on Friday, June 27, 1980.

Hon. Royce Frith (Deputy Leader of the Government) moved that the report be now adopted.

He said: As honourable senators may remember, about a month ago the joint chairman, Senator Godfrey, presented a report on the same subject matter as the present report which, incidentally, may be found in the *Minutes of the Proceedings of the Senate* of June 27 at page 221. At that time the terms of the report were much broader than, apparently, had been the intention of the committee. The subject of the report was authorization to send members of the joint committee to a meeting of the committees on Subordinate Legislation of the Parliaments of the Commonwealth to be held in Canberra, Australia, from September 29 to October 3, 1980.

The original report asked for authority to send members of the committee to Australia and elsewhere, as I remember. Although I am not quoting the report verbatim, that was its meaning. The Senate, as you will remember, asked that the matter be referred back to committee for reconsideration. The committee has now reconsidered, and has presented the report which, as I have said, appears at page 221 of the *Minutes of the Proceedings of the Senate*, and which is before honourable senators today.

The substance of the committee's report is as follows:

> That it be given authority to send five (5) members of the Committee and one (1) Committee Counsel to the conference of the committees on Subordinate Legislation of the Parliaments of the Commonwealth to be held in Canberra, Australia from September 29 to October 3, 1980.

Honourable senators will recall that under rule 83sca the actual expenses of such a trip if the report is adopted by the Senate, are subject to examination by the Standing Senate Committee on Internal Economy, Budgets and Administration.

Motion agreed to and report adopted.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, July 10, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

July 10, 1980

Sir,

I have the honour to inform you that the Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 10th day of July, at 5.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

STATUTE LAW (MILITARY AND CIVILIAN WAR PENSIONS, COMPENSATION AND ALLOWANCES) AMENDMENT ACT, 1980

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-40, to amend the Pension Act, the Compensation for Former Prisoners of War Act, the War Veterans Allowances Act and the Civilian War Pensions and Allowances Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I move, with leave, that the bill be read a second time later this day.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Is this the bill demanded by the Honourable Stanley Knowles?

Hon. Royce Frith (Deputy Leader of the Government): So they say. We do not say that, but they do.

An Hon. Senator: We should not trust rumours.

[*English*]

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Motion agreed to.

• (1465)

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have the honour to table the following documents:

Report of the Atomic Energy Control Board of Canada for the fiscal year ended March 31, 1980, pursuant to section 20(1) of the *Atomic Energy Control Act*, Chapter A-19, R.S.C., 1970.

Report of the Northern Canada Power Commission, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1980, pursuant to section 24 of the *Northern Canada Power Commission Act*, Chapter N-21 and section 75(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Copy of Eighth Report of the Advisory Group on Executive Compensation in the Public Service, dated March-April 1980.

And, in the spirit of access to information and freedom of information, I table a document entitled:

Copies of document entitled "Cabinet Committee Membership," dated July 10, 1980.

QUESTION PERIOD

[*English*]

INDUSTRY

CANADA-UNITED STATES AGREEMENT ON AUTOMOTIVE PRODUCTS

Hon. Guy Charbonneau: Honourable senators, I direct my question to the Minister of State for Economic Development. It follows upon a delayed answer he gave to a question I asked on June 25. The minister asserted:

> It is the intention of this government to negotiate better operation of the auto pact, and while it is not desired, nor is there any intention, to seek a total renegotiation of the pact, there will be some changes to it.

May I ask the minister what assurances he has that there will be changes in the auto pact? Have the U.S. authorities agreed in principle to such changes or is this just wishful thinking on the part of the Minister of Industry, Trade and Commerce? If they have agreed in principle on certain changes, might we know what areas these changes will cover?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the Minister of Industry, Trade and Commerce does not engage in wishful thinking; he is very sincere in negotiating an improvement in the auto pact. Although I cannot now inform my friend on the state of those negotiations, I will find out whether there is any more precise information than I have given him. The minister was in Washington the same day that I was there and there were negotiations going on for most of the day. Specifically, with respect to my friend's inquiry about what changes the United States has agreed to, if indeed any changes have been agreed to at this point in time, I think I had better obtain a report from the minister.

• (1410)

Senator Charbonneau: If I may ask a supplementary, is the minister telling us that changes have been agreed to at this specific time?

Senator Olson: All the minister said, and I understood it quite clearly, was that he was going to make an inquiry about the matter.

UNITED STATES—PRESIDENTIAL ANNOUNCEMENT OF ASSISTANCE TO AUTOMOBILE INDUSTRY

Hon. Lowell Murray: Honourable senators, I should like to address another question to the minister relating to the automobile industry. It arises out of the announcement made by President Carter the other day of rather massive assistance of various kinds to the automobile industry in the United States.

While I am not suggesting that a program of that kind would necessarily be appropriate here, I did want to ask what the Minister of State for Economic Development is doing in conjunction with the industry, and perhaps with concerned provincial governments, to develop a longer-term strategy for this industry, since I think he will agree, as most people would, that the problems in the industry are not simply temporary or cyclical in nature.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am sure the Honourable Senator Murray knows quite well that the Minister of State for Economic Development does not administer any department, or, indeed, any program. Nor is he attempting to run any other minister's department.

Senator Flynn: Then what does he do?

Senator Olson: He has enough to do.

Senator Walker: Just answer the question.

Senator Olson: The function now of the Minister of State for Economic Development, as was the case during the time of my predecessor, is to perform a co-ordinating role in making sure that the economic policies of all the economic departments are co-ordinated in advance—

Senator Flynn: It doesn't show!

Senator Olson: —and, indeed, to follow that up with the expenditure management section, for which I wish to compliment my predecessor who put it in place, to make sure that those policies are carried out according to the will of the committee of which the minister is chairman.

Senator Murray: I am sorry, but that simply will not do for an answer, because if there is a classic case in which the plight of an industry is the concern of several departments of government, all of them falling under the aegis of economic development, it is this one.

I simply put the question to the minister whether, in his co-ordinating role, he is not bringing together the Departments of Industry, Trade and Commerce, for example, Finance, for example, and several others that are members of his committee, to try to work out a longer-term strategy for this industry. It seems to me that this is a classic case for the concern of a minister charged with co-ordinating economic policy.

Without being personally offensive in any way, I must say that if the minister persists in this kind of answer I will suggest that we ask for some kind of written documentation before this body so that we can know whether the Ministry of State for Economic Development is in fact an effective working portfolio or whether it is simply an empty title.

Senator Perrault: Very effective! Very effective!

Senator Olson: Honourable Senator Murray has that option open to him any time he wants to take it, and I hope he will not refrain from taking the option because of any admonitions from me, if he feels he ought to do so.

I can tell him, however, and I find it rather difficult that he does not seem to understand even the simplest language, that I am not running the Department of Industry, Trade and Commerce, and I have no intention of attempting to usurp that position now or ever.

There is a co-ordinating role at times that the Minister of State for Economic Development can play, and he is playing it—

Senator Perrault: Very well!

Senator Olson: —and will continue to play it on a low-profile basis, because he is not running and is not going to appear to run any other minister's department, either. I cannot understand why my friend cannot understand that. It is simple and straightforward, and there are no weasel words in that reply.

• (1415)

Senator Murray: I put it to the minister, then, that he is denying responsibility for the automobile industry, except as a matter of collective responsibility as a minister of the Crown; and that as Minister of State for Economic Development he is saying that he has no responsibility for developing a strategy in that area.

Senator Olson: Honourable senators, that interpretation of what I said would have exactly the same kind of credibility as, I suppose, the honourable member's interpretation of how to run the Conservative campaign—and he knows the results.

Senator Perrault: They ran out of gas.

Senator Smith: There is no danger of the honourable gentleman's running out of gas.

CANADIAN BROADCASTING CORPORATION

HIRING OF CONVICTED WATERGATE CONSPIRATOR

Hon. H. Carl Goldenberg: Honourable senators, my question is for the Leader of the Government. In its issue of June 27, the Toronto *Star* published a story under the heading "Morningside hires Watergate's Liddy." The story reads in part as follows:

> Convicted Watergate conspirator G. Gordon Liddy bounded out of a jail term into the waiting arms of CBC-Radio.
>
> Morningside has picked Watergate's notorious master plumber to comment regularly during the Republican and Democratic conventions in the United States this summer, and to report on the fall presidential campaign trail.

I presume this is the justification, for it goes on to say:

> Liddy organized break-ins at the office of the National Democratic Committee headquarters in the Watergate complex in Washington and at the office of Daniel Ellsberg's psychiatrist. Morningside hired Liddy after he appeared on the program recently promoting his book, *Will*. In it, he expresses no regrets about his role in the Watergate scandal and reveals that he was ready to kill syndicated columnist Jack Anderson, one-time friend Howard Hunt, and John Dean. He confirms once telling a senior White House aide, "If you want anyone killed, just let me know." And he sticks to this view of life, "The end justifies the means. Extreme measures require and justify extreme means."

My question to the Leader of the Government is this: Is this story correct? Has the CBC in fact hired this disreputable fellow to report on the forthcoming political campaign in the United States? If so, what are the terms of his engagement? Finally, can the CBC justify an engagement of this kind?

Some Hon. Senators: Hear, hear.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Goldenberg poses an interesting and important question. Certainly inquiries will go forward to obtain the information he seeks. In the meantime, I hope that tape recordings are made of all of Mr. Liddy's broadcasts and there will be no blanking out of any of them.

HUMAN RIGHTS

STATUS OF NATIVE WOMEN

Hon. Martha P. Bielish: Honourable senators, I have a question for the Leader of the Government. In view of the fact that the case of Sandra Lovelace is about to come before the United Nations, and given that on Monday in the other place the minister said that the Indian women might have to wait an additional two years for a resolution of this matter, despite the commitment of the Clark government of last fall to delete section 12(1)(*b*) of the Indian Act, would the Leader of the Government bring to the Senate a progress report on discussions which the government is having with native people to arrive at a new policy on the question of human rights for native women?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, an inquiry will go forward immediately on that question.

• (1420)

CANADA-UNITED STATES RELATIONS

NEW YORK STATE—DISCRIMINATORY LEGISLATION

Hon. Nathan Nurgitz: Honourable senators, my question is to the Minister of State for Economic Development. Two or three days ago the Minister of Industry and Tourism of Ontario requested the support of the federal government in opposing the recently passed New York law which discriminates against foreign steel supplies. Is the minister able to tell the Senate if that matter is being discussed between our government and the U.S. government? Can he also tell us whether, during the Prime Minister's recent visit with the President of the United States in Venice, discussions of this matter took place?

Hon. H. A. Olson (Minister of State for Economic Development): I will make some inquiries in an effort to determine the stage of the discussions at this time. However, I can tell my honourable friend that the Canadian government is disturbed at this kind of action and some discussions are in progress. I will report on this later.

ENERGY

ALASKA HIGHWAY GAS PIPELINE

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wish to reply to Senator van

Roggen's question yesterday concerning the re-injection of gas at Prudhoe Bay. I am advised that Arco has no immediate concern with the re-injection process, according to one of their spokesmen. It is their feeling that using some of the gas as the fuel to re-inject could continue until at least 1986 if no new reserves are found. They are continually studying the field at Prudhoe Bay.

If it eventually becomes uneconomic to use gas as the fuel of injection, the company will turn to other methods such as the waterflood method. The situation is being carefully studied and monitored constantly by the producers at Prudhoe Bay.

As a point of information, using gas to re-inject causes a loss of pressure annually, which requires an increase in compression resulting in a five per cent loss of energy.

THE ENVIRONMENT

CONVERSION OF U.S. ELECTRICITY GENERATING STATIONS—POTENTIAL INCREASE IN AIR POLLUTION

Hon. Raymond J. Perrault (Leader of the Government): I have two brief statements on matters of interest to honourable senators. The first relates to acid rain. Honourable senators may be aware that the U.S. Senate has approved a bill providing for reduction of U.S. reliance on foreign oil through conversion of some oil-fired plants to coal.

This bill will be subject to further consideration by the House of Representatives. Thus far the House has not shown enthusiasm for the proposal, and a number of House Committees have indicated they will hold careful hearings before they agree to vote on it.

Canadian concerns about the increase in acid rain causing pollutants associated with this proposal have been made known to senior members of the U.S. Administration a number of times in recent months. A detailed expression of these concerns was also provided to the Chairman of the Interstate and Foreign Commerce Committee and relayed to many other members of Congress.

The government will continue to make its concerns on this proposal known to the U.S. government.

CANADA-UNITED STATES RELATIONS

FISHERIES—EAST COAST BOUNDARY CONTROVERSY

Hon. Raymond J. Perrault (Leader of the Government): The next matter I wish to deal with relates to fisheries. Honourable senators, formally and informally, have asked questions relating to the possibility of a settlement of the east coast fisheries dispute.

As far as Canada is concerned, the East Coast Fisheries Agreement, signed in March 1979, provided for a fair and comprehensive settlement of the issues under dispute. We do not know how long it will take for the U.S. to ratify the treaties.

In the meantime we have to protect Canadian interests as best we can. This is why the government announced, on June 12, an increase of Canadian fishing for groundfish on Georges Bank. We are presently considering what other measures might be necessary to protect our interests.

FISHERIES

1980 SEAL HUNT—DYE-MARKING OF SEAL PUPS

Question No. 11 on the Order Paper—**By Hon. Jack Marshall:**

1. During the 1980 seal hunt were any seals dye-sprayed by members of the Greenpeace organization or by others and, if so, were those persons apprehended?

2. When will the final results of the effects of dye-spraying of seals during the 1980 seal hunt be known?

3. Give details of the effect on seals if sprayed with large quantities of dye, if results of examination are available.

Reply by the Minister of Fisheries and Oceans:

1. On March 13, 1980, Greenpeace claimed that six of its members had marked 150 seals with green dye during the previous day.

It appears that a total of two seal pups were surreptitiously marked either with a crayon or "magic marker" by five individuals while pretending to pet or stroke the animals. This took place on an offshore patch of ice holding a total of 38 to 40 seal pups, which had been designated by the Fisheries Officer in charge of Conservation and Protection at the Magdalen Islands, for viewing by a bona fide nature tour group organized by Hanns Ebensten Travel Inc., of New York. The individuals concerned had obtained reservations to Ebensten's "Ice-pack Tours", and went to the ice for 45 minutes on the first trip, on the morning of March 11; they broke away from the group leaders long enough to mark the two seals, and take a few photos. They immediately returned ashore, and left the Ebensten group without notice, taking off for the mainland on a Quebec Air flight departing at 13:55. They apparently made no mention to anyone of their actions until they were out of the country, at which point the claim seems to have been made in a news release put out by the Greenpeace Foundation, that 150 animals were marked. The five individuals included three Americans, and one each from England and France. They were not apprehended since their act was not known until the press release was issued only after they had left Canada.

2. The effects of marking these two seals (there was no dye-spraying as such) are nil.

The offshore, large vessel hunt at the Magdalen Islands had already been terminated by the date on which the seals were marked, so there could obviously be no direct effect on the sealers' catch, even if large numbers of animals had been marked. Moreover, seal pups at that time had reached the "tanner" stage, i.e. they had started shredding their white fur, and were already largely independent of their mothers. Consequently, the value of

the pelts could not have been affected, nor would the mother-pup bond have been likely to be disturbed.

3. Effects of dye-marking seal pups would likely depend upon the age of the pup, the type and amount of dye used, ambient environmental conditions and possibly the age of the pup's mother.

Studies have shown that *limited* amounts of some dyes have little direct effect on the pup or on subsequent mother-pup interactions.

Copious amounts of dye, however, could change the reflectance and transmittance characteristics of the white lanugo, and affect the pup's thermoregulation. Furthermore, if the dye included a wetting agent, it would further reduce the insulative properties of the pelt, an effect which could be especially serious to a very young animal which had not yet built up a heavy blubber layer.

In addition it is possible that certain dyes may possess odours which could interfere with the mother's ability to identify her own pup. Any such interference with the mother-pup interactions would have serious consequences on nursing and the chance of survival of the pups since they grow at a rate of about 2.5 kg/day during nursing, and the nursing period on average lasts only about 9 days.

The type and quantity of dye, or the extent of spraying which would be required to mark a seal permanently to the point of destroying the market value of its pelt could therefore seriously compromise the chances of survival of the marked seals.

AGRICULTURE

FEDERAL FRUIT AND VEGETABLE STORAGE CONSTRUCTION FINANCIAL ASSISTANCE PROGRAM

Question No. 13 on the Order Paper—**By Hon. Jack Marshall:**

1. Have any applications been received under the Federal Fruit and Vegetable Storage Construction Financial Assistance Program from the Province of Newfoundland? If so, (a) how many have been approved, and (b) in what amounts?

2. Were any applications received and turned down? If so, for what reasons?

Reply by the Minister of Agriculture:

1. Yes.

(a) None.

(b) N/A

2. Yes. Two applications were turned down because neither producer group could meet the financial requirements of the program to directly finance the minimum of one-third of the project cost.

FARM IMPROVEMENT LOANS ACT

Question No. 17 on the Order Paper—**By Hon. Jack Marshall:**

[Senator Marshall.]

Regarding Release E-26, Agriculture Canada, what is the breakdown, by province, of the $41.2 million in loans made under the Farm Improvement Loans Act in the first quarter of 1980?

Reply by the Minister of Agriculture:

Province	No. of loans	Amount
British Columbia	262	$ 3,744,514
Alberta	1,367	14,143,602
Saskatchewan	1,338	14,645,770
Manitoba	492	5,162,708
Ontario	185	2,174,076
Quebec	14	480,775
New Brunswick	19	123,102
Nova Scotia	26	273,667
Prince Edward Island	55	333,072
Newfoundland	4	101,250
	3,762	$41,182,536

MINUTES OF PROCEEDINGS

CORRECTION

Hon. Hartland de M. Molson: Honourable senators, I rise on a point of privilege to call attention to a very minor correction that is required in the *Minutes of the Proceedings of the Senate* of yesterday. Under "Inquiries," Notice No. 2 for Tuesday, July 15, it states:

That we will call the attention of the Senate—

I should just like to say that I do not aspire to the editorial "we" and certainly not to the royal "we". It should read:

That he will call the attention of the Senate—

• (1425)

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before the Orders of the Day are called I should like to report on two matters. The first is on our schedule for next week.

Honourable senators will remember that yesterday I said we might sit extra hours next week in the hope that Parliament could finish its business by July 17 or 18. I said I did not think that this was likely, but that I would let you know today.

The news is that a very serious effort is being made to reach that objective, and therefore I am respectfully asking honourable senators to sit next week on Monday and Tuesday evenings, Wednesday afternoon and perhaps Wednesday evening. I don't think it will be necessary to sit Wednesday

Senator Nurgitz: One final supplementary. I take it, then, there is a policy of not disclosing who the twin member is.

Senator Flynn: Do you know your own twin?

Senator Perrault: There seems to be almost a passionate zeal on the part of the official opposition to try to create the impression in the country that there is an attempt on the government side to suppress information. This has been one of the most forthcoming governments in the history of this country.

Senator Flynn: That is the best joke I have heard for some time.

Senator Nurgitz: Given the openness of the government leader, I trust he will not object to giving us in the next day or two the list of twin members.

Senator Perrault: If the honourable senator is seeking the assistance of one of these so-called twinned MPs in respect of a particular problem, why not send the problem over to us and we will do our best to solve it for him.

Senator Asselin: Produce the list.

THE ECONOMY

SMALL BUSINESS DEVELOPMENT BONDS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wish to reply to Senator Roblin's question of June 25 last regarding the broadening of the policy relating to small business development bonds so that these instruments could be used by small businessmen to raise working capital.

I wish to inform the honourable senator that I have consulted with the Minister of Finance on this matter. He indicated that the decision to introduce the measure on April 21, 1980, was based on the need to help small business continue to expand despite present interest rates. The proposal achieves this objective in two basic ways: first, it allows interest subsidies to small businesses for the purpose of acquiring new capital assets which are vital to expansion and to finance research and development expenditures.

● (2110)

Secondly, it allows interest subsidies to small corporations in financial difficulty and in this latter case the funds can be used for any business purpose including working capital needs.

It is important to note that this proposal endeavours to foster the development of small businesses. The government feels that the proposal, as outlined in the communiqué dated June 13, 1980, is the most efficient means of allocating scarce resources to attain this objective.

Accordingly, the Minister of Finance is of the view that it would not be appropriate to broaden the terms of small business development bonds so as to include all refinancing of working capital requirements.

I would be very happy to send the honourable senator a copy of that communiqué if he does not already have it.

ENERGY

PROMOTION OF PETROLEUM SUBSTITUTES—TAXATION POLICY

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to reply to Senator Roblin's question of June 25 concerning the application of the seven cents per gallon (1.5 cents per litre) special excise tax on petroleum substitutes, in particular, gasohol, which is a blend of 90 per cent gasoline and 10 per cent alcohol. The government has received several inquiries about the application of the seven cents per gallon excise tax to gasohol.

Different provinces have adopted different positions. Manitoba, as the honourable senator knows, provides full exemption from its gasoline tax levies for gasohol. Ontario, on the other hand, exempts only that portion of the blended product which represents the alcohol content.

Complete exemption from the seven cents per gallon levy for gasohol could have adverse revenue consequences as well as encouraging wasteful use of this precious resource.

Various options which may achieve energy conservation by encouraging the use of gasoline substitutes are currently under review. No firm decision has been made to date as to whether any or all of them will be implemented.

Q & M PIPELINE—ENVIRONMENTAL STUDY

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wish to reply to a question directed to me by Senator Marshall on June 25 regarding the status of environmental studies related to the application by Q & M pipelines to construct a pipeline from near Quebec City to New Brunswick and Nova Scotia.

The Minister of Energy, Mines and Resources has stated on several occasions that the government remains committed to reducing the dependence of the Atlantic provinces on imported oil and that the natural gas pipeline extension is a preferred way of achieving this objective. He stated last week in the other place that he has had two meetings with the promoters of the Q & M project and has asked them to continue their study on the environmental aspects identified by the National Energy Board. To date there has been no decision by the company to complete these studies or to file a new application with the NEB. The minister also indicated he hoped to discuss the project again in the near future with his provincial colleagues in Nova Scotia and New Brunswick.

I might add that with regard to the Quebec extension, the Quebec government is expected to make a final decision on the pipeline's right of way under its land use legislation this summer so that construction can commence early next year. This would provide for completion of the Q & M pipeline as far east as Quebec City.

I would like to add also that while I now have the information respecting the question asked by Senator Marshall regarding shipbuilding, perhaps in view of the hour it would be satisfactory if I were to give that reply tomorrow.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have some information on the status of the Garrison Dam controversy which may be of interest. The government is deeply disappointed at the July 2 decision taken at the House-Senate Conference to approve the additional Garrison appropriation of $9.7 million, particularly in light of the government's strong efforts through the embassy in Washington and the actions of the Manitoba government and the initiatives of concerned Canadian parliamentarians to make United States Congressmen well aware of Canada's concern over the provision of any new funding for the project.

The government has noted the stipulation of Congress that the additional appropriation will not be for work directly affecting Canada. Through our embassy, however, the government has this week secured confirmation from senior U.S. Administration officials that any construction activity funded by the new appropriation will not provide for any drainage into Canadian waters, that is inter-basin transfers.

While the government finds the recent action by Congress disturbing, it should be noted that the entire project remains under internal review by the U.S. Administration. Accordingly, the government will continue to take every available opportunity to reiterate Canada's concerns over the project as currently designed, and to urge that the project be modified to eliminate all inter-basin transfers of water and associated harmful foreign "biota." The United States government has given us formal assurances that it will honour its Boundary Waters Treaty obligations and commitments to Canada. We will continue to do everything possible to ensure that this will be the case.

Honourable senators, may I state in addition that I have been informed by the office of the Right Honourable the Prime Minister that Canada's concerns regarding Garrison were made known to President Carter at the Venice Summit Meeting, indicating the importance that the government places on this entire matter.

POST OFFICE

SETTLEMENT WITH CANADIAN UNION OF POSTAL WORKERS—MAIL DELIVERY GUARANTEES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by the Honourable Senator Molson on June 5 regarding his concern for mail delivery guarantees. The answer is quite long, and in the interest of saving time it might be the wish of honourable senators to have this answer printed as part of today's proceedings.

Hon. Senators: Agreed.

Senator Perrault: Or perhaps Honourable Senator Molson would like to receive the answer verbally tomorrow.

[Senator Olson.]

Senator Molson: I would be quite satisfied, if it is an important statement, to have it placed on the record. If it is not, then I would be quite happy to have a copy of the reply.

Senator Flynn: Put it on the record.

Senator Perrault: Very well.

(*The answer follows:*)

Canada Post attaches the highest importance to achieving a high rate of reliability in mail delivery, and that it has achieved considerable success in meeting the most demanding specifications it has set for itself in this area.

The current first-class mail service specifications, developed to replace the "Assured Mail Program", were adopted in May, 1978, between 22 major offices and were subsequently extended to other post offices. According to these specifications, postal managers have introduced operating plans to ensure the following:

—next-day delivery for mail destined to the socio-economic area as determined by historical practices, customer expectations and needs;

—next-day delivery for closely paired cities where there has existed a precedent for this level of service and where operational capability permits this;

—second-day delivery to other selected paired cities where it is operationally possible; and

—third-day delivery to other post offices except isolated and remote areas.

The above basic service commitments apply to letter-size items and flats which comply with "Canadian Postal Standards".

Canada Post plans to better its performance and reliability by improving the integration of key centres and by keeping critical connections to a minimum. They are now analyzing operations at these key centres to ensure that the collection and delivery, processing and distribution systems within them perform effectively, both individually and when fully integrated.

To promote an understanding and commitment to service specifications, internal "rule books" are being prepared which outline the basic operational principles to be used at each individual plant in developing operational plans that will result in meeting schedules and time specifications. Moreover, to identify areas not meeting specifications we are establishing system and service performance indicators at the working level for the timely application of corrective measures.

Their specifications as to reliability have been set at a high level and much work remains to achieve these specifications across the whole country. In the upcoming planning period they will continue to concentrate our efforts towards meeting these higher standards.

In the recent past they have made substantial progress in improving their reliability. Canada Post remains confident that the above programs will contribute in no small

measure to providing Canadians with a reliability in the mails that is second to none.

CANADA-UNITED STATES RELATIONS

FISHERIES—EAST COAST BOUNDARY CONTROVERSY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, there was a question asked by Senator Marshall on June 12 regarding the East Coast Boundary controversy over fisheries. The question has been answered by a news release, on June 6 by the Minister of Fisheries and Oceans. Again that could be printed as part of the record if honourable senators agree.

Hon. Senators: Agreed.

(*The news release follows:*)

A ban on commercial fishing of Atlantic salmon, imposed in April 1972 as a conservation measure in certain areas of Atlantic Canada, will continue in 1980, Fisheries and Oceans Minister Roméo LeBlanc announced today.

"The ban," said Mr. LeBlanc, "was introduced as a conservation measure to allow salmon stocks to increase. However, the advice of our fisheries experts indicates that the recovery of the stocks has not yet reached a level to justify a resumption of commercial fishing."

The minister added that the department last year undertook a thorough review of the Atlantic salmon fishery, including biological considerations and the economic and social impact within the Atlantic provinces. A comprehensive plan is now being developed, covering management and the further enhancement potential for Atlantic salmon stocks.

Mr. LeBlanc said that subject to Federal Treasury Board approval, compensation payments will continue to be paid in 1980 to fishermen prevented from fishing as a result of the commercial salmon ban. This compensation amounts to approximately $1.5 million annually, and will continue at 1979 payment levels for some 700 commercial fishermen.

Because of the commitment made by the previous government to continue the ban on commercial salmon fishing, and due also to the fact that the new administration has not had sufficient time to fully assess the situation, a decision to reopen the fishery, even on a limited basis, could not have been made in time for the fishermen to gear up for the 1980 fishing season, said the minister.

TRANSPORT

TORONTO AND MIRABEL AIRPORTS—INTERNATIONAL AIR SERVICES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked on June 12 by the Honourable Senator Smith regarding user and landing fees at Ministry of Transport owned and operated airports.

The answer is as follows. The general policy is to recover the costs of facilities and services provided, at public expense, in support of air transportation. The specific cost recovery objective for facilities and services must, however, be assessed on its own merit. In the case of the proposed increases in landing fees and general terminal fees, there is a need to generate additional revenue to fund the Air Transportation Program. For example, a deficit of $356 million is forecast for the program in fiscal year 1980-81.

Honourable senators, I have other questions to which I shall give the replies tomorrow.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, would the honourable leader permit me to ask a further question about the Garrison project? Is he able to provide the house with a copy of the communication from the Government of the United States in respect to this matter. It would certainly help to clarify at least one person's understanding of the matter.

Hon. Raymond J. Perrault (Leader of the Government): That inquiry will go forward, and if it is possible to provide that document it certainly will be tabled.

GRAIN

COUNTRY ELEVATOR SYSTEM—GRADE PROMOTION

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, a question was asked of me by the Honourable Senator Bielish on May 29. The question was as follows:

Could the minister inform the house and the farmers of western Canada whether he has investigated grade promotion or upgrading practised by the country elevator system and, if so, have the results of his investigation led to the assurance that the producer is receiving full value for his grains?

Honourable senators, the answer is somewhat lengthy and, if it is agreed, I will have it printed in the record as though it had been read at this point.

Hon. Senators: Agreed.

(*The answer follows:*)

The fundamental principle of grain grading is to assure each producer on delivery to the country elevator receives the grade his grain is entitled to under the grade established by the Canadian Grain Commission. Where a dispute arises upon delivery, an agreed on sample by the farmer and the country elevator agent is submitted to the Canadian Grain Commission's chief inspector and the grade he establishes is binding on the purchase of the grain. Once the grain is in the elevator and ownership has changed, the elevator agent can then blend the grain in any manner he wishes to improve its quality. For example,

he could buy grain from five farmers totalling 5,000 bushels, which was at the top of the No. 1 grade. He could buy grain from five farmers totalling 5,000 bushels, which was above average of the No. 2 grade, blend the two 5,000 lots together and ship 10,000 bushels that would grade No. 1. I use this as an extreme example for illustration purposes only. In practice, blending within the country system in total represents less than 10 per cent in grade gains. The overall benefit, while not directly, is certainly indirectly a benefit to the farmers. The elevator company has an earning that may allow it to operate at a lower country tariff than would otherwise be required. A producer co-operative elevator company has these additional funds that will in due course be distributed to its membership.

TRANSPORTATION

MEMORIAL UNIVERSITY, NEWFOUNDLAND—FEDERAL GRANT FOR RESEARCH

Question No. 3—**By Hon. Jack Marshall:**

1. Has Memorial University, in the Province of Newfoundland, ever applied for a federal grant for transportation research to focus university attention on Canadian transportation problems and to increase the number of students specializing in transportation studies for the industry and government?

2. If an application was received, was it approved? If not, why not?

Reply by the Minister of Transport:

1. According to our records Memorial University of Newfoundland has not applied for a grant under the program supporting transportation research at various Canadian Universities.

At the present time there is provision for only one grant-supported centre for transportation studies in the Atlantic Provinces, the Canadian Marine Transportation Centre at Dalhousie University in Halifax. Under the "Centres of Excellence" policy the very limited federal funds available for transportation research activities at universities are directed to those universities which have well-developed and recognized transportation programs at the graduate level. Memorial is not one of these.

However, in 1974 Memorial University did receive a $4,500 grant from the Transportation Development Agency to help support a transportation conference in Gander.

2. Not applicable.

EMPLOYMENT TAX CREDIT ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. John. J. Connolly moved the second reading of Bill C-19, to amend the Employment Tax Credit Act.

[Senator Argue.]

He said: Honourable senators, Bill C-19, to amend the Employment Tax Credit Act, happens to be a very short piece of legislation. It contains but two clauses, and its purpose is to extend a program that would have ended on March 31, 1981 to March 31, 1982. It extends also the time within which employers may register for participation in the program. The extension of that right is for one year. This is all contained in clause 1 of the bill.

• (2120)

Clause 2 of the bill says that the effective date of the amendment will be April 15, 1980, which is the day after that on which this session commenced.

Having said that, I think I can add that I have said more about this bill in these last few minutes than was said in the House of Commons in eight or nine days of debate. But the bill, for the Senate, is certainly a matter of déjà vu. In January 1978 the Senate had before it Bill C-23, which was an act to amend the Income Tax Act and to establish the Employment Tax Credit Program. That bill was debated in this chamber on January 31 and February 1, 1978. For the record, that debate can be found in the *Hansard* of this house for the session of 1977-78 at pages 280 and 286. The bill was referred to the Standing Senate Committee on Banking, Trade and Commerce, which considered it on the 1st and 2nd days of February, 1978. For the record, committee's proceedings on the bill can be found in issue No. 15 for that session. The minister appeared before the committee, and so did officials of the department. The committee then reported to the Senate on the bill.

I should say something about the program envisaged here, if only to recall to honourable senators what we all knew two years ago but which, no doubt, like myself, everyone has forgotten in the meantime. In the first place, the Employment Tax Credit Program does not involve direct grants or subsidies or subventions in the public sector of the economy by governments. Programs of that kind have already been announced by the appropriate minister, and I think if I referred to them in a general way that would be sufficient to satisfy the requirements of all senators.

There are community service projects, community development projects, new technology employment programs, and employment programs for the disadvantaged. We also have a multiplicity of training programs which are the result of a direct subvention by the federal exchequer. Some of these programs are the Native Opportunity Training Program, the Critical Trade Skills Training Program, the Non-Traditional Training for Women, the Refugee Language Training Program, and so on. We have the Summer Youth Employment Program, the Canada Works Carryover Program, the Local Employment Assistance Program.

I am told that the sum total of all of these programs involves jobs or training places in the fiscal year for over 122,000 people, and that the cost is roughly $370 million.

This program, as honourable senators may remember, is an attempt to foster employment in the private sector of the

economy by reducing the cost of wages paid for new jobs created by employers. The method used to assist the employer in the private sector to do that is to provide him with a tax credit. At this point perhaps I should say what the amount of the tax credit is in the various regions of the country. The regions are those prescribed in the Regional Development Incentives Act, which is a statute of this Parliament.

In the Atlantic region and the Gaspé the amount of the tax credit is $2 per hour per new job. In the more populous regions of southern Canada, both east and west, such as Montreal, western Quebec including Hull, southern Ontario and southern British Columbia, the amount of the tax credit is $1.50 per hour per new job. In the other regions of the country the tax credit is $1.75 per hour.

Those figures seem rather meaningless without being put into some context, and the best method to follow might be to use an example to explain how these proposed credits are to be applied. For the sake of an example, let us consider only the situation in the Atlantic region. Assume an employer creates a new job for which he will pay the new employee $5 an hour, and assume also that the employee in this new job will work a 40-hour week for 50 weeks. In one year he will have worked 2,000 hours, and the total cost of that job to the employer, therefore, will have been $5 times 2,000, or $10,000. Because we are talking about the Atlantic region, the tax credit will be determined at $2 per hour for 2,000 hours, and will be $4,000. That tax credit, under a provision in the mother act which amended the Income Tax Act, is taxable. So the $4,000 tax credit that became available to the employer is added to the employer's income.

Let us say that in this case the employer is the owner of a small business rather than of a large corporation. As honourable senators know, the income tax rate for small businesses is 25 per cent. Since $4,000 is to be added to the earned income of the small business it will be taxed at the rate of 25 per cent, and, therefore, the tax on that amount will be $1,000. The benefit therefore from the $4,000 taxable tax credit is $3,000, and that $3,000 accrues to the benefit of the employer.

● (2130)

The gross cost to the employer of this new job which he created is $10,000; the tax benefit that he gets under this legislation is $3,000, so the actual cost of that job for that first year—the only year in which he is entitled to this benefit—is $7,000. It costs him $7,000 to create a new job, for which he pays the employee $10,000.

That tax credit, honourable senators, can be carried forward for five years. Excluded from the program are temporary jobs and jobs of personal service. Two years ago, when we had this legislation before us, we discussed whether or not new ventures qualified. At that time we were told—and the rule still applies—that they do not.

There is a once only credit allowed for each job. The employee, in order to qualify for a new job, must be out of work for at least two weeks and he must be under the age of 65 years.

It may be of advantage and helpful to honourable senators if at this point I were permitted to place on the record a table showing the agreements signed and the jobs created in the fiscal year 1978-79, which was really the first year of the program, and the fiscal year 1979-80.

I might say that when the program was first announced in 1978, it was hoped that 50,000 jobs a year would be created. In the first fiscal year that expectation was not realized, only 16,711 jobs being created under the program. However, the program was thought to be valid enough for an intensive advertising campaign to be undertaken by the department, as a result of which in the fiscal year from March 31, 1979 to March 31, 1980, 50,906 jobs are said to have been created. The tables to which I have just referred give not only the number of jobs created in each of those two fiscal years but also give the number created by provinces.

May I also place on the record, honourable senators, another table showing the jobs by standard industrial code? I do not know too much about the meaning of the words "standard industrial code," but the table indicates the percentage of jobs that have been created in agriculture, forestry, fish and game, mines, manufacturing, construction, transportation, trade and commerce, finance and insurance, and services.

Perhaps honourable senators might be interested to know that 51 per cent of all the jobs were in manufacturing; 19 per cent were in trade and commerce; 12.7 per cent were in services, and there were smaller percentages in the other categories of employment. I now ask permission to place those two tables on the record?

Hon. Senators: Agreed.

(*The tables follow:*)

EMPLOYMENT TAX CREDIT PROGRAM

AGREEMENTS SIGNED AND JOBS CREATED
AS OF MARCH 31, 1980

Province	1978-79		1979-80	
	Agreements	Jobs Created	Agreements	Jobs Created
Newfoundland	267	348	416	524
Prince Edward Island	158	226	190	245
Nova Scotia	378	530	831	963
New Brunswick	413	572	970	1,458
Quebec	6,223	8,523	14,279	18,538
Ontario	2,885	3,748	14,771	19,108
Manitoba	316	421	875	1,163
Saskatchewan	238	272	638	727
Alberta - N.W.T.	388	468	1,391	1,639
British Columbia - Yukon	1,181	1,603	4,559	6,541
Total:	12,447	16,711	38,920	50,906

JOBS CREATED BY STANDARD INDUSTRIAL CODE

	Percentage
Agriculture	1.8
Forestry	1.1
Fish and Game	—
Mines, Oils and Quarries	0.7
Manufacturing	51.0
Construction	8.4
Transport	2.3
Trade-Commerce	19.8
Finance and Insurance	2.2
Services	12.7
	100.0

Senator Connolly: I am told that the majority of the firms that participated in the program were small business firms. In fact, 77 per cent of the firms which participated had less than 20 employees. Over 50 per cent of the people employed were under the age of 35. The average schooling that employees taken on under the plan had acquired was to the level of grade 11. The wages of the employees varied quite a bit by region, but the average was somewhere between $180 and $200 per week. I am told that 34 per cent of the persons employed were women, which is not a bad record when one considers the fact that women account for some 40 per cent of the work force.

I am informed that of the employers who participated, 92 per cent have said that they would participate again. It was hoped originally that the jobs would be continuing, permanent jobs. I am informed that 48 per cent have continued for more than the year in which the program was operative.

Honourable senators, this is not by any means a complete answer to the unemployment problem in this country, but I believe that from a poor start the program has picked up and it seems to me to be a valid type of program to have in place at a time like this.

We are not the only country that has programs founded upon similar concepts. There are similar programs in the United States, Spain, Sweden and France. I think the second year of experience with this program has proved to be more helpful and to have had a more positive effect than in other countries.

To summarize, I would use the example which I used originally. The 50,000 jobs created by this program in the second fiscal year, at $10,000 per job, mean that a half-billion dollars was put into the economy. The cost to the government, estimated to be the same as it was when the program was begun, was $100 million or 20 per cent; the 80 per cent or $400 million that went into the economy as a result of the program was contributed by the employers, who, of course, got the benefit of the work done by the new employees. The cost to a small businessman of a job that paid $10,000 a year, in the example I used, would be about $7,000. By comparison, the cost for a big businessman or a corporation would be about $8,000.

• (2120)

Honourable senators, as I have said, I do not think this program is a complete answer to the unemployment problem in this country, but it is an attempt, by co-operation between the public authority and the private sector, to do something positive about creating new jobs and, hopefully, permanent ones.

If the bill receives second reading and if honourable senators desire that it be sent to a committee, I would suggest that the appropriate committee is the Standing Senate Committee on Banking, Trade and Commerce, and I would make a motion to that effect.

On motion of Senator Macdonald, for Senator Nurgitz, debate adjourned.

REGIONAL DEVELOPMENT INCENTIVES ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. L. Norbert Thériault moved the second reading of Bill C-35, to amend the Regional Development Incentives Act.

He said: Honourable senators, as you are aware, this amendment in Bill C-35 is simply for the purpose of extending the existing legislation for three years to December 31, 1984. I am sure that every member of this chamber, like the members of the other place, have had and still have a very deep interest in this legislation which was passed about 10 years ago.

If I remember correctly, His Honour the Speaker was the first Minister of Regional Economic Expansion.

Hon. Senators: Hear, hear.

Senator Thériault: I believe it was said by everyone who spoke on this amendment in the other place that great things have come out of this legislation—perhaps not everything we expected, but nevertheless progress has been made. Many people in government, including the new minister, his immediate predecessor, and others before him, feel that the time has arrived to take another in-depth look at the operations of that whole department.

I believe that proper legislation, or at least a paper on the program, would have been introduced by now had it not been—and my comments are not intended to be political—for the intervening elections with different ministers taking different views at different times.

I am informed that the present minister hoped to be able to present legislation encompassing the whole operation of the department before the expiry of this act, but found that more information and more studies were required and he, therefore, saw the necessity of introducing an amendment to extend the life of the statute by five years.

There are many reasons for this step. As many of you are aware, before a plant is built, machinery has to be ordered,

and before the operation goes ahead a long time may elapse. I am informed that at the present time, under the existing legislation, at least 30 applications for incentives cannot be proceeded with because of the expiry date of December 31, 1981. I will not bore this chamber with more details of the reasons for the amendment. I think they are self-explanatory.

The benefits that have accrued, especially in the area of the country in which I live, the Atlantic provinces, and in some other parts of the country, are tremendous. I personally believe that this program and this department has to be strengthened. As the minister has requested, I believe it has to be funded in a more permanent manner since I am often told that when a prospective industry is approached, it is concerned about the permanency of the program and, therefore, does not really bother to take an in-depth look at establishing in an area where it may benefit by incentives under this program. Of course, that applies especially to major industries.

I hope this house will be afforded an opportunity to discuss the new legislation even before it is passed in the other place. Hopefully, that will come forward this fall or early next year. Regardless of what part of the country the members of this house are from, they will realize that progress has been made by the Department of Regional Economic Expansion in slow growth areas as a result of this legislation.

Nevertheless, I repeat that, in my humble opinion, the department has to be strengthened. The minister responsible for that program must be given an opportunity to have some say in the co-ordination of activities and programs of other departments. Over the years it has been found that different bureaucracies do not always see eye to eye on how to solve various problems, and sometimes empire building becomes more important than the net benefit to the people who are affected.

The amendment is, as I say, to extend the legislation until December 31, 1984. Therefore, honourable senators, I would hope that with these few words of explanation you will pass this measure, with hope that we will have an opportunity to put forward our views on the whole operation as soon as possible.

On motion of Senator Macdonald, for Senator Roblin, debate adjourned.

• (2150)

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, July 9, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Copies of document entitled "Proposals to correct certain anomalies, inconsistencies, archaisms or errors and to deal with other matters of a non-controversial and uncomplicated nature in the Revised Statutes of Canada, 1970, and other Acts subsequent to 1970", issued by the Department of Justice.

Report on the Audit of the Office of the Auditor General to the House of Commons for the fiscal year ended March 31, 1979, pursuant to section 7 of the *Auditor General Act*, Chapter 34, Statutes of Canada, 1976-77.

NOVA SCOTIA

OFFSHORE MINERAL RIGHTS—NOTICE OF INQUIRY

Hon. G. I. Smith: Honourable senators, I give notice that on Tuesday next, July 15, I will call the attention of the Senate to:

Some of the historical facts relevant to the claim of Nova Scotia to minerals off its shores which distinguish that claim from the British Columbia claim dealt with by the Supreme Court of Canada in *Reference re Ownership of Offshore Mineral Rights,* (the British Columbia Reference Case) (1967) Supreme Court Reports, 792 and (1968) 65 Dominion Law Reports (2d), 353, by reason of which the said judgment does not decide the ownership of minerals off the shores of Nova Scotia.

In view of the fact that I have had a similar Notice of Inquiry standing on the order paper for some time, perhaps I might be permitted a word of explanation. My purpose in proceeding with this second inquiry is simply to divide the subject into discussions of convenient length. If I were to deal with the whole problem in one speech, I am afraid I would inflict myself upon honourable senators, with their consent, until they might not be willing to continue that consent. So it seemed to me that to divide the subject matter which I wish to discuss into two would help honourable senators to endure what I have to say.

Senator Frith: Perhaps you might explain the two divisions.

Senator Smith: The first inquiry would deal with the judgment of the court itself—that is, what it says—and emphasize the fact that the judgment recognizes that there might be historical facts which are different in other places from those which the court had to consider in reference to British Columbia. That would be the subject of my first inquiry.

The second inquiry would be to go on to discuss what those facts are.

Senator Frith: Would it be the wish of the proposer that once his remarks with reference to the first inquiry were completed and someone on this side were to adjourn the debate, that that would be the time to do so; that is, to complete the first division of the inquiry and then to proceed to the second?

Senator Smith: That is what I rather hope will happen.

STATUTE LAW AMENDMENT PROPOSALS

REFERRAL TO LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the document entitled "Proposals to correct certain anomalies, inconsistencies, archaisms or errors and to deal with other matters of a non-controversial and uncomplicated nature in the Revised Statutes of Canada, 1970, and other Acts subsequent to 1970," tabled in the Senate this day, be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

• (1405)

By way of explanation, honourable senators, this, I believe, is the third such periodic document proposing non-controversial amendments to statutes. Often they involve simple typographical errors, and the practice that has developed in both houses is to refer the document to the appropriate committee in each house. I understand that this document is being tabled in the House of Commons today and will be referred to their judicial committee. This is what happened in the case of the previous two, and for that reason I am moving that this document be referred to the appropriate committee in this chamber.

Motion agreed to.

QUESTION PERIOD

[*English*]

ENERGY

ALASKA HIGHWAY GAS PIPELINE

Hon. R. James Balfour: Honourable senators, I have a question for the Minister of State for Economic Development. Last evening the minister in reply to Senator Charbonneau reaffirmed the government policy that no prebuild of the Foothills pipeline would be permitted until ironclad guarantees had been received from the Americans that the entire line would be completed. The minister also cited progress over recent weeks insofar as achieving those necessary guarantees is concerned.

Would the minister indicate to us if the progress to which he alluded constitutes those absolute guarantees that Canada has been seeking?

Hon. H. A. Olson (Minister of State for Economic Development): Well, honourable senators, I have been around the political scene long enough to know that there is nothing quite as absolute as seems to be involved in that question. I suppose something could happen that would either delay or have some other effect on the assurances that have been given by the United States administration, the United States Houses of Congress and the producers and sponsors involved in the building and operating of this pipeline.

But I said last night, and I can reaffirm today, that there has been a great deal of progress made in getting all of the parties involved to a higher level of commitment. If you want my personal opinion, I believe an assessment of those commitments leads to the conclusion that all of those people in the United States are very anxious that the pipeline should be built in its entirety and, indeed, as soon as possible.

Senator Balfour: I have supplementary question for the minister. Accepting the remarks he has just made at their face value, I would, nevertheless, point out that approval of the prebuild, if it were to be given in the absence of absolute assurances that the remainder of the line would be built, would in effect constitute a decision to export Canadian natural gas. My question is this: Is it still the policy of the government, as enunciated by Mr. Lalonde last December 6, that our bias as Canadians should be against any gas exports outside of Canada, and that approval of further exports would go down in history as one of the greatest sell-outs we have seen?

Senator Olson: The honourable senator should keep up with historical facts that have taken place. Obviously he has either not done his homework or he is ignoring some important facts.

Senator Perrault: The Tory Research Bureau.

Senator Olson: Yes, the Tory Research Bureau or whatever. The fact is that there have been some decisions made by the National Energy Board since December 6, 1979, after adequate hearings, that there is something over four trillion cubic feet of gas in excess of providing for all the requirements of Canadian use that are contained within the formula to arrive at that figure. It seems to me that the honourable senator should take those factors into account. That is not a decision made by the government. It is a decision made by a board that is set up with terms of reference, a board in which I would expect both sides of this house to have some confidence.

• (1410)

Senator Balfour: Is the minister in effect telling us that additional discoveries of natural gas have been made since December 6 last, which now justify the approval of massive exports of Canadian natural gas to the United States? Is that what he is saying?

Senator Olson: No, that is not what I said at all.

Senator Flynn: He tries never to say anything.

Senator Olson: What I said was that there were hearings under way probably before December 6. The consideration of the National Energy Board, who are charged with the responsibility of making an assessment of those hearings and all the data that support those hearings, is such that they have reached the conclusion, and indeed recommmended, that an export permit be granted for, I think it is, 4.2 trillion cubic feet of gas through more than one delivery point, some of which would go through the prebuild system.

Senator Balfour: Is the minister in effect saying that Mr. Lalonde, when he made his statement on December 6, had failed to do his homework?

Senator Olson: No, not at all.

Senator Flynn: Oh yes.

Senator Olson: In case the honourable senator is unaware of the fact, let me point out that that is over six months ago.

Senator Flynn: He wanted to win the election.

Senator Olson: There have been some important decisions made by the people charged with the responsibility of assessing the data and the submissions that are made to the National Energy Board, and that decision was not made until, I think, April, which is some time later than December 6.

Senator Flynn: Hot air. He only wanted to win the election.

Senator Perrault: You are living in the past over there.

Senator Flynn: You are living in the past and you are looking to the future.

Hon. G. I. Smith: It might do the honourable senator some good to consider the past too. I should like to ask a supplementary question of the minister. Even he must find it very difficult to be certain in his own mind that Mr. Lalonde was well informed when he made those remarks last December.

Senator Olson: If I left the implication or imputation that Mr. Lalonde was not well informed then, I certainly want to take it back, because I think he was very well informed then.

Senator Flynn: You still don't know.

Senator Olson: I think the problem we have is that the honourable gentlemen of the opposition have not been informed of what has happened in the last three or four months.

Senator Perrault: They never have been.

Senator Flynn: You still don't know what the situation was.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I could, if I wished, I think, draw a parallel between the inability of the minister to explain Mr. Lalonde's statements with my inability to reconcile his statements with those of Mr. Axworthy in connection with the drought situation.

I am going to pursue this gas pipeline business if I may, and I have two questions to start out with. The honourable minister went to Washington recently, and after he came back, or at the same time, the American Congress passed what I call a comforting resolution in respect of the major pipeline development that is in prospect in Alberta. Was any indication given to my honourable friend that the conditions laid down by the American Congress in 1977 with respect to pipeline principles were discussed, and if so were any conclusions arrived at? I refer particularly to the resolution of the American Congress that the United States government would not participate in any way in the financing of such a pipeline. I want to know whether there has been any change in their position on that.

The second principle that was adopted by them at the same time had to do with the tracking of prices. My honourable friend may understand me if I try to explain it by saying that they declined to approve the charging of prices of gas coming from Canada in advance of the completion of the whole pipeline system.

● (1415)

Senator Olson: You mean from Alaska?

Senator Roblin: That's right. I am talking about the Alaska pipeline. We will come back to the prebuild in a minute or two; but I want to clear the ground, if I may, in the first instance, by inquiring whether any change was made in the principles adopted by the American Congress in 1977 on these two points.

Senator Olson: My honourable friend should realize that the United States government or the Congress has not been asked to finance the pipeline. The pipeline was to be built with private financing. I do not think the United States government or Congress make it a practice of announcing that they stand behind the United States Treasury when they have not been asked to do so. So far as I am concerned, it is a rhetorical question.

In response to the honourable senator's comment that the motion was one of comfort, I would recommend that he read the motion that was passed in both Houses of Congress. It seems to me that the words are clear and positive. It does not change the law but it sets down in unequivocal terms the position of those two houses. In my view, that is far more than "comfort".

[Senator Flynn.]

Senator Roblin: I am glad that my honourable friend is soothed by what he learned in Washington, but I have to tell him that my questions are not rhetorical. I am referring him to the resolution of the United States Congress which prohibits the financing of the pipeline by the United States government. The minister knows—better than most, I suspect—that the main hangup today in proceeding with that pipeline is financing. So we can have all kinds of encouragement from the United States Congress, but if they persist in their attitude toward government financing, the situation will remain unclear. I am making no judgment as to whether that is good or bad; that is their business. I am merely trying to find out what their position is, and I take it from the minister that if it remains unchanged on those particulars, they will not participate in financing and they will not allow charging for the gas until the whole of that pipeline is completed.

Senator Olson: Honourable senators, it is still a rhetorical question, because I fail to understand how the United States Congress or the United States administration can be expected to commit the United States Treasury to financing the pipeline when they have not been asked to do so. If there are some conditions that appear to make that a desirable thing to do in the interests of the United States, I suppose they can make whatever decision they want based on those facts. However, at the moment the honourable senator should take into account the fact that the sponsors and the producers have committed themselves and signed an agreement to provide $500 million to complete the design and survey—I guess that is what one would call it—of the Alaska section of the pipeline.

Some people might say that that is a small amount, but I think that $500 million is a pretty significant amount. In fact, I consider it to be an indication that the private financiers who eventually will be asked to put the financing package together are pretty heavily committed to building the pipeline. In addition, the producers already have several billion dollars invested in Prudhoe Bay, which provides some incentive to see that the whole job is completed.

The United States administration, through their President and Secretary of Energy have on several occasions repeated to me—indeed it was reiterated by the Vice President of the United States, whom I met at the White House when I was in Washington—in the strongest possible terms their commitment to have the whole pipeline built.

In addition, and for reasons that should be obvious to my honourable friend, both Houses of Congress have passed a firm resolution that they too are committed to having the whole pipeline built.

● (1420)

It seems to me that if we are going to acquiesce to the kind of interpretation of what "absolute commitment" means, then perhaps we in Canada should wait until the U.S. has the pipeline built right to the Yukon border. That kind of action was never anticipated by the Canadian Parliament. We were going to go ahead with the construction of this together. It seems to me that the level of commitment by all parties involved is now very high.

Senator Roblin: Honourable senators, we shall see just how far we get along with this.

Senator Perrault: Have a little faith.

Senator Roblin: I am making no effort here to decide what the policy of the United States government is; that is entirely their business. I am merely trying to ascertain the facts.

If my honourable friend had contented himself with simply saying, "Yes, the 1977 situation still persists," that would have satisfied me, since I believe that to be the truth. However, my honourable friend is going to find that some reconsideration, at least of the pricing portion of the 1977 decision in Washington, may be required to secure the financing of expenditure which now appears will be about $20 billion.

I come now to the question of the prebuild pipeline, a subject raised by one of my honourable colleagues. Has there been any change in the policy of the Canadian government toward the prebuild? I gather from the minister's rather canny answer that there probably has been, so we will wait and see what happens with respect to that.

I would ask him a question with respect to markets and prices in the United States in connection with the prebuild which, if it takes place, will allow for the export of a very large quantity of gas. We know, in connection with our present exports to the United States through British Columbia and Alberta, that users in some parts of the United States are not taking their full quotas; in fact, they are down to about 30 per cent in connection with the B.C. delivery, and that raises the question of price. Price, of course, is a significant factor in connection with financing the prebuild.

Can my honourable friend give us any statement as to what policy approaches he is taking in connection with the price negotiations for the delivery of prebuild gas, which certainly has to be a major consideration in the negotiations now taking place?

Senator Olson: The price of the prebuild gas will, I expect, be exactly the same as any other exports of gas to the United States.

My honourable friend knows that there was a change in the formula relative to the factors taken into account with respect to what the price is going to be. There was also a change announced last April as to the method and application of that price. However, that does not force United States customers to buy Canadian gas at any price and in any volume. We do not have a 100 per cent take-or-pay provision within the contracts, not only with respect to this one but with respect to previous contracts.

My honourable friend ought to know also that there is a gas bubble inside the continental United States so that there is no particular pressure during the summer of 1980 for some additional supplies. In addition, there is a lot of residual fuel around providing the BTU requirements which gas would fulfil under other conditions. That means there is a soft market at the moment in the United States. However, all of the projections I have seen indicate that that will be very short-lived and, indeed, it is the policy of the United States government to bring on the rest of the gas that may be available to them as soon as it can make the connection from the North Slope to the lower 48 states.

Senator Roblin: What does my honourable friend have to say about the attitude of the American government towards pricing? In connection with the main Alaskan pipeline, it has warned us that, in accordance with the 1977 resolution of Congress, it will not be able to project costs forward into the United States until the pipeline is completed. What relationship has the prebuild section to the 1977 resolution?

Senator Olson: I am not sure if you can relate the two. I find it difficult to try to interpret the attitude of the United States government; I would rather go on what it has very firmly said, but that would be repetitious of what I said a few minutes ago. I do not think that it would be a proper thing for any Canadian minister to try to interpret the attitude of the United States government. I can produce a copy of the resolution passed in Congress. I can produce a copy of the agreement that was signed between the producers and the sponsors of the Northern Pipeline in the United States, including the Alaska section, and I can produce a copy of the commitments made by the United States administration. If he adds that all together, I think my honourable friend can interpret the attitude of the United States as well as I can.

• (1425)

Senator Roblin: Well, I will try one last time to get my point across. The 1977 decision also prohibits the charges for any section of the pipeline from starting until all sections are completed. That raises the question of whether this particular resolution covers the prebuild, which, in my opinion, is part of the main pipeline, or whether it does not. Does my honourable friend intend to investigate that matter?

Senator Olson: I believe that my honourable friend can find the answer to that, and I will help him to do so. But my understanding of the prebuild is that a specified amount of gas will be delivered through that pipeline during the term of the contract, which I believe is something like six years, and the admissible price into the United States is known.

Senator Roblin: What is it?

Senator Olson: It is $4.47 at the moment, but the formula to determine that level changes it from time to time based on the substitution value of BTUs equivalent to imported oil into Canada. That determines the price at which it will be admissible to the United States, but it doesn't force United States customers to buy it, and, obviously, whoever is making that decision, whether it is the producers, the National Energy Board, the Department of Energy, Mines and Resources in Canada or others, will have to take into account market conditions from time to time.

Hon. Ernest C. Manning: Honourable senators, I have a supplementary question on the pricing of gas that may move through the prebuild section if it goes ahead.

The honourable minister may be aware that within the last couple of weeks the Governor of Utah was in Alberta and was

interviewed on a television program in which this question of United States purchase of western Canada gas through the prebuild section of this line, if it goes ahead, was raised. He expressed the view that Canadians need to realize there is a change in attitude developing in northwestern states regarding the purchase of Canadian gas because they feel the price is getting so high that it will no longer be competitive with the price of other forms of energy. He particularly mentioned that large-scale commitments were being made to generate electric energy by using coal as an alternative to Canadian gas.

I think the minister will agree that as far as the prebuild section of the line is concerned—at least, as I understand it—the only gas that will be moving through it until the total line is built on up to Alaska will be Canadian gas going to American markets. If as a result of jacking up the price of the gas at the border to the point where Americans feel it is no longer economically viable to use it, I think the minister would agree that that would raise a serious question with respect to the prebuild section, because there is no point having it except to move Canadian gas to American markets in the near future.

● (1430)

I assume that the Canadian government is monitoring the U.S. attitude towards the price it is now paying. If there is a serious problem, surely it should be thoroughly investigated before the prebuild is proceeded with, because we don't need the prebuild if the Americans are not prepared to buy the gas. The prebuild section would just sit there if it were not economically viable for the Americans to buy the gas. My own view is that it has not reached that stage.

I thought the statement by the Governor of Utah was not a criticism. He was simply pointing out that, while Americans prefer power generated by Canadian gas to power generated by local coal, the price of the Canadian gas is reaching a level where it is questionable whether it is economically viable for them to use it.

My question is: In view of the direct relationship between the selling price of gas in the United States and the cost of the prebuild section, is the Canadian government taking a serious look at the whole pricing issue?

Senator Olson: Honourable senators, the Canadian government is looking at that. The agreement reached with Secretary Duncan in April was that there be an agreement on the formula Canada would use in adjusting its price from time to time. That agreement was based on the substitution or BTU equivalent of oil imported into Canada at Montreal.

The United States is also buying oil in that same market, the world market. Therefore it seems to me that there would be no time at which Canadian gas would be out of step with that alternative fuel.

The argument can be made, of course, that for some purposes coal could be substituted, providing the price of coal remained at a percentage below the BTU equivalent of world prices. I don't argue with that; it is a decision they would have to make.

[Senator Manning.]

It seems to me that Canada is justified in not offering its fuel to the United States at a price lower than they charge themselves. On that basis there will be times when a soft market exists, and I suppose we have such a market now. We have experienced a reasonably mild winter, and therefore a smaller amount of gas than normal was used. This is also true of residual fuel that substitutes for gas in much of the same market. This situation could change dramatically, and I suppose that American consumers would have to make a decision on that basis, and also on the basis of security of future supply.

It seems to me that for Americans to be hooked to a pipeline from Canada, and indeed to their own gas from Prudhoe Bay, is a far more secure position than relying on the changes that could take place with respect to imported oil. That ought to be taken into account.

I know of these concerns, but I do not believe it would be wise for Canada to enter into long-term agreements that would prevent us from recovering the number of dollars that it would cost for the substitution and, indeed, to be in a position where we would be required or obliged to supply gas to American customers at a price that could eventually be substantially lower than they are paying their own producers.

I know there are some distortions in that market at the moment, but I think all long-term projections indicate that there will be a viable market in the United States whenever we have any excess gas to sell them.

Senator Manning: I might make one further comment and then perhaps the minister could enlarge somewhat on this point. I think that basically we all agree that Canada should not sell an energy resource to another country at a price less than that country charges its own domestic customers, or at a price lower than that country would have to pay for the resource elsewhere.

Does the minister agree that with respect to the sale of surplus Canadian gas to the United States there are two advantages to this country in addition to getting a fair and just price for our gas? The first advantage would be the alleviation of our serious balance of payments problem. The sale of surplus Canadian gas affords us one opportunity to partially alleviate that serious balance of payments problem. It seems to me that the Government of Canada should attach some monetary value to that when considering the price of gas to the United States—in other words, it is a benefit not directly related to the price we get for our gas.

The second advantage would be in the reduction of the large volume of capped gas which exists in western Canada awaiting a market. That has now reached the point where it is having a serious detrimental impact on further exploration and development.

I suggest that these two things—the balance of payments problem and the maintenance of stimulation of exploration and development—are directly tied to the export market. I would hate to see Canada quibble over a few cents per one thousand cubic feet for the gas, thereby losing benefits to Canada that would result from the export of that surplus gas. I

am interested in knowing whether the government is considering those aspects as well.

Senator Olson: Honourable senators, information supplied to us indicates that the value of the gas exported through the prebuild is approximately $17 billion, based on an 8 percent escalating factor. Indeed, that escalating factor is probably going to exceed that. We are very conscious of what something over $2 billion a year would do to our balance of payments problem.

We are also conscious of the fact that there is a great deal of additional gas that has been added to the reserves since the National Energy Board considered the amount it is now ready to approve for export. There has been no further application, however, for a permit to export more gas, although we know there is a great deal more there. There are over 8,000 capped wells in Alberta that are not producing now because of a lack of markets.

We are taking all that into account, but there is another major thrust of the government that has to be taken into account. We are determined that Canadians from coast to coast will have access to this high quality clean fuel. So the amount we require to go into the rest of the line—that is, the Q & M line to Halifax and beyond, if necessary, and indeed further penetration into the existing market now served by a pipeline—has a high priority. Therefore, it seems to me that the National Energy Board and others should take a look at the totality of those requirements and then determine whether we have enough reserves to take care of all needs in the reasonable future. If there is more gas available in excess of all that, then I suppose a further application to the National Energy Board would be warranted.

● (1440)

Hon. George van Roggen: Honourable senators, I hesitate to prolong the discussion on this particular subject, but it is a matter of such vital importance to not only the west, but to all of Canada, that I shall take another minute or two on it. I am disturbed by what seems to me—and I hope I am wrong—to be a rather negative attitude towards the prebuild on the part of members of the opposition—and I do not include Senator Manning in that.

Many of us in years past, as Senator Olson is aware, fought rather strenuously in various forums, with whatever means we had at our disposal, to assist the United States in making the decision to bring this gas from Alaska across Canada as opposed to having it transported in liquefied form via tanker down the west coast, which was the El Paso proposal—a proposal which was a very serious threat for a long time.

I am concerned—and I should like the minister to let me have whatever indication he may have from his officials in this respect—as to the length of time, within reasonable economic limits, the gas in Alaska can be re-injected into the ground, as it has to be at the moment in order to enable them to produce the oil which they need up there, and which they are bringing out through the Alyeska line.

I am concerned that if we do not move with the assurances we now have on the prebuild, as a first step to constructing this pipeline to Alaska, the United States is going to decide one day that they do not have a forthcoming partner in this great project in Canada and start looking at the El Paso proposal once again. To prevent any such thing happening, I think we need to give careful consideration to just how long they can economically re-inject that gas, and I am wondering whether the minister has any idea as to what that length of time might be.

Senator Olson: Honourable senators, I do not have the technical data that is being requested by Senator van Roggen, and I am not sure that that data is available anywhere inside the Canadian government establishment, whether in the Department of Energy, Mines and Resources or anywhere else. I could make inquiries of some of the United States technical people, who probably do know. I have heard from reliable people, however, that, given the physical capability of the re-injection of that gas and the cost of compressing it so that it can be re-injected, it is getting to the point where, in respect of the production of oil at Prudhoe Bay, putting the gas into a pipeline for delivery to the United States would be by far the most economical and sensible way of handling it.

I would like to make one slight correction to Senator van Roggen's comments, and that is to say that it has not been anything that we failed to do in Canada that has held up the construction of this pipeline. We have been ready for many, many months to proceed with all of the commitments that we made. I made it clear to the United States congressional leaders, and to their secretary—and they acknowledged the truth of this—that the reason we are not on the targets that were set out in 1977 is the lack of action that was needed in the United States, not in Canada.

I would not want to leave the impression that we acknowledge that we have failed in any way to meet all of the commitments we made. Both our parliamentary and our regulatory authorities have been ready to go for many months, as well as Foothills Pipe Lines Ltd.

Senator van Roggen: Just to make my position quite clear, nothing in my remarks was meant to indicate that I felt that we in Canada had been in any way negligent in staying completely ahead of the United States throughout this whole period. I am simply saying that I would not want to see the negativeness I detect in some of the questions of the opposition result in our not being forthcoming at this particular time after the United States Congress and administration have been as forthcoming as they have been.

INDUSTRY

EXTENSION OF SUBSIDIES TO SHIPBUILDING

Hon. Jack Marshall: Honourable senators, my question again has to do with the reduction of the subsidy to the shipbuilding industry from 20 per cent to 9 per cent. This is a question I asked on June 19 and again last evening, and the minister now probably has an answer—but I think I can

pre-empt him on it. I read in the Ottawa *Citizen* that a new program is to go into effect.

Could the minister go beyond that to allay the fears of the shipbuilding industry that this reduction will destroy their competitiveness in the international marketplace?

Hon. H. A. Olson (Minister of State for Economic Development): The honourable senator will not pre-empt me by reading it in the Ottawa *Citizen*, because anyone could have read it in *Hansard* of the other place for July 7.

Senator Marshall: My copy of *Hansard* came late.

Senator Olson: As was stated by my colleague, the Minister of Industry, Trade and Commerce, on July 7, the government intends to carry out extensive consultations with the industry, labour and the provinces with respect to the long-term future of shipbuilding in Canada. Honourable senators will appreciate that I would not wish to prejudice those discussions by speculating on the nature of the outcome of such consultations.

The Canadian shipbuilding industry is currently in a state of relative good health, with orders on the books to provide work well into 1981 in some cases, and until 1982 in others. I think, for example, of the Marystown shipyard, which is currently busy with construction of a replacement for the *Cygnus* fisheries patrol vessel, as well as new trawlers.

I would not want to add anything more to that. My honourable friend knows that there will be time for some consideration of this change, and in the meantime most of the shipyards in Canada, with one or two exceptions, are working at near-full capacity.

Senator Marshall: In spite of the assurance from the minister that the industry is in good health, that does not comply with the position of the president of the Canadian shipbuilding industry, who fears that the reduction of the subsidy will destroy the competitiveness of the Canadian shipbuilding industry.

Given the fact that the government is prepared to help Chrysler Canada to the tune of $250 million, and the Michelin Tire Company, can the minister explain why it is there is no apparent concern for the jobs lost as a result of the Canadian shipbuilding industry being non-competitive?

I appreciate that the minister has said that they now have contracts taking them into 1981 and 1982, but evidently the president of the shipbuilding industry does not share his view as far as the impact of this reduction is concerned.

Senator Olson: I guess the president can put any interpretation that he wants to on the situation, and I suppose my honourable friend can put his interpretation on it, as can the Minister of Industry, Trade and Commerce. I suppose if one wants to look far enough into the future, one can find some validity to that at some point in time.

It seems to me it is reasonably comforting to know that these shipyards will be busy well into next year, and beyond in many cases. Of further comfort is the commitment that has been made by the Minister of Industry, Trade and Commerce to look into the matter. It may be that the shipbuilding industry does not need a subsidy of 20 per cent in perpetuity. I do not know that. It may be that it does require some subsidy so as to be competitive in the international marketplace.

It would be premature for me to discuss that in detail until the Department of Industry, Trade and Commerce has finished its survey of what is required. I am sure my honourable friend would not want us to subsidize that or any other industry beyond what is necessary to make the industry competitive.

SCIENCE AND TECHNOLOGY

SPACE RESEARCH

Hon. Paul Yuzyk: Honourable senators, I have a question for the Minister of State for Economic Development and it is in respect of Canada's space future. In January of this year the previous government announced a $43 million space science research program, to be spread over six years. Can the minister assure us that the cabinet is taking this matter into consideration and will approve such a program?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I really cannot reply to that. My honourable friend knows that the cabinet announces decisions after they are made, not before.

Senator Yuzyk: But has the matter been considered at all up to the present time?

Senator Olson: Honourable senators, it is not the practice of this government, nor any other government, to announce what is on the agenda for cabinet meetings.

Senator Smith: Oh, come on!

• (1450)

Senator Flynn: Why didn't you say you didn't know?

Senator Olson: Because I do know.

Senator Yuzyk: It is rather alarming to me because I would like to call to the attention of the government the fact that very recently Dr. Ian McDiarmid, associate director of the National Research Council, Herzberg Institute of Astrophysics, and director of its Space Science Co-ordination Office, stated that if the program is not approved soon "it will be almost equivalent to deciding that we do not want to do space science in this country for the next 10 years."

Senator Olson: Honourable senator, what you are really asking me to do now is comment on someone else's opinion. I am not in the habit of doing that. The commitment by the government is clear; it was in the Speech from the Throne. We are going to move it up from what it was then—it was, I think, about .9 per cent of GNE—to 1.5 per cent of GNE. We have some programs and some policies now under consideration to achieve the objective that was set out. We did not say we were going to do it in the next two or three months. So I guess my honourable friend will have to wait until the cabinet has made decisions before he can expect me to tell him what those decisions are. But for him to claim that someone else's opinion

of what cabinet is doing is factual and not just an opinion, of course, is something that I cannot accept.

Senator Yuzyk: But this was the opinion of a leading scientist. I think we have to have a lot of patience to find out what the government intends to do in such important matters as this.

CONSUMER AND CORPORATE AFFAIRS

MAJOR CHAIN STORES—ALLEGATIONS OF DEMANDS FOR REBATES FROM SMALL BUSINESSES

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Minister of State for Economic Development. Would the minister indicate if the government is intending to act on the request by the Canadian Apparel Manufacturers Institute that the issue of rebates being demanded of small manufacturers by both the Hudson Bay Company and the Simpson Company be investigated both from the perspective of the effect it is having on small industry and in terms of its cost to the consumer?

Hon. H. A. Olson (Minister of State for Economic Development): I will have to take that question as notice.

THE CONSTITUTION

CONFERENCE AT WOLFVILLE, NOVA SCOTIA—ABSENCE OF GOVERNMENT REPRESENTATIVES

Hon. Heath Macquarrie: Honourable senators, I would like to direct a question to my genial and eloquent friend, the Leader of the Government in the Senate. It relates to a very important Atlantic Canada conference on the Constitution of Canada held recently in Acadia University in Wolfville which was attended by all the maritime premiers and members of the Atlantic Progressive Conservative caucus including my colleague, Senator Smith. Can the minister indicate why no member of the government attended this significant gathering, or if it was ever suggested that senatorial members of the government or senatorial supporters of the government might attend and thus show Atlantic Canada a degree of interest in their contribution to a major national issue?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I understand that that conference was held last weekend when there was another event of some national significance held in Winnipeg at which a great many Canadians gathered to discuss the problems of many parts of Canada including Atlantic Canada. There was difficulty for many of the ministers as a result of their efforts to attend the Atlantic conference.

Senator Macquarrie: Just for clarification, I was wondering about the attendance of members of the government during the two-and-a-half days before the Winnipeg conclave.

Senator Perrault: Of course, the Winnipeg conclave required a great deal of preparatory work.

TRANSPORT

ATLANTIC CANADA—PASSENGER AND FREIGHT FACILITIES

Hon. Robert Muir: Honourable senators, I want to direct my question to the Minister of State for Economic Development. I should think that economic development in any country involves the transportation of people and goods in that country. This leads me to the question I want to pose to the minister. Of course, he will not have the answer today, but this will serve as notice to him.

I would like to know why VIA Rail is having to resort to hiring buses to transport people in the Atlantic region because their rail liners are so overcrowded. VIA Rail, at great cost, is hiring buses to transport people.

In the meantime Canadian National are stalling, as usual, with respect to transporting goods to the great province of Newfoundland by not having the necessary rolling stock located conveniently, and by having carloads of goods lying on sidings at the mainland ports while businessmen in Newfoundland are awaiting those goods that should be transported as quickly as possible.

In so many words, Mr. Minister, it would appear to me that Canadian National and VIA Rail are continuing a practice started some years ago. They are showing a profit and Dr. Bandeen boasts about it, but they are making it difficult for people to use, and so are discouraging them from using, Canadian National facilities. They are driving business away, and thereby reducing the need for rolling stock, freight cars and passenger cars to the point where they are reducing employment in that particular region of Canada. I know it is a difficult problem right across the country, particularly in the west in respect of the handling of wheat, and so on.

Hon. H. A. Olson (Minister of State for Economic Development): As the honourable senator indicated, I would have to take this question as notice. It would be helpful if he could indicate to me—or send the information to my office—the places where this has happened, and I shall refer the question to the Minister of Transport who will provide an answer to it.

ATOMIC ENERGY OF CANADA LIMITED

PORT HAWKESBURY AND GLACE BAY—REPORTED SHUTDOWN OF HEAVY WATER PLANTS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wish to reply to Senator Muir's question of June 25 regarding the possibility of cutbacks in the production of heavy water at the Port Hawkesbury and Glace Bay plants in Nova Scotia.

There has been no change in the situation since I replied to the same question of the honourable senator on June 11. I would like to take this opportunity to stress again that there are no plans to cut back on production at the heavy water plants in Nova Scotia.

INDUSTRY

CANADA-UNITED STATES AGREEMENT ON AUTOMOTIVE PRODUCTS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wish to reply to Senator Charbonneau's question of June 25 regarding renegotiation of the Canada-United States agreement on automotive products, referred to as the auto pact.

Over its term, the auto pact has been good for Canada, providing jobs for Canadian workers and ensuring the growth of a strong and competitive automobile industry in Canada despite some problems that have arisen, particularly in areas of parts sourcing, R&D and engineering.

I am sure the honourable senator is well aware that, at the present time, the automobile industry is facing a transitional period due to the very large increases in fuel prices in recent years and improved pollution and safety standards. It is a period wherein the industry is having to make very substantial investments in R&D, capital equipment and productivity improvement in order to ready the industry for the requirements of the rest of this century.

Ensuring that Canada and Canadian workers get a fair share of these developments is the reason why the Minister of Industry, Trade and Commerce has initiated discussions with the Canadian and United States heads of the North American auto industry, and why the minister met with the United States special trade representative, Reuben Askew, in Washington recently—the same day that I was there, by the way. The minister, on July 2 in the other place, indicated that he "put our case forcefully" including the mix of automobile products to be manufactured in Canada in the post-transition period and the sourcing of auto parts in Canada.

● (1500)

I wish to note in this regard that during the Chrysler negotiations the federal government got new commitments from Chrysler on the sourcing of parts and materials as one of the several firm conditions for the loan guarantees to the company in 1982. It is the intention of this government to negotiate better operation of the auto pact, and while it is not desired, nor is there any intention, to seek a total renegotiation of the pact, there will be some changes to it. The Minister of Industry, Trade and Commerce has indicated that discussions will continue until we get the results that we are seeking in the interests of Canadian auto workers.

POST OFFICE

SETTLEMENT WITH CANADIAN UNION OF POSTAL WORKERS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a number of replies to questions asked in recent days. First of all, there was a question from Senator Doody on June 5, 1980, regarding the 37½-hour work week in the Post Office.

As part of normal operations volume, counts of mail entering and leaving postal plants are taken daily to assist management in such things as identifying and staffing peak periods. This system of monitoring mail flows should provide a good base for monitoring whether the productivity goals, negotiated with CUPW, are being met.

Insofar as changing the hours of work for supervisors is concerned, this is a negotiation item which comes under the authority of Treasury Board. Nevertheless, the Post Office and the Treasury Board will certainly consider the effect of this provision negotiated with CUPW in the current negotiations with the supervisory personnel bargaining unit.

The honourable senator also asked:

> I understand that this agreement by which 40 hours' work is to be done in a 37½-hour week is applicable to the postal workers, or at least to that unit covered by the Canadian Union of Postal Workers. Will the same circumstances and conditions be applied to other people employed by the Public Service directly, or by crown agencies, or is this to be specifically related to the Post Office and to no other area of government?

Here again the question of hours of work is a bargaining item under the authority of Treasury Board. It is reasonable to assume that bargaining units will continue to put forward such demands as they have in the past.

It should be pointed out, however, that the recently negotiated contract with CUPW recognizes that inside postal workers work in an industrial environment which is quite different from most other groups in the public service. For instance, such benefits as flexible hours are not available to workers in postal plants.

It should also be emphasized that the hours of work negotiated with CUPW are dependent on productivity. The government has made it clear it will not consider them to be an acquired right in future negotiations unless increased productivity is achieved.

VETERANS AFFAIRS

WAR PENSIONS, COMPENSATION AND ALLOWANCES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have an answer to a question asked by the Honourable Senator Marshall relating to the exemption of the $35 increase in the guaranteed income supplement to war veterans allowance and civilian war allowance recipients and the re-introduction of Bill C-28.

I am pleased to advise that the Governor in Council has authorized an amendment to the War Veterans Allowance and Civilian War Allowance Regulations, whereby the recent increase of $35 a month in the Guaranteed Income Supplement has been exempted as income for allowance purposes, effective July 1, 1980. I know all members of the Senate will welcome this announcement. This has been done to ensure that eligible war veterans allowance and civilian war allowance recipients over the age of 65 benefit to the same degree as guaranteed income supplement recipients in general.

With reference to the re-introduction of Bill C-28, the minister, as a veteran, informs me that he was pleased with this legislation and proud that many of the measures contained in the bill were the result of initiatives he took when he was minister. He will soon be proposing legislative measures which will include his own priorities for veterans and their dependents.

Senator Flynn: Is that what they are discussing this afternoon?

Senator Perrault: Yes, I think it covers the same area. The reply has just been received, but you have it as it came from the minister. Very soon, he said.

NATIONAL DEFENCE

INTERNATIONAL CONFERENCE ON ARTILLERY SYSTEMS—PARTICIPATION OF SPACE RESEARCH CORPORATION (QUEBEC)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on June 18 there was a question asked by the distinguished Senator Macquarrie regarding the participation of Space Research Corporation in the International Conference on Artillery Systems. He asked on June 18 whether the government had any feelings of misgiving, or any sense that something inappropriate was taking place, in that the Government of Canada was "supporting the holding of a conference in the Ottawa Conference Centre."

The government believed that it was appropriate that the International Conference on Artilleries Systems take place in the Government Conference Centre. The conference was a technical one intended to examine where NATO was going in the area of large calibre ammunition. While this conference was organized with the help of the Canadian government, which clearly had an interest in and a responsibility for maintaining and modernizing defence forces of Canada, it was, in fact, arranged by the American Defence Preparedness Association (ADPA).

The invitations to the participating individuals and companies were issued by ADPA. I am told that scientists from Space Research Corporation (Quebec) (SRC(Q)), neither of whom have been found guilty in an American court of supplying arms to South Africa, were invited by ADPA because of their expertise in the subjects to be discussed. Their participation had no connection whatsoever with the issue involving SRC(Q) that is now the subject of legal proceedings in Canada. In this regard, the honourable senator may be aware that the Canadian government is at present examining the organization and the operations of SRC(Q) and some of its affiliated companies.

I want to take the opportunity to reiterate the wholehearted commitment of the Canadian government to the United Nations' embargo on the sale of military equipment to South Africa and its determination to enforce both the embargo and Canada's own laws.

Regarding the other aspect of the question, I do not believe that the government's commitment to seek international disarmament, which I also wish to reaffirm, is put in any doubt by its participation in a technical conference such as this. Indeed, the government believes it can pursue this commitment best through its NATO relationship.

HEALTH AND WELFARE

MARIJUANA—NATIONAL EDUCATION PROGRAM

Hon. Raymond J. Perrault (Leader of the Government): Finally, I have a reply to a question asked by the Honourable Senator Haidasz on June 27 regarding marijuana prosecutions and the government's policy on the possession of marijuana.

The Attorney General of Canada has recognized the severity of a seven-year minimum jail sentence in those instances where small quantities of cannabis are brought into Canada unlawfully. Federal prosecutors are expected to exercise their discretion in the laying of charges for importing cannabis, and in those cases where small quantities are brought into Canada in circumstances that do not suggest a commercial venture the discretion may be exercised in favour of laying the lesser charge of possession or possession for the purpose of trafficking. In addition, an interdepartmental committee has been considering these and other questions concerning the law as it relates to cannabis.

Recommendations for changes may be expected in the near future. I do not know whether those recommendations will propose an "exact amount that will be regarded as possession for personal use only".

In the Toronto case used by the honourable senator to illustrate his point, the discretion had been exercised and a charge of possession for the purposes of trafficking was before the court. If convicted, the accused would have been liable to imprisonment for life. However, she gave evidence in the course of the trial to the effect that she had purchased the marijuana in Jamaica and was taking it to her home in Japan for her own personal use. The judge accepted her explanation and convicted her of possession, which is a lesser offence and carries a maximum penalty of seven years' imprisonment. The accused had been in custody for approximately two months awaiting trial and was sentenced to an additional three months' imprisonment. This was an unusual case and it is not certain that is provides compelling argument for the application of weight limits in possession offences, but I am given to understand that this is within the terms of reference of the interdepartmental committee.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before the Orders of the Day are called, I should like to report on the possible date of commencement of the summer recess. I wish I had a final report, but I don't. However, I think it fair to give honourable senators notice of the present situation as we see it.

• (1510)

There is hope and some possibility of our rising for the summer recess at the end of next week—that is July 17 or 18.

I believe there is a concerted effort on both sides in the other place, and in this house too, to achieve that result. If I were forced to place a bet on it, I do not think I would place it at anything better than six to five, but there is that possibility, particularly because I believe the leaders in both houses and of all three parties hope to achieve that result.

If it looks as if that is indeed an achievable result, we will be asking honourable senators to sit possibly Monday evening or Tuesday afternoon of next week to enable us to get a good head start and to dispose of those bills that appear to raise no serious controversy on either side. We can then shoot for royal assent on either Thursday of Friday.

At present the Leader of the Opposition, the Leader of the Government and I have consulted daily on this subject, and following some conferences that are to take place in the House of Commons we should have a clearer picture by tomorrow's sitting. Therefore I shall advise honourable senators tomorrow as to whether we—that is the Leader of the Opposition, the Leader of the Government and I—believe we can complete our deliberations by the end of next week. I thought that honourable senators would like to have an indication of what we had in mind concerning the target date.

REGIONAL DEVELOPMENT INCENTIVES ACT

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Thériault for second reading of Bill C-35, to amend the Regional Development Incentives Act.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I will not detain the house for any great length of time on this bill because I have no quarrel with the substance of the matter that is contained within it. It provides authority for an extension of the present Regional Development Incentives Act for a further period ending December 31, 1984.

It is of interest to note that this represents a change from the original bill introduced in the House of Commons, in which the termination date was 1986. I suspect the reason for the reduction in the term is because it is pretty generally recognized that it would be a good idea to have a complete review of the operation and principles of the Regional Development Incentives Act, and one way to insure that would be to put a relatively short term on its continued life. I must say that if that is the reason for reducing the term of the bill, I approve of it.

One of the committees of the Senate is at present investigating the whole question of DREE, which, of course, is involved with this piece of legislation. We are asking ourselves a number of questions about it. We are interested to know how we can approach some impartial assessment of the results that have been achieved, how we can decide which of the tools used in regional development are most effective, whether they can be improved, and if there are any that should be dropped. We are interested in the question of the value of subsidies by DREE compared to the principle of unsubsidized economic viability. We are interested in knowing whether the emphasis should be placed on small business development under this act—I myself think it should be—and to what extent it should be extended to cover larger industries, as it does from time to time.

We are also interested in the question of co-ordination between the DREE administration and other departments of the government, and whether the present arrangements put sufficient muscle in the hands of the DREE ministry in order to obtain the sort of co-ordination and co-operation that would be required to give full expression to the thrust of this act.

Although we have not yet got around to it, I suppose we are going to look at the size of the DREE budget. I believe it is a fact that over a period of time the percentage of the federal effort going into DREE has declined by almost a half. I believe it was 2.1 per cent in 1970 and 1.1 per cent in 1977. Surely that raises the question of whether this trend in policy is desirable.

All in all I consider it wise to have reduced the term of the bill. There are many good things that could be said about DREE, and many success stories could be quoted in all parts of the country as to the beneficial effect of the application of this statute. So I do not wish it to be understood by any that I am opposed to the principle and the thrust behind the Regional Development Incentives Act. I am not. It is a good principle.

I may also say that the pedigree of this idea probably goes back to the administration of the Right Honourable John George Diefenbaker. I recall his particular concern for the need of the Atlantic provinces of Canada to receive the fraternal support of their fellow citizens in the rest of the country. As time rolled by, the names were changed and the bills received different titles, but the principle was the same, that we were going to use our collective effort to improve the economic circumstances of other people in our country who would be entitled to that kind of help.

The question of the co-ordination of the federal administration of DREE and the provincial administrations, most of whom, if not all, run similar programs, is an important consideration. My impression so far is that there is remarkably good co-ordination between the federal administration and the provinces in this connection, and that DREE has gone to some effort to decentralize its activities to ensure that that kind of association is encouraged and developed.

So all in all I would say to honourable senators that I shall certainly vote for the bill. I think it is a good thing that the term of its life has been shortened, and I have some confidence that the Standing Senate Committee on National Finance, which is seized of the matter under its very able Chairman, Senator Everett, will in due course produce some recommendations for the consideration of this house that will make this policy even more effective in the country.

Hon. Frederick W. Rowe: Honourable senators, I realize that we are running against time and there is a great deal to be done in the next few days if we are going to be able to recess before the end of the month. However, I should like to say a few words about this bill, as I have more than a passing interest in it.

His Honour the Speaker was the first minister of DREE in the Government of Canada, and I am sure he will recall I was the first minister of DREE in the Government of Newfoundland. I believe I had the honour of being one of the first to sign a DREE agreement, on behalf of the Province of Newfoundland, with the federal government.

Prior to that, as Senator Roblin has said, there were a number of programs which envisaged the DREE as we know it today. Sequentially there was the so-called FRED program. I have forgotten the full title from which that acronym was derived, but it was a program specifically designed to try to remove some of the inequities which existed in Canada. Prior to that there was the ARDA program and, before that, as Senator Roblin pointed out, there were a number of federal programs, not the least of which was the Roads to Resources Program initiated by the Diefenbaker government, which was also designed basically to relieve some of the inequities that existed across Canada. There were also a number of other programs.

● (1520)

We can all disagree on the details of the DREE program and, indeed, of the other federal-provincial programs initiated in the last 20 years or so. However, a person would have to be biased, short-sighted or, frankly, stupid to argue, as some have done—and they are not confined to any one political party—that the DREE program has been virtually useless. The DREE program has worked miracles in certain parts of Canada. Those of us who belong to the Atlantic provinces can point out specific example after example where the DREE program has transformed areas that formerly had known only privation, poverty and isolation, since one aspect of the DREE program has been the building of highways.

Senator Thériault, in his brief but very able introduction of this amendment, pointed out two of its essential characteristics. One is that it is important to continue programs such as DREE if we are going to see Confederation continue as many of us envisage it. Certainly, we in Newfoundland, who worked to join with Canada and to become a part of the Confederation process, must have programs of this kind, and they must not be rigid; they must be flexible because what is a disadvantaged area today may be a prosperous area tomorrow. I can remember, as a young man, when the most prosperous part of Canada today, the province of Alberta, was certainly not prosperous by any stretch of the imagination. The transformation that has taken place in Alberta in recent years could very well take place in other parts of Canada. In fact, it has already done so, although not so spectacularly. In the not too distant future, we may very well see a transformation of that kind in eastern Canada, particularly in Newfoundland, Nova Scotia and perhaps all of eastern Canada, if the oil potential that we believe is there is realized.

The second important point made by Senator Thériault is that there must be some continuity and some logical plan. In Canada we all look forward with anticipation to the promised revision of the DREE legislation.

As I listened to Senator Thériault yesterday, and to Senator Roblin today, I was reminded of the famous dialogue contained in the latter part of Plato's dialogues where Socrates has a debate with one of his pupils on education and, as usual, there was disagreement on details. Socrates summed it up by saying that we may disagree on details; we have the right to do that, but we have to remember this: Education is a good thing and a necessary thing, and it is a duty of us all to support it. This great concept of removing regional disparity is, in my mind, implicit in DREE and is the very heart of Confederation. We have to remember that it is a good thing and it is our duty to support it.

Hon. L. Norbert Thériault: Honourable senators—

The Hon. the Speaker: Honourable senators, if the Honourable Senator Thériault speaks now, his speech will have the effect of closing the debate on the motion for the second reading of this bill.

Senator Thériault: Honourable senators, I listened very carefully to what Senator Roblin said, and I want to assure him that every point he made was a good one except, perhaps, the one in which he mentioned the name of Mr. Diefenbaker. However, now that he has passed on, I cannot see any harm in it.

Senator Walker: That is not funny.

Senator Thériault: It is not funny because I remember the day when there were hodge-podge ad hoc programs introduced on the spur of the moment until the establishment of the Department of Regional Economic Expansion with His Honour the Speaker as minister.

Senator Roblin is right in saying that the reason for the extension being cut from five years to three years is because the members of the other house—and I think rightly so—want to be assured of a chance to review the whole program before the dissolution of this Parliament. I can tell Senator Roblin and other senators that I have a letter in my hand from the minister assuring this house of his entire co-operation and that of his officials in the higher echelons, and saying that they are at our disposal to discuss this matter and to hear our views. I hope that the Standing Senate Committee on National Finance, which has undertaken a review of regional disparities, will advance some proposals and suggestions for a better and stronger department to the minister and his officials in order that they may convince the government of the importance of this department to the poorer parts of this country.

I am sure that all honourable senators are prepared to co-operate, and that this bill can proceed to third reading, with leave, now.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Senator Thériault: Honourable senators, as I suggested I would earlier, I move, with leave, that this bill be now read a third time.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

ELECTORAL BOUNDARIES READJUSTMENT ACT

BILLS TO AMEND—SECOND READINGS—DEBATE ADJOURNED

Leave having been given to consider Orders 4 to 17 together:

Hon. Royce Frith moved the second reading of Bill C-268, respecting the Electoral Boundaries Readjustment Act (Saint Hyacinthe-Bagot); Bill C-402, respecting the Electoral Boundaries Readjustment Act (Sarnia-Lambton); Bill C-488, respecting the Electoral Boundaries Readjustment Act (Rimouski-Temiscouata); Bill C-529, respecting the Electoral Boundaries Readjustment Act (Hastings-Frontenac-Lennox and Addington); Bill C-565, respecting the Electoral Boundaries Readjustment Act (Notre Dame de Grâce-Lachine East); Bill C-599, respecting the Electoral Boundaries Readjustment Act (Berthier Maskinongé-Lanaudière); Bill C-600, respecting the Electoral Boundaries Readjustment Act (Cochrane-Superior); Bill C-601, respecting the Electoral Boundaries Readjustment Act (Argenteuil-Papineau); Bill C-602, respecting the Electoral Boundaries Readjustment Act (Verdun-Saint Paul); Bill C-604, respecting the Electoral Boundaries Readjustment Act (Montreal-Sainte Marie); Bill C-605, respecting the Electoral Boundaries Readjustment Act (Montreal-Mercier); Bill C-606, respecting the Electoral Boundaries Readjustment Act (Richmond-Wolfe); Bill C-608, respecting the Electoral Boundaries Readjustment Act (Montmorency-Orléans); and Bill C-609, respecting the Electoral Boundaries Readjustment Act (La Prairie).

● (1530)

He said: First I thank honourable senators for allowing consideration of these bills en bloc, which is the way they were considered in the other place. I must follow that with an apology for the fact that we did not get copies of each bill printed for consideration today, because I suspect that some senators will want to refer to individual bills. Whether my suspicion is correct or not, as a matter of form they ought to be available for honourable senators to have that opportunity even if they decide not to seize it.

For that reason, I propose at this stage simply to suggest some reasons for favourable consideration for this block of bills, and then someone on the other side might wish to adjourn the debate. We could then deal with them by way of questions or comments. In any event, I propose, no matter how we proceed, to make some observations about them today.

[Senator Thériault.]

Honourable senators, each of these bills changes the name of an electoral district. The name to be changed was the name that was established during the last revision of the electoral boundaries and so persisted. They were the designations of those constituencies during the last election.

The reasons for the change of names do not appear in any detail in explanatory notes or otherwise for those constituencies with which I am personally familiar.

For those constituencies with which I am personally familiar I can see in many cases that the members of the House of Commons representing those constituencies feel that the names proposed more accurately describe the regions or areas that make up the constituencies they represent. That analysis is supported by the fact that in no case that I have noticed is the name of the constituency shortened; rather, in all cases it is lengthened. For example, there is before you a bill to change the name of the electoral district of Sarnia, and it is proposed that it be changed to Sarnia-Lambton. I am familiar with that constituency and I know that the County of Lambton lies just to the east of Sarnia and to the west of the County of Middlesex. There is a riding called Lambton-Middlesex and the border runs right down the middle of Lambton. I take it that the member for Sarnia wishes to make it clear that his riding consists of a good portion of the County of Lambton. I take it that that is an example of the motivation behind the suggested changes for names.

Honourable senators will notice that in one case, for example, Montreal is added to make it clear that a constituency is found in Montreal, although the name the constituency presently has would not disclose that fact.

I have no other information. I have not been individually briefed by the members of the House of Commons on why they want the names of these constituencies changed.

Here in the Senate, of course, except for Quebec senators, members of the Senate to not represent constituencies as such, but provinces. Quebec senators represent electoral divisions.

The blandishment that I hope will be successful in encouraging honourable senators do give quick approval to these bills is that this is something we are being asked to do by some of our colleagues in the other branch of Parliament, for reasons that I am sure are sufficient to them. I am equally sure that, in reverse circumstances, they would do the same for us.

On motion of Senator Macdonald, for Senator Flynn, debate adjourned.

BANK ACT
QUEBEC SAVINGS BANKS ACT

BILL TO AMEND—SECOND READING

Hon. George J. McIlraith moved the second reading of Bill C-39, to amend the Bank Act and the Quebec Savings Banks Act.

He said: Honourable senators, this bill is quite direct in form and simple in language. Its purpose is simply to extend the charters of the banks in Canada to November 30, 1980. It

will do this whether the banks come under the provisions of the Bank Act or of the Quebec Savings Banks Act.

The reason is quite simple. The charters of the banks under the existing legislation expire on July 14. Consequently, they would no longer be chartered, were we to do nothing about it. This is, thus, a simple, direct provision to extend that term to November 30 next. I regret very much having to ask the Senate to pass such a measure, because it will be the fourth time we have had to extend the Bank Act in order to enable Parliament to get on with its revision.

● (1540)

By way of background, the revision process was started in 1976. It first appeared before the Senate in the form of Bill C-15, I think, and at a later time in the form of Bill C-14. It is now before Parliament in the form of Bill C-6.

The Standing Senate Committee on Banking, Trade and Commerce has already done a great deal of work on the proposed revision of the Bank Act since it was first brought forward in 1976. I am happy to say that much of the work of that committee has been reflected in the bills which have replaced the original bill. As a matter of fact, the Standing Senate Committee on Banking, Trade and Commerce is meeting on this matter at this very moment.

Bill C-6 is before the Committee on Finance, Trade and Economic Affairs of the House of Commons. There are some amendments proposed to the existing bill. Of course, the Senate committee is studying the bill in anticipation of the Senate's receiving it, and in anticipation of its being referred to that committee.

I do not think there is anything more I can add. It is a self-evident problem. I commend the bill to the house.

Hon. David Walker: Honourable senators, I wish to join with my honourable and distinguished friend in supporting second reading of this bill. I should say that it is through no one's fault that this extension is required. Two elections have intervened which held up the passage of this very tortuous bill to revise the Bank Act and to amend the Quebec Savings Banks Act, and so forth.

I have nothing further to say on the matter. The less said the better and the sooner we can get on with our job.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. George J. McIlraith: Honourable senators, I am in your hands, but I would ask leave of the Senate to move that the bill be read the third time now.

The Hon. the Speaker: Honourable senators have heard the motion. Is there unanimous consent?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

ADJUSTMENT OF ACCOUNTS BILL

SECOND READING—DEBATE ADJOURNED

Hon. A. Irvine Barrow moved the second reading of Bill C-22, to adjust the Accounts of Canada and to make related amendments to certain Acts.

He said: Honourable senators, I am pleased to be able to make some comments on Bill C-22, to adjust the accounts of Canada. This bill is rather lengthy and a bit complicated, but the purpose of it is to implement a number of recommendations concerning technical accounting improvements to the Government of Canada's financial statements and to write off certain loans and other accounts.

In 1973, the Secretary of the Treasury Board undertook to implement a study of the accounts of Canada to resolve several technical accounting issues which had been discussed over the years in the Public Accounts Committee of the House of Commons, and raised by successive Auditors General. The study was completed in October 1975. Its 41 recommendations were accepted by the Treasury Board and by the cabinet, and were submitted to and approved by the Public Accounts Committee in March 1976.

Recommendations 10, 11 and 12 of the report, which are the primary subjects of this bill, redefine what constitutes an asset or liability of the Government of Canada. To meet this new definition, it will be necessary to write off certain items previously classified as assets, recognizing that in future they will be treated as expenditures rather than assets.

A three-stage technique has to be used to implement the necessary changes. In stage I, to reflect the changes in the government's financial statements at March 31, 1979, the Minister of Finance has exercised his authority under section 54(2) of the Financial Administration Act to "establish such reserves with respect to the assets and liabilities of Canada," as he feels are required to give a true and fair view of Canada's financial position. Stage II is the application of the portion of this bill which removes the legislative authority for the various accounts, funds and loans that are to be deleted. Stage III will be the application of the portion of this bill to delete amounts outstanding in the accounts of Canada as at March 31, 1981. Most of the deletion arises from the Unemployment Insurance Fund and the Airports Revolving Fund.

The exact amounts to be deleted will not be known until the actual balances at March 31, 1981 are established. The $3.8 billion estimate of the balance to be deleted that was quoted in the government release of April 29, 1980, was based on figures published in the Public Accounts for 1978-79. Since the press release, preliminary figures for the year 1979-80 have become available from the year-end accounting records and the estimate of the amount to be deleted can now be revised down to $3 billion. This change occurred because the government's cost of paying benefits to the Unemployment Insurance Fund was reduced by about $1 billion in fiscal year 1979-80 from what it was in 1978-79. This reduction in the government's cost of paying benefits was due to a new formula that increased the share of costs to employees and employers, reduced benefits

paid because of some new rules, and a slight improvement in the rate of unemployment.

The objectives of this bill could have been met through special supplementary estimates followed by a special appropriation act, but because they are accounting adjustments rather than spending initiatives, and because they represent a significant change in accounting policy, it was felt that they would be better explained through a separate act. In keeping with this philosophy, it was decided to include in this bill only those items which had previously been agreed to and publicly acknowledged in the Financial Statements of Canada. Note 3 of the 1979 Public Accounts relates to recommendations 10, 11 and 12 of the study of the accounts, and to the write-off of certain loans which are included in this bill. A more detailed explanation of the major items is provided in the following paragraphs.

Unemployment Insurance: The largest amount involved relates to the Unemployment Insurance Account. At March 31, 1980 advances by the government and other current obligations to this fund were in the order of $1.6 billion. The advances to the Unemployment Insurance Account made by the government, to meet the expected cash requirements of the account at March 31, 1980, totalled $1,025 million.

A calculation was made of the government's cost of paying benefits for the calendar year 1979, plus January to March 1980. This total cost exceeded the advances by $574 million and is an obligation of the government to the Unemployment Insurance Account. The total amount of the required adjustment, therefore, is $1,025 million, plus $574 million, for a total of $1,599 million.

● (1550)

This adjustment has the effect of recognizing the government's total cost of paying benefits to the Unemployment Insurance Account up to March 31, 1980, and more adequately discloses the government's expenditures. Bill C-22 will obviate the need to make this kind of adjustment in the future since the proposed act will require that the government recognize as budgetary expenditures its cost of paying benefits to the Unemployment Insurance Account on a monthly basis.

The next largest amount involved relates to revolving funds and working capital advances. Under the present accounting method, the additional moneys provided by appropriations over revenues collected were treated as loans or advances, rather than expenditures of the government. The new method will recognize "advances" as budgetary expenditures at the time they occur, instead of treating them as non-budgetary loans. It is now necessary to delete the outstanding balances of all such accounts effective March 31, 1981, and that is one of the purposes of the bill. The total of these balances as at March 31, 1980 was $859 million, and they involved some 56 separate accounts belonging to 17 different departments.

The only significant addition in Bill C-22 over its predecessor, Bill C-13, is that part coming under the heading "Authorization for Certain Revolving Funds" and comprising clauses 22 to 33. Generally, parliamentary authority for revolving funds not originally authorized in specific legislation would be approved or rescinded through supplementary estimates. However, because of difficulties associated with co-ordination and timing between supplementary estimates in fiscal year 1980-81 and Bill C-22, it was considered appropriate to include the rescinding of all previous revolving fund authorities and to establish new revolving funds in this bill. It is intended that future amendments to the revolving fund authorities set up by this bill will receive parliamentary authority through supplementary estimates. Consequently, a special clause is included in this bill to facilitate amendment by an appropriation act.

Another amount to be adjusted relates to unamortized bond flotation costs. The balance of unamortized flotation costs of $140 million for bond issues prior to 1977 needs to be deleted from the Accounts of Canada.

A fourth major item to be adjusted arises from loans totalling $387 million made to finance certain types of capital expenditures for the Canadian Broadcasting Corporation, the National Capital Commission, the Northwest Territories and the Yukon Territory. Payments of principal and interest on these loans have not been made since March 31, 1975, the reason being that, commencing on that date, any new capital expenditures have been treated as normal budgetary expenditures of the government. These old loan balances have continued to be carried as assets in the Accounts of Canada pending the granting of parliamentary authority to delete and recognize them as expenditures.

In addition to these assets there are also some liabilities of the government that must be removed to correct the accounting and improve the accountability to Parliament. These special accounts, previously shown as liabilities in the Public Accounts, were in essence special accounts where the agency concerned deposited its appropriation and revenue accrued through sales in order that these funds not lapse at the end of the fiscal year.

In conclusion, it is emphasized that this bill does not propose any new expenditures of cash. The bill seeks to implement recommendations of the Study of the Accounts of Canada approved by the Treasury Board and the cabinet of the previous government, and which have been endorsed by the House of Commons Standing Committee on Public Accounts.

Hon. C. William Doody: Honourable senators, as I rise to speak on Bill C-22, to adjust the Accounts of Canada and to make related amendments to certain acts, I do so in the knowledge that this bill has been agreed to by all members of the other place and now comes to us with minor amendments.

Bill C-22 can technically be called a housekeeping bill since what it does, in effect, is to correct a group of accounting errors, and it results in the treating of some amounts of public expenditure as expenditures and removing them from listings of assets in the Public Accounts, where they have been year after year.

To be able to accept the writing-off of approximately $4 billion as housekeeping or accounting adjustments, or errors in bookkeeping, demonstrates how fully we have come to accept

the magnitude of the amounts of money being moved about by governments in this present era.

Bill C-22 is a move in the right direction, at least as far as proper accountability of government to Parliament is concerned. It is quite obvious to all of us that expenditures should be treated as expenditures. The moneys have been spent, and we should not be told that they are recoverable loans or advances. This is particularly true of the amounts advanced by the government to cover claims paid by the Unemployment Insurance Commission, a subject mentioned earlier. These are statutory obligations of the Government of Canada, and why they should be called advances or loans on a year-to-year basis escapes me.

Perhaps in closing the debate on the motion for second reading, the sponsor of the bill in the Senate could provide us with some information on the writing-off of the loan to the CBC. This is a mystery, but I am sure there is a reasonable explanation for it. The people of Canada, through the government, pick up the deficits or losses of the CBC, and why this particular amount should be written off while we pick up the losses further down the road is something of a mystery. Perhaps we could be given an explanation of that at some point in time.

The Study of the Public Accounts of Canada was commissioned in 1973, with the report being tabled in 1975, and we only now have a bill before the Parliament to correct the obvious. There are many other areas in the Public Accounts which are, to be charitable, in error, or at least suspect, and I alluded earlier to one such area, that being pension fundings. There are contingent liabilities in the Public Accounts which are not covered properly; there are loans to foreign countries which are listed as assets and which, in reasonable and responsible accounting, should not be called assets of the Government of Canada or the people of Canada. There are many other areas in the Public Accounts which probably should be looked at in a far more serious light than they have been hitherto.

It is vital to the people of Canada, to the accounting principles of Canada, and to the responsibility of the public that a reasonably detailed accounting be made to Parliament in respect of the amounts of money that are spent. These bookkeeping sleights of hand should really be put aside. They are beneath the dignity of Parliament.

Perhaps the recent appointment of a permanent Comptroller General might go a long way toward correcting these things. I hope that the gentleman gets the co-operation he will need to make the necessary improvements and corrections. In any event, since this bill will add a further $4 billion to the true national debt of the country—and this we have done in the past two days—it does demonstrate the obvious shortcomings in our accounting system, and perhaps it is time to commission another study of the accounting system in place in Canada. The last full study was done around 1920, and we had this partial one in 1973 resulting in the half dozen or so improvements included in this bill. Perhaps the time has come to recommend a detailed upgrading and remodelling of the accounting system in place in Canada.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I inquire whether it is the intention of the sponsor to refer the bill to the National Finance Committee.

Senator Barrow: That was not my intention.

Senator Roblin: May I suggest that that might be advisable. It is a very complicated bill and there is a lot in it. I, for one, would recommend that it be referred to the National Finance Committee for examination.

The Hon. the Speaker: Are you making a motion?

Senator Roblin: I operate as always on the principle of persuasion. I am trying to persuade my honourable friends to adopt the idea as their own.

• (1600)

Senator Frith: Honourable senators, just as Senator Roblin would like a committee to consider the bill, I would like to consider his proposal that it go to committee, and have a chance to speak to the chairman of the committee with reference to the time schedule. Otherwise I agree in principle with Senator Roblin, and would ask the sponsor of the bill to stand it or to move that it receive third reading at the next sitting of the Senate, and we can make inquiries in the meantime.

Senator Barrow: I move that it stand until the next sitting.

Senator Roblin: Honourable senators, I wonder if we could not just allow the matter to stand without reference to third reading, because once that is on the record then that becomes and order of the house. I appreciate my honourable friend's desire to consult, and I certainly agree with that. Perhaps the best way would be just to allow the matter to stand. It has been suggested that the mover of the motion for second reading should move the adjournment of the debate.

Senator Barrow: I move the adjournment of the debate.

On motion of Senator Barrow, debate adjourned.

SALTFISH ACT

BILL TO AMEND—SECOND READING

Hon. Ernest G. Cottreau moved the second reading of Bill C-7, to amend the Saltfish Act.

He said: Honourable senators, Bill C-7 is legislation to amend the Saltfish Act, an act under which the Canadian Saltfish Corporation has been granted a monopoly of the trade in cured codfish produced in Newfoundland and Labrador and on the lower north shore of Quebec. There are two provinces involved here, and each province has supporting legislation.

The purpose of Bill C-7 is to increase the borrowing authority of the Canadian Saltfish Corporation from $15 million to $30 million. The $15 million ceiling has been sufficient for the corporation in past years—sometimes lean years, when we consider the mid-1970s. But conditions have changed since that time and the Atlantic fisheries are now prospering, particularly because we now have control over our fish stock in

the 200-mile zone. Foreign fishing fleets which had depleted our stocks are now being restricted, and cod stocks are being rebuilt. This means, of course, that we now have more fish and this is particularly true with the northern cod stocks. Our scientists foresee a great increase in the supply of saltfish products, especially from the northern cod stocks which were so heavily overfished by foreign ships until 1977.

In 1970 when the Canadian Saltfish Corporation was established, its borrowing ceiling was $10 million. By 1976 this amount was insufficient and the ceiling was raised to $15 million, but with the expected increase in codfish this amount will not adequately service the demand for borrowing that is anticipated.

Projections by our scientists show that codfish landings from both inshore and near-shore operations alone would be more than 200,000 tonnes by 1985 or earlier in Newfoundland alone. That is not taking into account the Quebec catch nor does it take into account our offshore fleet. If there is a substantial catch there, the total amount would be twice what we are now landing.

Almost everyone agrees that the present markets made up chiefly of those in the United States are not flexible enough for a supply of that size in frozen product forms, and this also applies to other potential markets. We have, of course, the alternative to those frozen products in the form of cured codfish. There are many private firms that make up the frozen fish sector of the industry in Newfoundland, and they foresee cured codfish as the alternative.

The country is now looking for new markets in codfish products. Some of these markets are in southern Europe, in countries which had their own home-based fleets in Canadian waters before we declared our 200-mile zone in 1977. Some of these countries are familiar with cured codfish, and like the product. If the present projections are valid—and we believe they are—it will be necessary to double the salt and dried cod production over the next five years which would amount to approximately 20,000 tonnes per year.

Honourable senators, I am sure you recognize that these figures mean a large increase in the amount of borrowing that will be required by the corporation to meet the new demands placed on it. Codfish production will be double its present volume by the mid-1980s. In addition to that there is an increase in the price of raw materials and processing charges which amount to some 5 or 6 per cent per year, and, as is the case in most businesses, inflation, of course, has added to the corporation's problems.

The volume of product flow will require adequate storage capacity, and working capital will be needed to purchase and handle the expanded production into the mid-1980s. The corporation supplies salt to fishermen and advance loans to outfit boats and obtain fishing gear. The peak borrowing needs for working capital usually occur in October, and it is important that this legislation be passed before that time.

The corporation engages private firms as its agents to assemble, process and store the supply of cod which it handles.

[Senator Cottreau.]

During the time of decline of the codfish resources in the 1970s, prior to Canada's declaration of the 200-mile zone, it was the corporation that kept many of these firms alive. Many of the fishermen living along the Quebec north shore of the Gulf of St. Lawrence have a great dependence on the corporation. They fish from isolated communities in small open boats, and rely on the cod fishery for the greater part of their living. Since 1971 the corporation has been the only purchaser of salt cod produced on the north shore, thus playing an important part in the economic stability of the area.

The corporation is a non-profit organization, and over the past seven years its aggressive marketing policy has meant an increase of more than 200 per cent in the price of salted fish paid to the small boat fishermen.

In conclusion, honourable senators, I hope this bill will meet with your approval and that you will give it your wholehearted support so that the act can be amended and the corporation's borrowing ceiling raised to $30 million.

Hon. Jack Marshall: Honourable senators, I am pleased to reply to the introduction of Bill C-7 by Senator Cottreau, and to congratulate him on his succinct explanation of the bill which, as he indicated, would increase the borrowing authority of the Canadian Saltfish Corporation from $15 million to $30 million. To one who has read the debates in the other place on the bill, it is obvious there was general agreement on its passage. It was first introduced by the previous administration under the Minister of Fisheries, the Honourable James McGrath, who, on behalf of the official opposition two days ago, gave approval to increase the borrowing authority of the Canadian Saltfish Corporation, and the bill passed all stages in a very short period of time.

• (1610)

Having followed the activities of the corporation since its establishment in 1970, I have no hesitation in suggesting that we in this house should pass the bill without referral to a committee, in the interests of the segment of the fishing industry that will continue to benefit.

Honourable senators, one does not hear too much about saltfish these days, but, as reflected in the need to double the borrowing authority, it has become a very important export commodity for Newfoundland and Quebec. The product has had its ups and downs over the years. Not too many years ago the inshore fishermen, isolated from the markets by outmoded methods and painstaking labour, had to cut, split and dry the codfish, and sell or barter the product for a few pennies per pound, or indeed keep it for food.

Salt cod was traditionally considered an inexpensive food. However, the steady increase in raw fish prices, the changing trend from fishermen's produced fish to agent's produced fish, thus causing extra cost, the increased cost of salt and other means of processing, have changed this concept, and saltfish has, as have other fish products, become considerably more costly. It is still, however, a very good buy considering the food value.

Certain markets are already showing some resistance to increased prices, and therefore the corporation must obtain more raw material of proper quality and large size for the more lucrative markets in order to remain viable and to increase its influence and volume in the more desirable markets.

As Senator Cottreau mentioned, the Canadian Saltfish Corporation was established in 1970 and given the monopoly over the trade in saltfish produced in Newfoundland and Labrador, as well as the lower north shore of Quebec. I must say, honourable senators, that today it is one of the few successful crown corporations, and I feel it appropriate to pay a tribute to its first and founding president, Mr. Arden Maloney, who has been responsible for the steady progress of the corporation, which has done much for the inshore fishermen in the province of Newfoundland.

One of the obstacles the corporation encountered was difficulty in obtaining sufficient quantities of saltfish for export markets. This was due to the increase in the price to fishermen of fresh cod. Instead of going through the painstaking process of processing it, they were able to sell it to the buyer at a pretty good price, and this made it easier for the fishermen to dispose of their fresh cod, instead of going through that process of drying.

It is interesting to note that since the corporation was set up sales have increased from $6.8 million in 1971 to $24 million in 1979, and it is expected that this figure will grow even more, hence the need to increase the borrowing authority.

Certainly an aspect that will affect its growth is the fact that with the recovery of fish stocks, the United States, which at one time took between 80 and 85 per cent of our fresh frozen product, is now taking advantage of the lucrative fishing grounds, and they will not now require as much of our fresh fish, so it is to Canada's advantage, through the corporation, to encourage the processing of saltfish and improve its marketability.

The other problem with which the corporation was faced had to do with the quality of the product, to meet competition from other countries, such as Iceland and Norway, which enjoy tariff-free entry to the European Economic Community.

The quality problem tends to be defined in certain markets, but now one of the trends is that they are looking for a larger fish, so we have to be interested in the size. This is the sort of product which is attractive to consumers in the importing countries, the trend being to dried heavy salted codfish, which is a rather new product. For example, Puerto Rico continued to be the corporation's most important market, although more emphasis is put on expanding other markets by penetrating the countries where it previously sold little or nothing.

In this respect, the corporation is now reasonably well established in the Italian market with dried heavy salted codfish, which is a rather new product in that market. This market previously only bought from Canada the traditional light salted codfish. The corporation's re-entry into the Spanish market for heavy salted dried fish appears to be an established fact.

The corporation also continues to hold its position in the northern part of Brazil. Its position in the West Indies is solid in some islands but insecure in others, due basically to internal politics and depressed living standards.

It is therefore important that one of the priority objectives of the corporation should now be to continue to find new markets and to improve the quality of its product.

The corporation also continues to be hampered by a large proportion of small fish and very few large and extra large. Although there appears to have been some improvement in quality, there is still a long way to go, even ignoring the problems of small and extra small trap codfish. Little can be done about this because of fishing methods. Fishermen's split and cured fish continues to be of generally better quality than fish split by machines in the plant. The lack of large fish prohibits the corporation from entering such lucrative markets as southern Brazil, and also expanding to a greater extent in markets such as Spain, Portugal and Italy.

Another problem has to do with the selling prices, which, although higher than last year, did not increase to the same extent as prices for fresh and frozen fish. Most of the corporation's contracts were in United States funds, and thus it enjoyed a beneficial currency exchange rate.

All in all, the corporation has done a reasonably adequate job, in taking a product which was confined to little areas of Newfoundland and northern Quebec, and establishing markets which can continue to grow to the benefit of the fishermen in those provinces.

I feel it is vitally important that the corporation be allowed to extend its borrowing authority, and I have no hesitation in recommending that the bill receive second and third readings and be passed today.

Motion agreed to and bill read second time.

THIRD READING

Hon. Ernest G. Cottreau moved with leave, and notwithstanding rule 45(1)(*b*), that the bill be now read the third time.

Motion agreed to and bill read third time and passed.

• (1620)

LIVESTOCK FEED ASSISTANCE ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Wednesday, June 25, the debate on the motion of Senator Hays for second reading of Bill C-15, to amend the Livestock Feed Assistance Act.

Hon. Cyril B. Sherwood: Honourable senators, in speaking to Bill C-15 I would say, first, that my party endorses, within the context of this act, the principle that northern Canada should enjoy benefits comparable to eastern Canada and Brit-

ish Columbia. Accordingly, we on this side will support Bill C-15.

In my remarks, I should first address the incongruity that the north should not have been accorded, when the act was first introduced, assistance similar to that available elsewhere in Canada. Certainly, the Progressive Conservative Party has been on record for some years as endorsing the extension of the Livestock Feed Assistance Act to the north. The Yukon Territorial Council long ago requested such an extension. Finally, it took the intervention of the Department of Northern Affairs to persuade this government, in the dying days of its previous incarnation, to introduce such a measure. True to our commitment, we reintroduced Bill C-9, but enjoyed too little time in office to secure its passage. We are pleased that this government has seen fit to smile graciously upon northern Canada so early into its mandate.

Let no honourable senator be misled as to the impact of this act. The government will pay approximately 30 per cent of the transportation costs of livestock feed to northern Canada, amounting to about $50 per metric ton on a current transportation cost of $160 per metric ton. Inasmuch as cheaper access to feed engenders the development of a local livestock industry, northerners will benefit both from cheaper and fresher food being available. It is hoped, of course, that shipment of the feed will contribute to the establishment of a local grain industry. There are 3,000 to 4,000 square miles that have the capacity to produce grain for forage in the north, and with summer daylight hours as long as they are, the potential for growth, if cultivation takes place, is impressive.

There are, however, problems which arise from the extension of this policy. The government will have to monitor its application to ensure that local grain growers are not undercut by an influx of cheaper grain. The government, to give effect to its policy, will also have to improve transportation and distribution systems in the north. They are woefully poor at the moment, causing an official of the Livestock Feed Board, appearing before a committee of the other place, to admit that it may be necessary to truck grains in from Alberta, as the existing transportation system might be unable to accommodate the increased demand.

Honourable senators, in the light of these facts, it would be very unfortunate if the government were to decide, upon passage of this bill, that it had done its bit for the development of northern agriculture. Certainly the government has studied to death the future of agriculture in northern Canada. One could almost argue that had they long ago introduced the comprehensive policy which is so desperately needed, the bill which we are debating today would be unnecessary.

It is regrettable that in some respects Liberal policy has directly worked against the prosperity of northern agriculture. Certainly the closing of certain Department of Agriculture experimental stations in the north has lent that appearance. So what the government must do is put into effect a program which would realize the potential for production in the area, as part of an overall assistance package. In fact, the government once received a request from the Yukon Council not to proceed with this bill until an overall northern agricultural policy had been proclaimed.

It is now time that this piecemeal approach end. A comprehensive package must address those transportation and distribution problems to which I have already referred. It must also strive to assist in the creation of an early self-sufficient northern agricultural industry, and in doing so the government will absolutely have to permit the development of agricultural and recreational land in the territories.

The previous government, sympathetic to the aspirations and desires of northern Canadians, had taken some of the wraps off of such development, effective this summer. The new Liberal administration has decided not to proceed in this regard.

An Hon. Senator: Shame.

Senator Sherwood: While sharing your concerns about the rapidity of development, we believe that northerners deserve the opportunity to more closely meet their own demands with local produce, and we believe that outstanding concerns can be met through the judicious application of regulations. Realistically, honourable senators, if development of the north does not become a priority of this government, then such harmless legislation as we are now debating will have very little impact upon the achievement of its stated goals.

With the indulgence of honourable senators, I would like to tackle one final but very fundamental problem arising from the introduction of this bill. It is a matter which I fear either the government has failed to consider, or, alternatively, has already passed judgment upon, to the detriment of western Canada.

To paraphrase the Minister of Agriculture, this program is designed to tide each region over until it becomes self-sufficient in livestock, and hence forage, production. To that end, the province of Quebec benefited last year from $4.5 million in federal funding under this act. The maritime provinces received almost $4 million, while British Columbia got $4.6 million. So-called "top-loading" subsidies by more prosperous provinces, designed to enhance still further the development of local livestock industries, have caused an even greater proportion of the livestock industry to move from western Canada to other parts of the country.

The point I wish to make, honourable senators, is that while the extension of the provisions of this act to the north is the only equitable way to proceed, given that other regions of the country are benefiting perhaps the rationale for the act itself should come under closer scrutiny. Since the inception of the Canadian Livestock Feed Assistance Board in 1967, western Canada's proportion both of the livestock and slaughterhouse industries has declined considerably. While the differential has narrowed, freight rates still heavily encourage the movement of unprocessed or semi-processed foodstuffs from west to east. The west still pays a transportation premium for finished products travelling in the other direction. While other regions are benefiting from self-sufficiency, or are approximating that

objective, the west's competitive advantage in livestock production has been reduced.

I hasten to add that this would not be a problem if the government had policies in place designed to promote regional self-sufficiency in every endeavour. Allowing that such an objective would be ridiculous and counterproductive in terms of our international competitive position, I nevertheless point out that I have seen no federal policies designed to equalize automobile or textile manufacture across our regions.

Accordingly, I would urge the government, given the era of renewed federalism which has dawned upon this country, to review the overall impact of programs such as this, which may, quite understandably, contribute to the alienation which exists today in western Canada. At the very least, the inclusion of some western representation on the board's advisory committee would be a start.

• (1630)

With that request for the sort of fundamental review for which this government is not particularly known, yet expressing my sincere hope that a few months in opposition has increased its sensitivity, I conclude my remarks by reiterating our support for the passage of Bill C-15.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in Senator Hays' name, I move, with leave, that this bill be read a third time now.

Senator Roblin: Is it not the intention to refer this bill to committee?

Senator Frith: The Chairman of the Agriculture Committee, Senator Hays, and the Vice-Chairman, Senator Sherwood, consulted on that possibility. There was a time when they thought they would like that to happen in order to have a review of the whole principle as suggested by Senator Sherwood. After further discussion, they decided they would postpone that to some other occasion. Therefore, they do not feel it is necessary for this bill to be referred to committee.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

THIRD REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the third report of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments, which was presented on Friday, June 27, 1980.

Hon. Royce Frith (Deputy Leader of the Government) moved that the report be now adopted.

He said: As honourable senators may remember, about a month ago the joint chairman, Senator Godfrey, presented a report on the same subject matter as the present report which, incidentally, may be found in the *Minutes of the Proceedings of the Senate* of June 27 at page 221. At that time the terms of the report were much broader than, apparently, had been the intention of the committee. The subject of the report was authorization to send members of the joint committee to a meeting of the committees on Subordinate Legislation of the Parliaments of the Commonwealth to be held in Canberra, Australia, from September 29 to October 3, 1980.

The original report asked for authority to send members of the committee to Australia and elsewhere, as I remember. Although I am not quoting the report verbatim, that was its meaning. The Senate, as you will remember, asked that the matter be referred back to committee for reconsideration. The committee has now reconsidered, and has presented the report which, as I have said, appears at page 221 of the *Minutes of the Proceedings of the Senate*, and which is before honourable senators today.

The substance of the committee's report is as follows:

> That it be given authority to send five (5) members of the Committee and one (1) Committee Counsel to the conference of the committees on Subordinate Legislation of the Parliaments of the Commonwealth to be held in Canberra, Australia from September 29 to October 3, 1980.

Honourable senators will recall that under rule 83sca the actual expenses of such a trip if the report is adopted by the Senate, are subject to examination by the Standing Senate Committee on Internal Economy, Budgets and Administration.

Motion agreed to and report adopted.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, July 10, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

July 10, 1980

Sir,

I have the honour to inform you that the Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 10th day of July, at 5.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

STATUTE LAW (MILITARY AND CIVILIAN WAR PENSIONS, COMPENSATION AND ALLOWANCES) AMENDMENT ACT, 1980

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-40, to amend the Pension Act, the Compensation for Former Prisoners of War Act, the War Veterans Allowances Act and the Civilian War Pensions and Allowances Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I move, with leave, that the bill be read a second time later this day.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Is this the bill demanded by the Honourable Stanley Knowles?

Hon. Royce Frith (Deputy Leader of the Government): So they say. We do not say that, but they do.

An Hon. Senator: We should not trust rumours.

[*English*]

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Motion agreed to.

• (1405)

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have the honour to table the following documents:

Report of the Atomic Energy Control Board of Canada for the fiscal year ended March 31, 1980, pursuant to section 20(1) of the *Atomic Energy Control Act*, Chapter A-19, R.S.C., 1970.

Report of the Northern Canada Power Commission, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1980, pursuant to section 24 of the *Northern Canada Power Commission Act*, Chapter N-21 and section 75(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Copy of Eighth Report of the Advisory Group on Executive Compensation in the Public Service, dated March-April 1980.

And, in the spirit of access to information and freedom of information, I table a document entitled:

Copies of document entitled "Cabinet Committee Membership," dated July 10, 1980.

QUESTION PERIOD

[*English*]

INDUSTRY

CANADA-UNITED STATES AGREEMENT ON AUTOMOTIVE PRODUCTS

Hon. Guy Charbonneau: Honourable senators, I direct my question to the Minister of State for Economic Development. It follows upon a delayed answer he gave to a question I asked on June 25. The minister asserted:

> It is the intention of this government to negotiate better operation of the auto pact, and while it is not desired, nor is there any intention, to seek a total renegotiation of the pact, there will be some changes to it.

May I ask the minister what assurances he has that there will be changes in the auto pact? Have the U.S. authorities agreed in principle to such changes or is this just wishful thinking on the part of the Minister of Industry, Trade and Commerce? If they have agreed in principle on certain changes, might we know what areas these changes will cover?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the Minister of Industry, Trade and Commerce does not engage in wishful thinking; he is very sincere in negotiating an improvement in the auto pact. Although I cannot now inform my friend on the state of those negotiations, I will find out whether there is any more precise information than I have given him. The minister was in Washington the same day that I was there and there were negotiations going on for most of the day. Specifically, with respect to my friend's inquiry about what changes the United States has agreed to, if indeed any changes have been agreed to at this point in time, I think I had better obtain a report from the minister.

• (1410)

Senator Charbonneau: If I may ask a supplementary, is the minister telling us that changes have been agreed to at this specific time?

Senator Olson: All the minister said, and I understood it quite clearly, was that he was going to make an inquiry about the matter.

UNITED STATES—PRESIDENTIAL ANNOUNCEMENT OF ASSISTANCE TO AUTOMOBILE INDUSTRY

Hon. Lowell Murray: Honourable senators, I should like to address another question to the minister relating to the automobile industry. It arises out of the announcement made by President Carter the other day of rather massive assistance of various kinds to the automobile industry in the United States.

While I am not suggesting that a program of that kind would necessarily be appropriate here, I did want to ask what the Minister of State for Economic Development is doing in conjunction with the industry, and perhaps with concerned provincial governments, to develop a longer-term strategy for this industry, since I think he will agree, as most people would, that the problems in the industry are not simply temporary or cyclical in nature.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am sure the Honourable Senator Murray knows quite well that the Minister of State for Economic Development does not administer any department, or, indeed, any program. Nor is he attempting to run any other minister's department.

Senator Flynn: Then what does he do?

Senator Olson: He has enough to do.

Senator Walker: Just answer the question.

Senator Olson: The function now of the Minister of State for Economic Development, as was the case during the time of my predecessor, is to perform a co-ordinating role in making sure that the economic policies of all the economic departments are co-ordinated in advance—

Senator Flynn: It doesn't show!

Senator Olson: —and, indeed, to follow that up with the expenditure management section, for which I wish to compliment my predecessor who put it in place, to make sure that those policies are carried out according to the will of the committee of which the minister is chairman.

Senator Murray: I am sorry, but that simply will not do for an answer, because if there is a classic case in which the plight of an industry is the concern of several departments of government, all of them falling under the aegis of economic development, it is this one.

I simply put the question to the minister whether, in his co-ordinating role, he is not bringing together the Departments of Industry, Trade and Commerce, for example, Finance, for example, and several others that are members of his committee, to try to work out a longer-term strategy for this industry. It seems to me that this is a classic case for the concern of a minister charged with co-ordinating economic policy.

Without being personally offensive in any way, I must say that if the minister persists in this kind of answer I will suggest that we ask for some kind of written documentation before this body so that we can know whether the Ministry of State for Economic Development is in fact an effective working portfolio or whether it is simply an empty title.

Senator Perrault: Very effective! Very effective!

Senator Olson: Honourable Senator Murray has that option open to him any time he wants to take it, and I hope he will not refrain from taking the option because of any admonitions from me, if he feels he ought to do so.

I can tell him, however, and I find it rather difficult that he does not seem to understand even the simplest language, that I am not running the Department of Industry, Trade and Commerce, and I have no intention of attempting to usurp that position now or ever.

There is a co-ordinating role at times that the Minister of State for Economic Development can play, and he is playing it—

Senator Perrault: Very well!

Senator Olson: —and will continue to play it on a low-profile basis, because he is not running and is not going to appear to run any other minister's department, either. I cannot understand why my friend cannot understand that. It is simple and straightforward, and there are no weasel words in that reply.

● (1415)

Senator Murray: I put it to the minister, then, that he is denying responsibility for the automobile industry, except as a matter of collective responsibility as a minister of the Crown; and that as Minister of State for Economic Development he is saying that he has no responsibility for developing a strategy in that area.

Senator Olson: Honourable senators, that interpretation of what I said would have exactly the same kind of credibility as, I suppose, the honourable member's interpretation of how to run the Conservative campaign—and he knows the results.

Senator Perrault: They ran out of gas.

Senator Smith: There is no danger of the honourable gentleman's running out of gas.

CANADIAN BROADCASTING CORPORATION

HIRING OF CONVICTED WATERGATE CONSPIRATOR

Hon. H. Carl Goldenberg: Honourable senators, my question is for the Leader of the Government. In its issue of June 27, the Toronto *Star* published a story under the heading "Morningside hires Watergate's Liddy." The story reads in part as follows:

> Convicted Watergate conspirator G. Gordon Liddy bounded out of a jail term into the waiting arms of CBC-Radio.
>
> Morningside has picked Watergate's notorious master plumber to comment regularly during the Republican and Democratic conventions in the United States this summer, and to report on the fall presidential campaign trail.

I presume this is the justification, for it goes on to say:

> Liddy organized break-ins at the office of the National Democratic Committee headquarters in the Watergate complex in Washington and at the office of Daniel Ellsberg's psychiatrist. Morningside hired Liddy after he appeared on the program recently promoting his book, *Will*. In it, he expresses no regrets about his role in the Watergate scandal and reveals that he was ready to kill syndicated columnist Jack Anderson, one-time friend Howard Hunt, and John Dean. He confirms once telling a senior White House aide, "If you want anyone killed, just let me know." And he sticks to this view of life, "The end justifies the means. Extreme measures require and justify extreme means."

My question to the Leader of the Government is this: Is this story correct? Has the CBC in fact hired this disreputable fellow to report on the forthcoming political campaign in the United States? If so, what are the terms of his engagement? Finally, can the CBC justify an engagement of this kind?

Some Hon. Senators: Hear, hear.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Goldenberg poses an interesting and important question. Certainly inquiries will go forward to obtain the information he seeks. In the meantime, I hope that tape recordings are made of all of Mr. Liddy's broadcasts and there will be no blanking out of any of them.

HUMAN RIGHTS

STATUS OF NATIVE WOMEN

Hon. Martha P. Bielish: Honourable senators, I have a question for the Leader of the Government. In view of the fact that the case of Sandra Lovelace is about to come before the United Nations, and given that on Monday in the other place the minister said that the Indian women might have to wait an additional two years for a resolution of this matter, despite the commitment of the Clark government of last fall to delete section 12(1)(*b*) of the Indian Act, would the Leader of the Government bring to the Senate a progress report on discussions which the government is having with native people to arrive at a new policy on the question of human rights for native women?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, an inquiry will go forward immediately on that question.

● (1420)

CANADA-UNITED STATES RELATIONS

NEW YORK STATE—DISCRIMINATORY LEGISLATION

Hon. Nathan Nurgitz: Honourable senators, my question is to the Minister of State for Economic Development. Two or three days ago the Minister of Industry and Tourism of Ontario requested the support of the federal government in opposing the recently passed New York law which discriminates against foreign steel supplies. Is the minister able to tell the Senate if that matter is being discussed between our government and the U.S. government? Can he also tell us whether, during the Prime Minister's recent visit with the President of the United States in Venice, discussions of this matter took place?

Hon. H. A. Olson (Minister of State for Economic Development): I will make some inquiries in an effort to determine the stage of the discussions at this time. However, I can tell my honourable friend that the Canadian government is disturbed at this kind of action and some discussions are in progress. I will report on this later.

ENERGY

ALASKA HIGHWAY GAS PIPELINE

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wish to reply to Senator van

Roggen's question yesterday concerning the re-injection of gas at Prudhoe Bay. I am advised that Arco has no immediate concern with the re-injection process, according to one of their spokesmen. It is their feeling that using some of the gas as the fuel to re-inject could continue until at least 1986 if no new reserves are found. They are continually studying the field at Prudhoe Bay.

If it eventually becomes uneconomic to use gas as the fuel of injection, the company will turn to other methods such as the waterflood method. The situation is being carefully studied and monitored constantly by the producers at Prudhoe Bay.

As a point of information, using gas to re-inject causes a loss of pressure annually, which requires an increase in compression resulting in a five per cent loss of energy.

THE ENVIRONMENT

CONVERSION OF U.S. ELECTRICITY GENERATING STATIONS—POTENTIAL INCREASE IN AIR POLLUTION

Hon. Raymond J. Perrault (Leader of the Government): I have two brief statements on matters of interest to honourable senators. The first relates to acid rain. Honourable senators may be aware that the U.S. Senate has approved a bill providing for reduction of U.S. reliance on foreign oil through conversion of some oil-fired plants to coal.

This bill will be subject to further consideration by the House of Representatives. Thus far the House has not shown enthusiasm for the proposal, and a number of House Committees have indicated they will hold careful hearings before they agree to vote on it.

Canadian concerns about the increase in acid rain causing pollutants associated with this proposal have been made known to senior members of the U.S. Administration a number of times in recent months. A detailed expression of these concerns was also provided to the Chairman of the Interstate and Foreign Commerce Committee and relayed to many other members of Congress.

The government will continue to make its concerns on this proposal known to the U.S. government.

CANADA-UNITED STATES RELATIONS

FISHERIES—EAST COAST BOUNDARY CONTROVERSY

Hon. Raymond J. Perrault (Leader of the Government): The next matter I wish to deal with relates to fisheries. Honourable senators, formally and informally, have asked questions relating to the possibility of a settlement of the east coast fisheries dispute.

As far as Canada is concerned, the East Coast Fisheries Agreement, signed in March 1979, provided for a fair and comprehensive settlement of the issues under dispute. We do not know how long it will take for the U.S. to ratify the treaties.

In the meantime we have to protect Canadian interests as best we can. This is why the government announced, on June 12, an increase of Canadian fishing for groundfish on Georges Bank. We are presently considering what other measures might be necessary to protect our interests.

FISHERIES

1980 SEAL HUNT—DYE-MARKING OF SEAL PUPS

Question No. 11 on the Order Paper—**By Hon. Jack Marshall:**

1. During the 1980 seal hunt were any seals dye-sprayed by members of the Greenpeace organization or by others and, if so, were those persons apprehended?

2. When will the final results of the effects of dye-spraying of seals during the 1980 seal hunt be known?

3. Give details of the effect on seals if sprayed with large quantities of dye, if results of examination are available.

Reply by the Minister of Fisheries and Oceans:

1. On March 13, 1980, Greenpeace claimed that six of its members had marked 150 seals with green dye during the previous day.

It appears that a total of two seal pups were surreptitiously marked either with a crayon or "magic marker" by five individuals while pretending to pet or stroke the animals. This took place on an offshore patch of ice holding a total of 38 to 40 seal pups, which had been designated by the Fisheries Officer in charge of Conservation and Protection at the Magdalen Islands, for viewing by a bona fide nature tour group organized by Hanns Ebensten Travel Inc., of New York. The individuals concerned had obtained reservations to Ebensten's "Ice-pack Tours", and went to the ice for 45 minutes on the first trip, on the morning of March 11; they broke away from the group leaders long enough to mark the two seals, and take a few photos. They immediately returned ashore, and left the Ebensten group without notice, taking off for the mainland on a Quebec Air flight departing at 13:55. They apparently made no mention to anyone of their actions until they were out of the country, at which point the claim seems to have been made in a news release put out by the Greenpeace Foundation, that 150 animals were marked. The five individuals included three Americans, and one each from England and France. They were not apprehended since their act was not known until the press release was issued only after they had left Canada.

2. The effects of marking these two seals (there was no dye-spraying as such) are nil.

The offshore, large vessel hunt at the Magdalen Islands had already been terminated by the date on which the seals were marked, so there could obviously be no direct effect on the sealers' catch, even if large numbers of animals had been marked. Moreover, seal pups at that time had reached the "tanner" stage, i.e. they had started shredding their white fur, and were already largely independent of their mothers. Consequently, the value of

the pelts could not have been affected, nor would the mother-pup bond have been likely to be disturbed.

3. Effects of dye-marking seal pups would likely depend upon the age of the pup, the type and amount of dye used, ambient environmental conditions and possibly the age of the pup's mother.

Studies have shown that *limited* amounts of some dyes have little direct effect on the pup or on subsequent mother-pup interactions.

Copious amounts of dye, however, could change the reflectance and transmittance characteristics of the white lanugo, and affect the pup's thermoregulation. Furthermore, if the dye included a wetting agent, it would further reduce the insulative properties of the pelt, an effect which could be especially serious to a very young animal which had not yet built up a heavy blubber layer.

In addition it is possible that certain dyes may possess odours which could interfere with the mother's ability to identify her own pup. Any such interference with the mother-pup interactions would have serious consequences on nursing and the chance of survival of the pups since they grow at a rate of about 2.5 kg/day during nursing, and the nursing period on average lasts only about 9 days.

The type and quantity of dye, or the extent of spraying which would be required to mark a seal permanently to the point of destroying the market value of its pelt could therefore seriously compromise the chances of survival of the marked seals.

AGRICULTURE

FEDERAL FRUIT AND VEGETABLE STORAGE CONSTRUCTION FINANCIAL ASSISTANCE PROGRAM

Question No. 13 on the Order Paper—**By Hon. Jack Marshall:**

1. Have any applications been received under the Federal Fruit and Vegetable Storage Construction Financial Assistance Program from the Province of Newfoundland? If so, (a) how many have been approved, and (b) in what amounts?

2. Were any applications received and turned down? If so, for what reasons?

Reply by the Minister of Agriculture:

1. Yes.

(a) None.

(b) N/A

2. Yes. Two applications were turned down because neither producer group could meet the financial requirements of the program to directly finance the minimum of one-third of the project cost.

FARM IMPROVEMENT LOANS ACT

Question No. 17 on the Order Paper—**By Hon. Jack Marshall:**

[Senator Marshall.]

Regarding Release E-26, Agriculture Canada, what is the breakdown, by province, of the $41.2 million in loans made under the Farm Improvement Loans Act in the first quarter of 1980?

Reply by the Minister of Agriculture:

Province	No. of loans	Amount
British Columbia	262	$ 3,744,514
Alberta	1,367	14,143,602
Saskatchewan	1,338	14,645,770
Manitoba	492	5,162,708
Ontario	185	2,174,076
Quebec	14	480,775
New Brunswick	19	123,102
Nova Scotia	26	273,667
Prince Edward Island	55	333,072
Newfoundland	4	101,250
	3,762	$41,182,536

MINUTES OF PROCEEDINGS

CORRECTION

Hon. Hartland de M. Molson: Honourable senators, I rise on a point of privilege to call attention to a very minor correction that is required in the *Minutes of the Proceedings of the Senate* of yesterday. Under "Inquiries," Notice No. 2 for Tuesday, July 15, it states:

That we will call the attention of the Senate—

I should just like to say that I do not aspire to the editorial "we" and certainly not to the royal "we". It should read:

That he will call the attention of the Senate—

• (1425)

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before the Orders of the Day are called I should like to report on two matters. The first is on our schedule for next week.

Honourable senators will remember that yesterday I said we might sit extra hours next week in the hope that Parliament could finish its business by July 17 or 18. I said I did not think that this was likely, but that I would let you know today.

The news is that a very serious effort is being made to reach that objective, and therefore I am respectfully asking honourable senators to sit next week on Monday and Tuesday evenings, Wednesday afternoon and perhaps Wednesday evening. I don't think it will be necessary to sit Wednesday

completed, because that takes it out of the order book and puts it in the yard. That is where the people work, and that, of course, is slightly different—in fact, significantly different—from the content of the reply that I gave him.

Senator Marshall: I was not talking to Mr. Walsh and I cannot say for sure what the minister is asking. However, on another point, with respect to the shipbuilding industry, Mr. Walsh and one of his colleagues in Montreal indicated that they were promised by the government that there would be talks before any changes were made, to allow them to put their case before the government. Evidently those talks were postponed and in the interim the subsidy was reduced from 20 per cent to 9 per cent.

Further, another expert in the shipbuilding industry, the president of the Canada Steamship Lines, said that the arguments of government run counter to the fundamental axiom of business, and certainly of the financial structure, and that decisions on capital expenditure have to be taken five years in advance.

Is the minister now willing to admit that this government acted hastily and without fundamental business sense, and have it review the decision and reinstate the 20 per cent subsidy until it decides on a new program?

Senator Olson: Honourable senators, the statement that I made in this house stands. Once again this is where we find difficulty in dealing with some illusory answer or comment by someone else that one is unable to examine to find out what it means or what the information is based on.

I am not sure whether the talks that were supposed to have taken place were promised by the previous government or this government. If they were promised by the previous government, I can tell the honourable senator that we have indeed honoured all of the commitments that were made by the previous government insofar as they were reasonable and responsible. There were a few made just before February 18 that we do not believe should be continued, and some have fallen away because of that.

The honourable senator should really give me a little more precise background information as to which government the talks were to be held with before there was some phasing out, and whether or not there was any indication from either the previous government or this government with respect to all of those things. Unless the honourable senator is willing to do that, I do not think we shall have a very useful discussion. I can tell him quite frankly that I do not accept the preamble to those questions as being factual. They may represent an opinion expressed by someone and we may disagree with that opinion.

Senator Marshall: I will give the minister the benefit of the doubt, and I shall do a little more research by speaking to the president of Canada Steamship Lines, who is the son of a former distinguished Leader of the Government in the Senate.

• (2020)

FOREIGN AFFAIRS

TOURISM IN THE TURKS AND CAICOS ISLANDS—SUGGESTED CANADA-BERMUDA CO-OPERATION

Hon. Heath Macquarrie: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate which concerns a reported statement that this country is prepared to co-operate with Bermuda with reference to developing and fostering the tourist industry in the Turks and Caicos Islands.

As this has, as the honourable minister in charge of the Wheat Board knows, been a matter of deep concern for me for the last decade, could the leader indicate what in fact are the measures in which Canada will be co-operating with Bermuda and the Turks and Caicos Islands in what seems to me to be a splendid Commonwealth initiative, and whether in fact the government has further plans to assist this most important and highly cherished community in the Caribbean?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I think all of us appreciate Senator Macquarrie's continuing interest in the Turks and Caicos Islands and his active interest in Commonwealth affairs. For that reason I wish I were in a position to provide a more helpful response to the question of whether the Government of Canada intends to enter into an agreement with the Government of Bermuda to co-operate in the development of the Turks and Caicos Islands. The Canadian government has received no proposals from the Bermudian government on the development of the Turks and Caicos Islands and has no proposals to present to the Bermudian government on the economic development of these islands.

The Canadian Commissioner to Bermuda, J. S. Nutt, is currently in Bermuda on a visit of a routine nature. This visit is not for the specific purpose of discussing Canadian development of the Turks and Caicos Islands.

It is understood that private individuals are interested in tourism development which might involve Canadians and Bermudians collaborating in the Turks and Caicos Islands. No consideration is being given in Canada to providing government funding for any projects.

AGRICULTURE

DROUGHT RELIEF PROGRAM

Hon. D. G. Steuart: I should like to direct a question to Senator Argue, the Minister of State for the Canadian Wheat Board, having to do with a press release concerning the drought relief program announced approximately two weeks ago by the Minister of Agriculture, the Honourable Eugene Whelan, and himself.

If I might, I should like to refer to an article in the Regina *Leader Post* of July 12, which quotes certain statements by Mr. Roger Baldwin, the program co-ordinator. Evidently there was either a press release put out or an interview of Mr.

Baldwin, but what concerns me is that the information contained here appears to be substantially different in certain respects from the program as it was announced by the two ministers. I think it would be good if that difference could be cleared up.

If I may, I will just read it from the article:

> The federal drought relief program should cost less than the $60 million allocated for it, program co-ordinator Roger Baldwin said Wednesday.
>
> "Whatever money is left over from the herd maintenance program is available for other drought programs," Baldwin said in an interview.

Referring to cattle producers, the article goes on to state:

> Many producers who apply for assistance will be dropped from the program because they will have to sell off cattle despite the federal plan, he said. This will leave extra money.

Further on, the article says:

> He also said there could be programs to assist grain farmers, although some possibilities—like a grain feed program—are no longer feasible.

Finally, there is one thing that does bother me because it seems to be contradictory of the information that was put out, and that is the following statement:

> Baldwin said the federal drought relief program was worked out in consultation with livestock producers and provincial agriculture officials.
>
> He dismissed any suggestion that provincial governments were not involved in the planning stage.

I wonder if the minister would be prepared to clear up some of those differences.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I thank the Honourable Senator Steuart for his question. I have received a number of complaints respecting this article. I have been in touch with Mr. Roger Baldwin who is being reported in this article, and he told me that the *Leader Post* reporter in question, Edward Greenspon, in fact interviewed him but, in general, the statements attributed to him were not in fact made.

● (2025)

In my experience, *Leader Post* reporters in Ottawa have been of quite a high calibre, and my experience with them has been excellent over the years. However, I am afraid that the articles which have appeared in the *Leader Post* with regard to this program, and the other program that preceded it, have been quite misleading, not very informative and, I think, far off the facts.

Senator Steuart referred to the following statement:

> The federal drought relief program should cost less than the $60 million allocated for it.

I certainly do not know that that is a fact. My own opinion is that it is likely to cost that much and, certainly, the federal government is prepared to spend that much money. I am not able to say whether that will be the exact figure, but the program is there and it will take all or most of the $60 million.

In the newspaper article, the following statement is attributed to Mr. Baldwin:

> Whatever money is left over from the herd maintenance program is available for other drought programs.

My first answer also applies to this statement. If there is nothing left over, then there is nothing for anything else. I think that statement is incorrect and should not have been put in print.

The article further states:

> Many producers who apply for assistance will be dropped from the program because they will have to sell off cattle despite the federal plan.

I do not believe that is accurate. If a livestock producer applies to be part of the plan, I think his intention will be to keep his cattle. There must be exceptions, but it is a disparaging remark to suggest that these people will have to sell off their cattle despite the plan and that because these people, in desperate circumstances, sell off their cattle, there will be extra money for the program.

Mr. Baldwin is also reported as saying:

> Depending on our perception of the duration of the drought and the impact the duration will have, the programs could extend to all sectors of agriculture.

That is a broad and sweeping statement, and I do not believe that a program which starts out to assist the livestock industry because of a drought is likely to extend to all sectors of agriculture.

Referring to Mr. Baldwin, the article further states:

> He also said there could be programs to assist grain farmers—

I know of no program to assist grain farmers.

> —although some possibilities—like a grain feed program—are no longer feasible.

Perhaps it should read "a green feed program." In any event, the whole article is very misleading, and does not make much common sense. That kind of article does not serve any useful purpose, quite apart from being misleading.

Senator Steuart referred to consultation with livestock producers and provinces generally. There were some earlier consultations with provincial officials. This program was developed after federal consultation with livestock producers themselves.

An Hon. Senator: Hear, hear.

Senator Argue: This program came into existence because of recommendations from livestock producers. I have been in personal contact with many of these livestock producers, as has Senator Olson. We know them on a first-name basis. This is basically their program.

This program was based on a very sound premise, namely, that the livestock producer can use money put into his hands more efficiently to cover the difficulties he is faced with than

provincial or federal governments in the administration of specific programs that lead them along many avenues.

Senator Smith: I should like to direct a question to the Minister of State for the Canadian Wheat Board. The next time he arranges for one of his friends to ask a question, can he arrange to give a shorter answer?

● (2030)

Senator Argue: I know it troubles honourable senators sitting opposite that there should be some intelligent questions put forward in the chamber, and that frequently they come from this side of the house. I hope there will be further questions of the same calibre asked from the government benches.

Senator Smith: I hope the high quality of the questions referred to by the minister will in the future, though not today, be equalled by the quality of the answers.

INDUSTRY

EXTENSION OF SUBSIDIES TO SHIPBUILDING—ATLANTIC PROVINCES

Hon. G. I. Smith: Honourable senators, perhaps I could direct a question to the Minister of State for Economic Development.

I noted his great concern—and proper concern—for having the facts in relation to shipbuilding yards and the reduction in the subsidy. I know he will not have the information I seek with him tonight, but I wonder if he could furnish the Senate with a list of the shipyards in the Atlantic provinces in respect of which he had this information, and what that information may be.

Hon. H. A. Olson (Minister of State for Economic Development): I think I can, honourable senators. I have that information with me—at least, I did have it with me one day. There was an assessment done of the various shipyards, and when they would be coming to the end of the work that is now committed to them in the way of contracts, and so on. I will obtain that information. It is either somewhere in this book or up in my office.

AIRLINES

GREAT LAKES AIRLINES SERVICE

Hon. Andrew Thompson: Honourable senators, I have a question for the Leader of the Government about Great Lakes Airlines, which serves Sarnia, London, Toronto, Peterborough and Ottawa.

During each of the past two weeks I have gone to the Peterborough airport in the hope of catching a plane to Ottawa. On both occasions the plane did not come at all, apparently because of mechanical defects.

I would like to ask the Leader of the Government if he could inform me how many times during the past four months Great Lakes Airlines has failed to service the airport at Peterborough for reasons other than weather.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, an inquiry will go forward to the Minister of Transport. Obviously, I do not have detailed information about these flights or even flights of fancy on my desk at this moment.

THE SENATE

PROPOSED COMMITTEE ON NATURAL RESOURCES AND THE ENVIRONMENT

Hon. Cyril B. Sherwood: Honourable senators, my question is for the Leader of the Government.

On April 29 last, when I participated in the Throne Speech debate, I suggested that we set up a Senate committee on natural resources and the environment. The scope of such a committee would have been wider than that of the Northern Pipeline Committee which we have just reconstituted. I am wondering if any thought has been given to this matter, and if we can expect a decision in the near future.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, if it is the desire of a majority of senators that there be an initiative of that kind, of course, democracy will rule, and that committee will come into existence.

Senator Flynn: For once, a free vote.

Senator Asselin: You are funny; you are a funny guy.

CANADA

ITALIAN ORIGIN OF EARLY EXPLORER

Hon. Peter Bosa: Honourable senators, my question is for the Leader of the Government in the Senate.

Is the leader aware that the Toronto *Star* published on July 1 a Canada Day quiz consisting of 50 questions prepared by W. D. Conly Research Ltd.?

● (2035)

Question 15 was: Who was the first English navigator to land on Canadian shores? The answer given was: John Cabot, 1497.

Is the leader aware that Professor Samuel Eliot Morison in his recent work, *The European Discovery of America: The Northern Voyages A.D. 500-1600* (New York, Oxford University Press, 1971), reveals that the navigator preferred to be known by his original name, Giovanni Caboto, a citizen of Venice? Furthermore, this contention was sustained by the Hakluyt Society in its work published in 1961, which supports that thesis. Does the leader agree that this is a gross inaccuracy, if not a downright distortion of a historical fact?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I know that no thinking Canadian would ever wish to abuse the memory of Giovanni Caboto, and I have

no doubt that that was his preferred name. However, the other day I talked to a Canadian of Scandinavian descent. He claimed that the Vikings had landed at L'Anse-au-Meadow, Newfoundland, long before Giovanni Caboto had made his voyage to the new world. I talked to a Canadian of Welsh descent a few months ago and he said that there is a "lost tribe" of Welshmen living in North America whose ancestors were the true discoverers of America. The other day I talked to a Canadian of Irish descent who claimed that the Irish had arrived on these shores in leather boats long before the Vikings, the Welsh and the Italians. Perhaps it is a matter for the historians to determine who really touched our shores first. Certainly, no one disputes the fact that Giovanni Caboto was a magnificent navigator. His arrival on Canada's shores is a solid historical fact and not merely a legend or rumor, and it is also an historical fact that this great human being was a citizen of Venice.

Senator Bosa: Is the leader aware, though, that all those people that he mentioned, and who may have landed in Canada, did not have in their possession, as Caboto did, letters patent issued by King Henry VII, which is tantamount to having landed immigrant status?

Senator Perrault: Senator Olson, who is of Scandinavian descent, noted in a jocular aside just a moment ago that Leif Erikson may well have had letters patent from King Canute and Eric the Red. Certainly, Senator Bosa makes a strong case when he reminds us that Giovanni Caboto had letters patent from King Henry VII. Canadians, regardless of ethnic descent, are proud of all those who helped to discover and explore our great country. Giovanni Caboto made a magnificent contribution in this regard. Senator Bosa does all of us a service by reminding us of this great man and his origins.

SCIENCE AND TECHNOLOGY

NUCLEAR FUSION RESEARCH

Hon. Paul Yuzyk: Honourable senators, I have a question for the Leader of the Government in the Senate. Last Friday the Minister of Energy, Mines and Resources in the other place confirmed that while comments by the Minister of Science and Technology to the effect that Canada should withdraw from nuclear fusion research do not yet constitute government policy, our participation in this international endeavour is indeed under review.

My question to the Leader of the Government is this: Has the government compiled an estimation of the potential cost to Canada of buying nuclear fusion technology subsequent to its eventual development if Canada loses its right of access to that technology by not participating in fusion research? If so, would the leader table that information in the Senate at some future date?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

Senator Yuzyk: I have a supplementary. Has Canada received any representations from its current international partners in nuclear fusion research to the effect that our continued participation in research into this important energy source of the future is both welcome and desirable?

• (2040)

Senator Perrault: Information will be sought in that respect and added, if possible, to the reply to the first question.

Senator Yuzyk: We look forward to that.

ENERGY

EXODUS OF PETROLEUM EXPLORATION COMPANIES

Hon. Lowell Murray: Honourable senators, I have a question for the Minister of State for Economic Development. Can the minister tell us what measures the government intends to take in response to the growing exodus of petroleum exploration companies to the United States?

So the minister will not quarrel with the preamble to the question, or the basis of the question, I may tell him that I put a question about this matter to the Deputy Minister of Energy, Mines and Resources, who appeared before our National Finance Committee this afternoon, in the course of which I had occasion to quote a statement made by the President of the Canadian Association of Oil Well Drilling Companies expressing his concern about this matter and stating that Canadian companies were devoting an increasing part of their budgets to exploration in the United States instead of Canada. The deputy minister indicated he was familiar with the statement and believed it to be true.

So my policy question to the minister is in relation to the measures the government intends to take to stop this outflow of activity.

Hon. H. A. Olson (Minister of State for Economic Development): I am sure the honourable senator realizes that we are now deeply involved in negotiations on an energy program, especially in relation to gas and oil, and that the result of those negotiations, especially the pricing arrangements, is vital to seeking and announcing the solutions that would encourage developers to spend additional funds in Canada for the purpose of increasing reserves of both natural gas and crude oil, and indeed other hydrocarbons of various forms, including such things as heavy oil, tar sands, and so on. Exploration programs could be significantly enhanced once we have concluded the negotiations with the producing provinces respecting price.

The honourable senator will also realize that there is now a very significant supply of natural gas available. A great deal of it, of course, is in the reserves as determined by the formula that the National Energy Board uses. There is, I think, optimism in respect of the reserves that are known now but which are not strictly within the calculation of the reserves according to that formula—and I am not arguing with that formula; I am simply saying that there is a lot of optimism that there is indeed significantly more natural gas than what is included in the reserves as established by the National Energy Board.

I expect the answer in that respect is fairly straightforward, that being that there is a limit to the amount of investment that will be made in respect of this kind of activity until and unless there is an enhanced cash flow to pay for those investments. There are many ways by which to reimburse on the operating costs and on the capital invested, but it does seem to me that it would be better if we waited a short time for some decisions to be made with respect to that, and perhaps a little longer—but not much longer—with respect to decisions that are necessary before there is an enhanced economic prospect for further additions in this field.

Senator Murray: The minister confirms, then, that it is the delay in reaching political agreement as between the federal government and the producing provinces that is largely responsible for this exodus. Is the minister in a position to comment on the accuracy of the figure of $600 million that is being said to be the amount of investment that will be lost this year as a result of this exodus?

Senator Olson: That is obviously someone's estimate, probably that of one of the associations of exploration companies. I am not going to identify them, but there are associations of drilling companies, and so on.

I do not believe that an estimate should be taken as fact. Quite obviously, there are motivations as to where one looks for oil or gas, or whatever. It is dependent on such things as the seismic data available and the market potential for any find that may be made.

My honourable friend is aware that marketing potential is one difficulty. There are many companies that have several years' investments in gas production, for example, for which they have not had any cash flow, and it would certainly substantially enhance the position of those companies if they could begin to realize on their investments made two or three years ago.

I can advise honourable senators that there are now over 9,000 gas wells in Alberta that are capped and not producing because of lack of markets. On the other side of the coin, the production side, that compares with something in the neighbourhood of over 13,000 wells that are producing.

Without getting into the details as to how much gas that represents in one group or the other, there is probably a larger number of lower-producing wells in those that are capped than on the other side. I think that indicates something of the magnitude of the difficulty facing further investment in that area.

Senator Murray: One final supplementary. In view of the professed desire of the Canadian government to see more Canadian content in this industry, is the minister not concerned that the vast majority of companies involved in this exodus are small independent Canadian companies?

Senator Olson: I suppose if you were to say that the vast majority are small Canadian-owned companies. Of course, with the multinationals, I suppose they already have operations in the United States and in several other places, so there would not be a transfer out of Canada into those places. Rather, it would be an enhancement of both the capital and the personnel that would be used, wherever they are. There is nothing new about that. When there is what is called a "hot spot" in the oil business, whether it is in the North Sea or off Indonesia or some place in the United States, or even some place in Canada, the multinationals enhance their activities in that area, and I am not sure that it is an entirely unbeneficial or unproductive activity for some Canadian companies to now be able to begin multinational activity.

Senator Murray: Because they get a better return in the United States.

Senator Olson: They may, and then again they may pass up some possibility in Canada, too. As I mentioned in a speech I made in Jasper, those companies that make the decision to go some place else for their investment may find when they get back to Canada that the place where they could have probably made a better investment has been occupied.

SHIPPING

CANADIAN MERCHANT MARINE SERVICE

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a reply to Senator Marshall's question of June 19 regarding the formation of a Canadian Merchant Marine Service.

The Minister of Transport has advised me that shipowners are presently meeting with main shippers' groups to explain their position regarding the formation of a Canadian Merchant Marine Service. I am sure the honourable senator will agree that this kind of dialogue between these two industry groups on the issue is most worthwhile.

● (2050)

When the talks are over, Transport Canada will be willing to hold further discussions, possibly by the fall, on specific measures that could be conducive to a better climate for shipping under the Canadian flag.

Specific measures to be discussed could include tax incentives, financial incentives and greater access to available cargo.

In the meantime, Transport Canada officials are assessing the feasibility and cost of using Canadian vessels in selective trades such as Mexican oil or coal exports. Transport Canada's marine administration is acting in an advisory capacity with Petro-Canada to assess shipping options. Private shipping firms are also exploring selective participation in grain trade. Provided that viability of such participation is demonstrated, the federal government is willing to assist in encouraging Canadian participation in these areas.

I might add that at the last National Marine Conference in May, the Minister of Transport indicated sympathy for the position of Canadian shipowners competing in the difficult world shipping environment. He mentioned that selective support or selective participation might be a possibility.

CANADA-UNITED STATES RELATIONS

NEW YORK STATE—DISCRIMINATORY LEGISLATION

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a reply to Senator Nurgitz's question of July 10 regarding the recent passage of the "buy American"bill in the New York State Legislature giving preference to United States steel and steel related products.

Although New York Governor Carey had vetoed similar legislation in earlier years, he signed this year's bill after the legislature agreed to include a three-year sunset clause.

The Canadian government had made its views known to the New York State Legislature, Governor Carey and the United States administration in Washington, which has consistently opposed "buy American" legislation at the state level.

We are continuing discussions with the state administration in Albany to clarify the scope of the legislation, since the law does not define precisely what is a "steel product" or the amount of preference to be given to United States steel. We do know that exports of automobiles and parts covered by the Canada-U.S. Automotive Products Trade Arrangement are specifically exempted by the legislation.

I might add that the Minister of Industry, Trade and Commerce indicated in the other place a few days ago that he raised this issue with Governor Askew during his recent visit to Washington, and that urgent representation to the New York administration to have the application of that law defined as narrowly as possible to protect Canadian interests will continue to be made.

ENERGY

ALASKA HIGHWAY GAS PIPELINE—MEETING OF PREMIERS OF ALBERTA AND BRITISH COLUMBIA

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked on June 14, by Senator Austin regarding the prebuild portion of the Alaska Highway Gas Pipeline. This is a matter which is generally within the area of responsibility of my colleague, the Honourable Senator Olson, but the question related to benefits from the prebuild which could accrue to the Province of British Columbia. It is for that reason that I have obtained information which may be of interest.

The reports of the British Columbia-Alberta joint cabinet meeting indicate that the prebuild was discussed. There was reference to the establishment of a committee that would discuss energy issues. Reports suggest that the energy committee will divide the United States gas market to make sure that British Columbia and Alberta work together instead of competing for the United States market.

However, honourable senators, it should be pointed out that the quantity of gas exported from the province of British Columbia has fallen from 676 million cubic meters in January 1980 to 276 million cubic meters in May of this year, with a corresponding decrease in revenues to the people of the province of British Columbia. There are many reasons for this, such as increasing gas supply in the United States, our passing on of the world price equivalent for gas, competition from other fuels, and so forth.

[Senator Olson.]

The total value of gas sales to the United States, from both Alberta and British Columbia, has fallen since the beginning of the year. Direct benefits to British Columbia for the prebuild are estimated at $70 million.

The prebuild, with a floor value of sales set at $1.1 billion per year, will inject a minimum of $100 million per month of gas sales in the United States market.

The body of information provided for me, honourable senators, indicates that as far as British Columbia natural gas exports are concerned, although British Columbia was licensed to export 687,000 cubic feet in June of this year, in fact, none was sold, at least to the time this NEB summary was prepared.

Hon. Jack Austin: Honourable senators, I wonder if I might ask the government leader a supplementary question and request of him information as to whether the government is considering changing the export pricing formula for gas from British Columbia in association with the Province of British Columbia in order to allow British Columbia gas to be more competitive in the United States natural gas market.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am sure Senator Austin is aware of the new gas pricing formula agreed to between Secretary Duncan and the Minister of Energy, Mines and Resources for Canada.

I am not sure of the exact date, but on May 1 or June 1 there was then a justification, if that is the right word, for applying the formula on the substitution of the BTU equivalent value of oil imported into Montreal. This would have indicated that the price should have moved from $4.47 per mcf, where it is now, to some higher amount—I believe $5.17. Indeed, the Minister of Energy, Mines and Resources did not move it at that time.

I cannot speak for the minister or tell Senator Austin what the minister is going to do now. I do know that applying the formula on the substitution perhaps indicates that the price should go up more, because it certainly has increased as far as oil arriving in the eastern markets is concerned. However, I shall make representations to the Minister of Energy, Mines and Resources. I am not sure whether the question carries with it an implication that it is a representation from the British Columbia government as well, but if it is, I will be happy to let the Minister of Energy, Mines and Resources know that, too. I understand the recommendation is that there is a desire to lower the price from what it is now.

Senator Austin: As a supplementary question, and by way of explanation, I can say that we have had a rather rigid gas pricing formula into the United States market. As Senator Olson just explained, it relates to the BTU value of international oil. The result has been, in some of our markets, that the United States has competitive fuel sources at lower prices and, therefore, we are not able to be effectively competitive at the price we would like.

I would suggest that a policy be considered which would allow regional variation in the export price of gas, and which takes into account the particular United States regional market to which we are exporting. I thank Senator Olson for indicating that he is prepared to discuss that matter with the Minister of Energy, Mines and Resources, but I should also like to ask him whether the government has received a report from the National Energy Board related to the economic viability of the prebuild?

Senator Olson: I will carry those representations forward and take the second part of the question as notice, because I am not sure of the propriety of giving an answer to it.

Hon. Duff Roblin (Deputy Leader of the Opposition): May I ask a supplementary question of my honourable friend? Will the same formula which now applies to the export of gas apply also to gas which will be exported through the prebuild section?

Senator Olson: I would expect that all gas exported at those ports would be sold at essentially the same price, yes.

BRETTON WOODS AGREEMENTS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-5, to amend the Bretton Woods Agreements Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Raymond J. Perrault (Leader of the Government) moved, with leave of the Senate, that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

● (2100)

FORT NELSON INDIAN RESERVE MINERALS REVENUE SHARING BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message has been received from the House of Commons with Bill C-26, to implement an agreement between Her Majesty in right of the Province of British Columbia and Her Majesty in right of Canada respecting the sharing of revenues from the exploitation of minerals in the Fort Nelson Indian Reserve.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government) moved, with leave of the Senate, that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

STATUTE LAW (MILITARY AND CIVILIAN WAR PENSIONS, COMPENSATION AND ALLOWANCES) AMENDMENT BILL, 1980

THIRD READING

Hon. Joan Neiman moved the third reading of Bill C-40, to amend the Pension Act, the Compensation for Former Prisoners of War Act, the War Veterans Allowances Act and the Civilian War Pensions and Allowances Act.

She said: Honourable senators, in moving third reading of this bill I would like to speak briefly to some questions raised last evening by Senator Macdonald. He asked about the procedure to be followed by widows who will become eligible for payments under this legislation.

I discussed this matter today with Mr. Allan Solomon, Chairman of the Pension Commission, who pointed out that widows of disabled pensioners now deceased will, in fact, have to make a fresh application for such benefits as they wish to receive. On the death of a pensioner who is in receipt of a disability pension which will come into effect after the passage of this legislation, as a result of his coming within one of the new categories, his widow will automatically receive the increased amount. However, for those disability pensioners now deceased, the commission has found that many widows really did not want pensions and, in fact, refused them at various times in the past for their own personal reasons. Therefore, it appears to be much easier simply to make it known to them that they are now able to apply for pensions.

Mr. Solomon has advised me that there will be some publicity given to the passage of this legislation. Articles will be written in newspapers, and the commission will see to it that all this information gets into all veterans' magazines which appear to have an extremely large circulation. I think we have some 500,000 members of the Legion. In this way they hope to ensure that the passage of this legislation is given as wide a circulation as possible so that those widows who so wish will be aware that they are entitled to apply for benefits.

The other question raised by Senator Macdonald was about the backlog, and Mr. Solomon does admit that there is a considerable backlog that has grown over the past couple of years. Part of that has to do with the projected move of the commission, and the fact that some long-standing employees who decided not to make this move have already resigned and taken other positions. They are in the process right now of recruiting up to full complement.

He regrets very much that they do have a considerable number of cases, and included among them are some fresh applications from living pensioners who want to have their present disability pension reviewed. This, of course, has a great deal to do with the fact that many pensioners are growing older, which leads to further complications. The Pension Commission has made a considerable effort and has spent a great deal of time trying to determine ways of providing additional compensation to these pensioners.

Another fact that was given to me, however, was that in spite of the delays involved—which are very much regretted—

about 54 per cent of the applications received for a review of disability pensions have eventually been approved.

So, the commission has tried very hard to accommodate those pensioners who have made application, and to find some way to give them an increased pension. I do not think there is any further information I can give Senator Macdonald.

Senator Macdonald: Did Mr. Solomon give the actual number of cases they have before them still to be heard?

Senator Neiman: As of now, apparently, there are some 4,100 cases before the Pension Commission. I agree that this is a considerable number. The chairman advised me that the normal number of cases for many years was between 2,700 and 2,800. It can be readily understood that once this legislation is passed that number may very well increase even more, so there is going to be considerable pressure on the commission within the next few years. I am quite confident, however, that they are doing everything they can to reduce that number as quickly as possible and they are, as I said, in the process of recruiting further staff to try to deal with the applications.

● (2110)

Hon. Jack Marshall: Honourable senators, I should like to comment on the procedure that will be used to notify those who will qualify for the widow's pension. The answer given by Mr. Solomon is not, to my mind, satisfactory, because past experience has shown that many thousands of veterans do not read the *Legionnaire*, and they do not know what is going on in the government. In the past I have suggested—and I believe it would be worthwhile to pass the suggestion on to Mr. Solomon—that only 1,500 persons will qualify in the first six months and there is no reason why a letter, written in layman's language, could not be sent to those people—the list is available—stating their rights under the amendments to the legislation. There are 500,000 legionnaires and 800,000 veterans, and there are many widows who qualify but who will not even know about it. Experience has shown that to be so. Perhaps the honourable senator could suggest to the Chairman of the Pension Commission that a simple letter would achieve the desired effect.

Senator Neiman: Honourable senators, I have already discussed that suggestion with the chairman, but I shall be glad to do so again. The suggestion is worth adopting if it is at all feasible.

Hon. Robert Muir: Honourable senators, Senator Neiman has explained, in a clear and concise manner, that there are 4,100 applications to be processed at the moment, and that figure will, of course, grow and create more difficulties. As has been pointed out by Senator Marshall, many veterans and widows of veterans will suffer the longer the delays go on.

Senator Neiman said that because of the transfer of the DVA offices, there are those who are leaving the commission. Is it the intention of the government to expand the number of members of that commission, perhaps for a year or two, to enable it to deal with the backlog of applications that have to be processed?

Senator Neiman: Honourable senators, I did not clarify that particular point with the chairman, but he did inform me that they were actively recruiting at the moment. Whether that was simply to fill the vacancies or to increase the membership of the commission, I do not know, but I agree with the honourable senator that it is very necessary. There again, it is a question of economics. If they can get approval for the extra staff, I am sure they will find the people to fill the vacancies. I repeat that I agree that it would be worthwhile for the commission to receive extra help in order to deal with the additional applications.

Hon. G. I. Smith: Honourable senators, may I ask how long a task is it to process those 4,100 applications which are in arrears? Would it not speed up the processing if sufficient funds were authorized for the commission to increase its membership?

Senator Neiman: That was the point we were just discussing, that it would be worthwhile to increase the membership of the commission to enable it to deal with the applications more efficiently. I have figures here which indicate that at the moment the average time required to process an application is eight to nine months. Senator Macdonald gave me some information which indicated that some cases take longer than that. The chairman told me that formerly it took about five-and-a-half months, on average, to process an application. He also told me he believes that with the recruiting program they have envisaged it will take them anywhere from 12 to 15 months to bring their complement to the point where they can reduce the amount of time taken to deal with applications. However, part of the problem is that the fresh applications are largely related to aging and disability, and are so complicated and require such study that, by their very nature, they take a great deal of time.

Senator Macdonald: Honourable senators, may I interject to say that unless the number of people on the Pension Commission who can make decisions is increased none of those widows will have their applications heard for at least two years. The backlog results from the delay in the Pension Commission's giving its decision. For the life of me I cannot understand why, after they have heard all the facts, it should take them three months to reach a decision. The Pension Commission will have to smarten up. If they cannot do it, then more people who can make decisions should be appointed so that the backlog can be dealt with and the new applications processed.

Senator Neiman: Honourable senators, I am sure the chairman would be happy to hear that recommendation and to have the support of the Senate in respect to obtaining extra personnel to assist him. I agree that it is an inordinately long time, and that delays can cause hardship. I can only say that the problems are of a complicated medical nature, and simply getting the medical examinations and reports take up a great deal of time. However, I will pass on the honourable senator's views. I believe his suggestion has the support of all honourable senators in that we would like to see these applications processed as quickly as possible.

Motion agreed to and bill read third time and passed.

ELECTORAL BOUNDARIES READJUSTMENT ACT

BILLS TO AMEND—THIRD READINGS

Hon. Royce Frith (Deputy Leader of the Government) moved the third readings of Bill C-268, respecting the Electoral Boundaries Readjustment Act (Saint Hyacinthe-Bagot); Bill C-402, respecting the Electoral Boundaries Readjustment Act (Sarnia-Lambton); Bill C-488, respecting the Electoral Boundaries Readjustment Act (Rimouski-Temiscouata); Bill C-529, respecting the Electoral Boundaries Readjustment Act (Hastings-Frontenac-Lennox and Addington); Bill-565, respecting the Electoral Boundaries Readjustment Act (Notre-Dame-de-Grâce-Lachine East); Bill C-599, respecting the Electoral Boundaries Readjustment Act (Berthier Maskinongé-Lanaudière); Bill C-600, respecting the Electoral Boundaries Readjustment Act (Cochrane-Superior); Bill C-601, respecting the Electoral Boundaries Readjustment Act (Argenteuil-Papineau); Bill C-602, respecting the Electoral Boundaries Readjustment Act (Verdun-Saint Paul); Bill C-604, respecting the Electoral Boundaries Readjustment Act (Montréal-Sainte Marie); Bill C-605, respecting the Electoral Boundaries Readjustment Act (Montreal-Mercier); Bill C-606, respecting the Electoral Boundaries Readjustment Act (Richmond-Wolfe); Bill C-608, respecting the Electoral Boundaries Readjustment Act (Montmorency-Orléans); and Bill C-609, respecting the Electoral Boundaries Readjustment Act (La Prairie).

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Senator Flynn: On division.

Motion agreed to and bills read third time and passed, on division.

● (2120)

BORROWING AUTHORITY BILL, 1980-81

SECOND READING—DEBATE ADJOURNED

Hon. Léopold Langlois moved the second reading of Bill C-30, to provide supplementary borrowing authority for the fiscal year 1980-81.

He said: Honourable senators, the borrowing authority bill now before the house seeks borrowing authority of $12 billion for the 1980-81 fiscal year. This bill also seeks explicit authorization for the government to borrow in foreign currencies as well as in Canadian dollars.

As honourable senators will recall, last April 21 the Minister of Finance tabled a paper in the other house which provided a projection of the government's budgetary and non-budgetary cash requirements for the fiscal year 1980-81. These requirements were forecast at $11.730 billion. This amount excludes requirements for foreign exchange transactions.

In addition to these forecast cash requirements there is the need for a substantial margin of borrowing authority to provide for contingencies such as foreign exchange transactions. There are major uncertainties arising from foreign exchange transactions since either a major weakening or a major strengthening of the exchange rate would have an impact on the borrowing requirement. If the Canadian dollar were to be strong then the government would have to raise more Canadian dollars to purchase foreign exchange. On the other hand, the Canadian dollar could be weak, and the government would then be faced with the need to borrow foreign currencies.

All unused borrowing authority obtained under the Borrowing Authority Act 1979-80 was cancelled on March 31, 1980. Consequently, so far in the current fiscal year, the government has been charging new money raised through the issue of securities to unused borrowing authority obtained in prior years and carried forward. At the beginning of the fiscal year 1980-81 this unused authority amounted to $2.876 billion. To July 1 this year the government had raised just under $2.8 billion net new cash through debt management operations. As a result the government is virtually out of borrowing authority.

These debt operations comprise the raising of $2.3 billion new cash through the issue of Treasury bills and $2.5 billion through the issue of marketable bonds. However, the usage of borrowing authority is calculated on a net basis. That is, net changes in the level of outstanding debt affect the amount of outstanding borrowing authority and net Canada Savings Bonds redemptions of around $1.7 billion have offset a portion of the borrowing authority used up by the issue of marketable bonds. The paying-off of drawings in the amount of $0.3 billion on the standby credits made in the previous fiscal year have had the same effect.

The $12 billion borrowing authority now being sought is required to cover the balance of the budgetary and non-budgetary cash requirements in the current fiscal year and to provide a margin for contingencies. As mentioned earlier, cash requirements at the beginning of the fiscal year were $11.7 billion. So far this fiscal year, net debt operations have amounted to about $2.8 billion. Also, as mentioned above, there is the need to cover any contingency to borrow for foreign exchange transactions which can be very large and volatile. Furthermore, the government pays a standby fee on $5.5 billion of standby lines of credit which it could not draw on without borrowing authority.

As I mentioned earlier, the government is virtually without borrowing authority at present. As it is, the government is planning a bond issue to be announced and sold next week for delivery likely on August 1. In the interest of orderly debt management it is important to proceed with this issue. However, in order to do so, it is essential that new borrowing authority be obtained immediately. The government also needs the new authority to proceed with its treasury bill program and the planning of this year's Canada Savings Bond program. The government also needs the flexibility to develop its borrowing program in a way which takes greatest advantage of market opportunities.

In any event, all outstanding and unused borrowing authority provided by this new act for the fiscal year 1980-81 and in respect of which no action has been taken by the Governor in

Council, pursuant to section 37 of the Financial Administration Act, will be cancelled on March 31, 1981.

Clause 2(2) of the bill is intended to clarify a point raised in connection with our foreign borrowings.

Over the years, as honourable senators will recall, the government has borrowed in many currencies including U.S. dollars, British pounds, Deutsche marks and lira and has always honoured its debts in the currency of the contract. This clause will serve to confirm the authority of the government to borrow and repay loans in currencies other than Canadian dollars.

Hon. C. William Doody: Honourable senators, Bill C-30 requests the granting of permission for the government to borrow an additional $12 billion on the credit of the country. This amount of money is large indeed. I guess it is really only equal in its dimensions by the amount of information that is not available from government concerning what the money is to be used for. The bill itself is a masterpiece of conciseness. It occupies part of a printed sheet of paper about the size of a *Hansard* page.

I must congratulate the Honourable Senator Langlois for doing an admirable job in providing perhaps more information on the government's financial plans for the next months than we have been able to obtain for the past several months.

Senator Perrault: Open government!

Senator Doody: It is an open government with a closed mind and a very small dictionary.

Senator Perrault: Let's not get political here.

Senator Doody: The honourable gentleman has more experience in not being political than anybody on this side of the house. He has demonstrated that time and time again.

Honourable senators, we have, as I say, a sparse amount of information on this borrowing bill. Usually, when one is faced with a task of addressing oneself to a borrowing bill, one's first instinct, and a natural one, is to move to the budget document, pick it up, read it, examine what the financial, fiscal and economic policies are to be for the coming year, and then make some informed and reasonable comments—in a non-political sense, of course—as to the intent of the bill and the application of the funds.

• (2130)

In this particular instance I was thwarted in my ambition to read the budget document because, despite my requests of the ministers opposite, such a document was not forthcoming. Therefore, I feel obliged to ask a series of questions rather than to comment on the intention and purpose of the bill since, obviously, we do not know what the $12 billion is to be used for or, indeed, the balance of the $2.9 billion which the honourable senator mentioned in his introduction of the bill. How much of that $2.9 billion is still available to government has never been revealed. It may all be available, or perhaps some of it, but this is a sizeable amount of money which has not been accounted for, and it would appear that government has no intention of accounting for it at this particular time.

[Senator Langlois.]

The official document which one could expect to have at one's disposal has not been brought forward and, therefore, we have no budget. No plans for a budget in the near future have been announced, or, in the words of the Minister of Finance, "in the even further future."

In the absence of a budget, perhaps the honourable senators opposite might bring forward some information in reply to questions which I will pose. On prodding from his colleagues, perhaps the Minister of Finance would be more forthcoming and less reticent than he has been in the other place, and will answer some rudimentary questions.

What is the $12 billion to be used for? What is the breakdown of the $12 billion? If we take into account the $2.9 billion of the unused portion of the authorized borrowing of the government, the figure will be closer to $15 billion.

How much is going to be used for repayments, roll-overs and retirements of debt? My understanding is that retirements and roll-overs are outside of the borrowing authority, and that the government has the authority to service these ongoing budgetary measures. Therefore, I assume these amounts will be in addition to what we are asked to authorize here this evening.

How is the $12 billion to be raised? The honourable senator mentioned treasury bills and Canada Savings Bonds. Presumably there will be marketable bonds for some of the balance. There may be some other instruments. The breakdown is a matter of vital importance to this country at this time.

Earlier comments from responsible ministers opposite indicate that the Government of Canada has no intention of pursuing its Canada Savings Bond program in the coming year. It has given up on any attempt to compete with the private sector in interest rates to the public. Indeed, the minor miracle of our time has been that Canadians have not rushed forward to redeem the outstanding Canada Savings Bonds in their possession. They are to be thanked for their patriotism in this case. Are Canada Savings Bonds, then, to be a significant part of this borrowing or are we to depend more on treasury bills and long-term notes? Are they to be one-year notes, 30-day notes, or how is this program to be implemented?

Other vital questions should be answered. What is the real net debt of Canada today, including the pension fund borrowings which are mentioned from time to time? This was always a very convenient pool of Canadian funds for the federal and the provincial governments to dip into whenever the occasion demanded. No one calls anyone to account for it. These funds are paid into a pot, as it were, by the public servants, and governments help themselves from time to time, and nobody really knows what the liability is in that particular area.

There are contingent liabilities which are never listed as part of the public debt such as liabilities in terms of crown corporations. Whether they are legal liabilities or moral liabilities is immaterial. I would hesitate to dream of the Government of Canada allowing one of its crown corporations to default on a debt whether the obligation is a legal or moral one.

What part will the Bank of Canada play in the funding of this $12 billion? How much new money of the printed variety

is going to be pumped into society. What part will it play in the $12 billion additional debt? The latest figures which I have in front of me, published by the Bank of Canada as of July 5, indicate that the public debt now is $74.489 billion and rising, and the forecast is that it will be close to $84 billion by the end of the fiscal year. Some of the more tenuous items I mentioned a moment or two ago are not included in those figures.

I think it is fair to ask: Where are we headed? What is the fiscal, economic and financial direction of the country? That can only be answered through a budget or some such statement of the government's intention. If we cannot get answers that way, I suppose we have to ask the questions on the second reading of a borrowing authority bill, and, in that respect, I do not have too much optimism about receiving answers. I feel that honourable senators opposite have an obligation to the people of Canada, through Parliament, to tell the public exactly where we stand in these areas.

The honourable senator mentioned foreign currencies. That sounds good. We think of exotic currencies such as the Swiss franc, the German mark and the Japanese yen, but what will be our outside exposure and the currency fluctuations in this matter? Will another $12 billion be borrowed in these foreign currencies, or what portion of it will be borrowed in this manner? How much are we going to be exposed to currency fluctuations vis-à-vis the Canadian dollar?

What of interest rates? Is there to be a ceiling on interest rates that we are willing to pay for this $12 billion, or is the sky the limit? Are we going to be in a position to pay whatever the marketplace demands in order to acquire this $12 billion, since I know how desperately we need it? The interest charges the government must pay, according to the latest figures available, is almost $11 billion. This represents 18 per cent of the total government pay-out for the present year. I am sure the figure is higher, but that is the latest figure available to me. As we approve these borrowing bills, we can expect to see these interest figures climb higher and higher.

However, I suppose we can safely continue to borrow and to service the debt as long as our servicing of that debt does not exceed 100 per cent of the amount of money we spend. That is obviously a silly thing to say because, if we spend 100 per cent of the money available to us on servicing the debt, then we have to exclude our payments to people, provinces, defence, foreign aid, police departments and all the other areas that governments are expected and elected to finance. We will not dedicate 100 per cent of our cash to servicing the debt. In this case we will only dedicate 20 per cent of it. Is that less silly or more silly than the 100 per cent craziness I just mentioned? What is the limit; has anyone given it any thought? These are questions that should be debated in a budget debate, but we do not have a budget debate.

Honourable senators, many other questions should be asked concerning the outstanding debt, U.S. funds, foreign currency and oil imports. How much is the oil compensation fund costing? How much was it last month and how much will it be next month, or will there be an oil compensation fund next month? How much of this $12 billion will be dedicated to looking after that oil compensation fund in the eastern part of the country? This has caused so many problems in the past and causes a great deal of uncertainty in the present and will in the future.

• (2140)

Honourable senators, there are a great many other pertinent things I could talk about, but I know it would be of no significance since this bill is going to be passed anyway. I wish, however, it could be passed after having been properly debated. The government will have its way, of course, but I cannot support the bill.

On motion of Senator Roblin, debate adjourned.

[*Translation*]

BRETTON WOODS AGREEMENTS ACT

BILL TO AMEND SECOND READING

Hon. Louis de G. Giguère moved the second reading of Bill C-5, to amend the Bretton Woods Agreements.

He said: Honourable senators, Bill C-5, which contains only one clause, aims at amending the Bretton Woods Agreements Act to increase from 1,357 million to 2,035 million the Special Drawing Rights which represent Canada's quota within the International Monetary Fund. This increase comes within the general increase of 50 per cent in the quotas of the International Monetary Fund which was agreed to in December 1978 by the Board of Governors of the fund. This general increase will ensure a better balance between the importance of available resources through the use of the credit mechanisms of the International Monetary Fund and the value of world trade.

The International Monetary Fund is the main institution of the international monetary system, and Canada considers it to be very important for the fund to have sufficient resources to continue its activities, especially at a time when the international economy is facing important balance of payments imbalances. The quotas are the main source of the funds that the International Monetary Fund lends to the countries which face balance of payments difficulties. This assistance enables the member countries to rectify their imbalances without implementing protectionist measures or taking other restrictive and disastrous action. Since Canada is considerably dependent on international trade, our country has every advantage in supporting the fund in its efforts to maintain a free exchange and payments system.

The quota also limits the loans granted to the members because of the various mechanisms of the fund. It determines the amount of each allocation of SDR's when they are issued, and finally, it determines the number of votes of the members and the make-up of the board of directors. The increase in our quota will allow us to maintain the level of our participation in the International Monetary Fund, to reflect the relative importance of Canada in world economy, and to guarantee our ability to take part in the activities of the fund as well as our right to elect a director. This increase will also bring about an increase in the resources which will be available to us in case

of need as concerns the balance of payments, and will continue to assure us of the same share of future allocations of SDR's.

In Canadian dollars, our quota will increase from about $2 billion to $3 billion. The payment of this increase will be part of our exchange operations and will have very little effect on our requirements in Canadian dollars. In fact, the cash payment in Canadian dollars for this increase will represent one quarter of one per cent of the total amount, or about $2.5 million. Twenty-five per cent of the increase will be paid through SDR's held in the exchange fund. The difference, or about $748 million, will be paid in interest free demand notes. An increase of what is called our reserve with the International Monetary Fund will completely make up for the drop in the SDR's assets of the exchange fund. This reserve is the amount that we are entitled to withdraw from the International Monetary Fund for our balance of payments. It is included in our official international reserves.

If all the members of the fund accept the quota proposed for them, the total amount of subscriptions will increase from 38 billion to 56 billion SDR's. All honourable senators will agree that it is important to strengthen the financial situation of the International Monetary Fund so that Canada may continue to play an important role within this institution. Canada should therefore approve the increase of its quota proposed in this bill.

[*English*]

Hon. Hartland de M. Molson: Honourable senators, on a point of order; I wonder if we should not have a copy of this bill before we start debating it. I know it was received here only this evening, but the bill has been printed, and surely in the intervening time it was possible to distribute copies to all members of this chamber. I think that to debate the contents of a document which none of us has seen is really an exercise in futility.

[*Translation*]

The Hon. the Speaker: Honourable senators, I have been informed that this bill has just been passed by the House of Commons. On the other hand, it has not been amended. The final version is exactly the same as that which was introduced on first reading and which honourable senators have had before them.

[*English*]

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, if I may take some small part in this debate, I would like to say that this is a bill which ought to commend itself to everyone in the chamber.

One of the most interesting developments in international affairs that came out of the Second World War is the whole complex of financial agreements which we describe as "Bretton Woods". Not all of those agreements have lasted unchanged since the time they were introduced. We know very well, for instance, that the agreements with respect to the fixed rate of exchange for currencies is one that has had to be modified over the course of time so that we now have a more or less managed float in respect of the value of money as between different countries; but some of the institutions of Bretton Woods that are still with us, and which I think are extremely valuable, are among those that are included in the scope of this bill.

One of these, of course, is the International Monetary Fund, to which direct reference is made and to the treasury of which we are being asked to contribute tonight. Others, of course, are the World Bank and the developmental bodies that have depended from it, such as the International Development Association and other institutions of that kind. I think we can say that this effort to provide an international facility to help the nations of the world with their financial problems has been a very desirable development indeed.

• (2150)

Tonight we are being asked to increase Canada's contribution to the International Development Fund by about 50 per cent, and it is rather interesting, at least to me, to find that by this bill we are allowed to raise a little bit of the curtain that surrounds the mysteries of international finance to find out how money is allocated for different purposes. Although at first glance it would appear that this bill requires a very large sum of money—I think $700 million—to be provided by the Canadian Government in the form of special drawing rights to provide backup or muscle for the International Development Fund, we are not actually being asked to lay out the cash. In fact, the arrangements seem to be highly sophisticated, if I understand them correctly, and certainly ingenious, because by far the larger portion of the money that is required will be simply an opening of an account in the books of the International Monetary Fund with a corresponding amount in the account of the Canadian foreign exchange managers by which Canada will be provided with extra drawing rights in case they run into financial difficulties, and yet, at the same time, the International Fund will use that right as the basis on which to expand its own activities.

Not only do we not put up any cash in this respect but very little consideration in respect of the small balance that remains, because, as the sponsor of the bill has told us, some of the money goes in as non-interest bearing notes and some goes in as special drawing rights that are provided for our use by the Canadian International Exchange Authorities.

It almost looks as if it is a sleight of hand, or a miracle, that takes place. The International Monetary Fund gets a very large increase in its capacity to do its job and, at the same time, it does not seem to cost us very much—at least it does not if all goes well. We have to recognize if all does not go well, there is a contingent liability here that we may have to face some day.

I hope that will not be the case but certainly it is a possibility that cannot be completely overlooked, because what is the money to be used for? Why does the International Monetary Fund need greater resources to do its work in the international field?

There are a number of reasons but one that I would put my finger on is OPEC. Because of the tremendous increase in the price of oil, the financial position of a great many countries—

particularly Third World countries that have no oil supply of their own—has been affected disastrously over the last few years by the necessity to find enormous amounts of money to buy the oil they need to keep their economies going. There has not been any increase in their resources or, at least, any increase in their resources sufficient to match the expenses they have to meet. Consequently, they borrowed and borrowed from anybody who might lend them any money.

They borrowed from the commercial banks of this country. I would be interested to see what the amount is that the commercial banks of this country have at risk in the Third World countries that are under these great financial pressures, because when the commercial borrowers decide to pull back or decide that prudence indicates that they should not be quite so ready to meet the demands or requests made of them by Third World countries, then, of course, they appeal to the International Monetary Fund. That is wny the fund needs more resources to do the job of helping to maintain these countries that are in need.

I think that is an accurate analysis of the situation. I do not claim to have any qualifications at all as a banker, let alone an international banker, but my interpretation of the situation is that something similar to what I described is the situation that faces us now. The International Monetary Fund, of course, has a reputation for being a very prudent lender—some people might think it is an over-cautious lender—in that it accompanies its loans with certain rules about how the recipient countries should manage their affairs.

I recall not so long ago when the United Kingdom was in a position where they needed money from the International Monetary Fund or were threatened with the need—I am not quite clear which. The fund laid down certain rules even for that country to consider before the money would be made available. So you can imagine what they may be saying to countries like Jamaica and others, that are really on their beam-ends when it comes to international resources and foreign exchange partly—and I emphasize "partly"—on account of OPEC manoeuvres, and, if I may express a personal opinion, partly because of their own mismanagement.

However that may be, the International Monetary Fund has reformed a tremendous service. It has helped nations that need a little stiffening in financial management to proceed with rigorous measures that they might have felt reluctant to adopt if they did not have the pressure and advice of the International Monetary Fund to do so.

So if the fund was not there to make these monies available for these countries, their situation would be even more difficult than it is now. As it is, the fund gives them some breathing space; the fund gives them some opportunity to regroup and to reorganize their affairs in spite of the oil situation, and they can at least manage to carry on even though the burden of the cost of living of their citizens is indeed a formidable one.

Honourable senators, without wishing to prolong any discussion on this particular bill that is before us, I merely wish to say that, in my opinion, the International Monetary Fund fulfills a very real and important need today in that we probably have secondary benefits from it because it undoubtedly helps Canadian banks that have lent to some of these countries. I think that they need more money. I think it is right that we should give it. I would certainly support the passage of this bill.

Motion agreed to and bill read second time.

Senator Giguère moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

NORTH ATLANTIC ASSEMBLY

SPRING MEETINGS AND EXTRAORDINARY PLENARY SESSION, LUXEMBOURG—DEBATE CONCLUDED

The Senate resumed from Thursday, June 26, 1980, the debate on the inquiry of Senator Frith calling the attention of the Senate to the Spring Meetings and the Extraordinary Plenary Session of the North Atlantic Assembly, held at Luxembourg, from 5th to 8th June, 1980.

[*Translation*]

Hon. Paul Yuzyk: Honourable senators, allow me to give you in English a summary of my activities at the recently held meeting of the North Atlantic Assembly. It will take me less time this way.

[*English*]

Honourable senators, on June 26 Senator Royce Frith gave an account of his participation in the spring meetings and extraordinary plenary session of the North Atlantic Assembly held at Luxembourg from June 5 to June 8 of this year.

• (2200)

In the course of that account, he explained why he and the New Democratic Party delegate, Terry Sargeant, had abstained in the vote on the resolution on Afghanistan and related issues, which resolution condemned the Soviet invasion of that country and supported efforts for the withdrawal of Soviet forces and for a guarantee of the territorial integrity and self-determination of Afghanistan. While I had reservations about one of the five additional parts of this resolution—namely the one that implied NATO involvement in Southwest Asia and the Gulf area—after listening to the arguments of the United States delegation and other delegates, I voted for all parts of the resolution.

Since this resolution appears to be of a controversial nature, honourable senators might want to study it, and with that in mind I would ask for permission to have it appended to the *Debates of the Senate* of today's date.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of resolution see Appendix "A", p. 659*)

Senator Yuzyk: In view of the Soviet aggression in Afghanistan and the Soviet threats in Asia, the Middle East and Africa, I believe NATO must maintain solidarity and

strengthen all of its military forces, while intensifying efforts to promote peace.

It will probably be of interest to honourable senators to learn that this was the first time in my seven years of participation in plenary sessions of the North Atlantic Assembly that a Canadian delegation did not vote en bloc. Our solidarity in foreign policy at North Atlantic Assembly meetings has won Canada some admiration and considerable support in the work of the committees.

The spring meetings of the Assembly reviewed the work of the following committees: Political; Military; Education; Cultural Affairs and Information; Economic; Scientific and Technical; the Subcommittee on the Free Flow of Information and People; the Subcommittee on Defence Co-operation; the Working Group on the Successor Generation, and the Working Group on the Preparation of the Madrid Review Conference. I was actively involved in three of these committees.

The Subcommittee on the Free Flow of Information and People, of which I am rapporteur for the third year, discussed the interim report, which was presented by me. That report dealt with the subcommittee's meeting in Rome on March 11 and 12 with officials of the Italian Ministry of External Affairs and Italian parliamentarians regarding preparations for the forthcoming Madrid Review Conference. The subcommittee also met in a private audience with Pope John Paul II, who expressed deep interest in the work of the group.

There was also a long interview with Monsignor Andreys Backis, Secretary of the Vatican Public Affairs Council—which is external affairs—who explained that the Conference on Security and Co-operation in Europe, the CSCE, has facilitated bilateral relations between the Vatican and the authorities in the Eastern bloc. The Vatican's policy of quiet diplomacy is the only channel open to the Holy See, but the Pope wishes to speak out clearly and strongly in order to inspire universal respect for religion and the other fundamental rights of man.

Members of the subcommittee praised the publication of the recent issues of *The Bulletin*, a quarterly journal, edited by the subcommittee, reporting on the implementation of the humanitarian provisions of the Helsinki Final Act. *The Bulletin* has been considerably improved and its circulation has steadily expanded, reaching governments and parliamentarians of the NATO allies, public and private organizations, universities, radio stations, and so forth. Many senators and MPs receive this journal. Government bodies and parliamentary organizations are urged to contribute relevant information to this valuable publication.

My report also included suggestions for a joint meeting with the United States Commission on Security and Co-operation in Europe, chaired by Dante B. Fascell, to discuss new proposals for the Madrid Conference. That suggestion was approved. The report presented a lengthy overview of recent developments, noting that violations of the Helsinki Final Act have increased in the last six months, particularly in the Soviet bloc countries. The Soviet invasion of Afghanistan, the denial of diplomatic immunity to United States diplomats in Iran, the Olympic boycott by the United States and other countries, the sentencing of Charter 77 signatories in Prague, the virtual exile by the Kremlin of Andrei Sakharov and arrests of many members of the Helsinki monitoring groups in the U.S.S.R. have brought increased worldwide attention to human rights.

[Senator Yuzyk.]

Some small improvements have been noted—conditions in education and cultural exchanges between the U.S.S.R. and the U.S.A.; amnesty granted to many political prisoners in the German Democratic Republic; the reunion of divided families in several countries; and expanding tourist travel.

Attention was focused on the recent large volume entitled *Fulfilling Our Promises: the U.S. and the Helsinki Final Act*, published by the United States CSCE, in preparation for the Madrid Conference. That study is the first complete analysis and self-criticism ever done by a CSCE country of its record of compliance to the Helsinki Agreements. In addition to the commendable U.S. performance, the commission urges that improvements be made to ensure blacks, hispanics, American Indians, women and other minority groups equal rights, some being already acted on. Having a good record, I suggest that Canada should publish a similar report.

The full-day meeting of the Committee on Education, Cultural Affairs and Information heard and discussed reports of the general rapporteur and several subcommittees.

The draft general report, presented by Senator Klaas de Vries of the Netherlands, consisted of five sections. Under the heading "Human Rights and the CSCE Process," reference was made to the report of the Subcommittee on the Free Flow of Information and People, concluding that after the initial indignation of the NATO allies, it is preferable to continue the dialogue with the Soviet bloc and avoid jeopardizing the positive aspects of the CSCE process. The attitude of the United States regarding the following aims of the Madrid Review Conference is shared by its allies:

> —to foster real progress toward respect for human rights before, during and after the Conference;
>
> —to ensure that there is a frank and thorough examination of the implementation of all aspects of the Final Act, particularly those relating to human rights;
>
> —to promote security and economic co-operation; and
>
> —to maintain a proper balance between the different baskets of the Final Act.

Regarding the Moscow Olympic boycott, the rapporteur presented all arguments, pro and con. The Soviet handbook of November 1979, at page 58, attaches political significance to the Games, stating:

> —the fact that the capital of the first Communist country in the world is playing host to the Olympic Games provides convincing proof of the universal importance and vision of the foreign policy of the Soviet Union.

It is suggested that the Games be returned to their original homeland, Greece.

• (2210)

Section three, entitled "The New World Information Order," comments on the results of the 1979 World Administration Radio Conference in Geneva, which revised the world's radio regulations for the first time in 20 years. It will come into force on January 21, 1982. Several paragraphs dealt with the final report of the International Commission for the Study of Communication Problems.

The commission, formed in 1977 under UNESCO auspices, is also known as the McBride Commission, after its chairman, the Irish statesman, winner of the Nobel and Lenin Peace prizes. This controversial two-year study of global communications and freedom of information appeared as a compromised final report. Censorship is condemned, the individual's freedom to communicate is emphasized and free access to official and unofficial sources of information within all countries is promoted. Several important controversial issues requiring further study were:

—an international code of ethics;

—some form of international "right of reply and rectification" for individuals, groups or governments to reply to news stories; and

—plans for the United Nations, possibly with UNESCO, to establish an international broadcasting arm.

Communication can be an instrument of power, a revolutionary weapon, a commercial product or a means of education; it can serve the ends either of liberation or oppression, either of the growth of individual personality or of drilling human beings into uniformity. It is suggested that Sean McBride be invited to the next annual session of the Assembly to discuss the conclusions and recommendations of this international study.

Section four of the report is entitled "Political Education and the Atlantic Dimension in the Education of Youth in Member Countries." Deep concern is expressed about the ignorance of youth in the area of international political problems and those of interest to the NATO alliance. The working group on the Successor Generation, chaired by Baroness Bacon of the United Kingdom, has begun studying this problem by examining various aspects of political education for the young in the school systems in several member countries. The Council of Europe and the Atlantic Council are making efforts to improve political education by adding an international dimension.

It is recommended that these countries strengthen support of the alliance in successor generations and to promote political education outside the schools. It is also suggested that a "Youth Assembly", bringing together members of the successor generation, be organized by the North Atlantic Assembly. The gathering of young people selected to represent each member country would be an excellent opportunity, not only to brief them on alliance affairs, but also to get valuable information on youth attitudes.

In section five, captioned "Evolution of Cultural Ties between Europe and North America (United States and Canada)," the rapporteur expresses concern about the deteriorating cultural relations between the European and North American allies. Preserving this relationship involves revitalizing our cultural as well as our political ties, including exchanges in education, arts, sciences and information, and thus changing our directions through creative borrowing and strengthening an awareness of shared values, which are the roots of the ideological defence of the alliance. It was in that spirit that the committee decided to set up an exhibition of the works of art from the 15 member countries of the alliance, in which Canada has agreed to participate.

An address was delivered by Professor F. Ermancora, Austrian representative to the United Nations Human Rights Commission and the European Commission on Human Rights. He stated that Basket Three of the Helsinki Final Act was a copy of the United Nations Declaration. The overwhelming condemnation of Soviet aggression in Afghanistan at the United Nations in January was regarded by the Soviet Union as interference in their internal affairs, just as was the issue of human rights at the Belgrade Conference. Professor Ermancora stated that the establishment of an international fact-finding commission to monitor signatories would be more effective, as fact-finding is not regarded as intervention. Governments of states must present violations, forming a system of human rights within the framework of the Helsinki Agreement.

In my capacity as rapporteur of the Subcommittee on the Free Flow of Information and People, I gave a report of the activities of this committee, which I reviewed earlier in my speech to this chamber. That was discussed and approved.

A meeting was held of the newly established Working Group on Preparation for the Madrid Conference consisting of seven members, chaired by Peter Corterier, of the Federal Republic of Germany, all appointed by Paul Thyness, of Norway, President of the North Atlantic Assembly. I was selected to represent North America. The purpose of this special committee is to study the developments of the preparatory stages of the Madrid Conference and to promote the co-operation of the NATO allies and the co-ordination of CSCE activities at the Review Conference in Madrid.

On June 2 and 3, this working group visited Washington, where it met with officials of nine U.S. government departments and bureaus, including the Department of Defence and the U.S. Commission on Security and Co-operation in Europe. Discussions centered around the Olympic boycott, the embargo on trade with the U.S.S.R., tensions within the alliance and co-operation of allies at the Madrid Conference. In general, the tone was one of guarded caution.

At Madrid, the United States will be taking a firm stand, short of confrontation with the U.S.S.R. insisting on a proper balance between the different baskets of the Helsinki Final Act, a thorough examination of each, particularly the implementation of human rights, and that, unlike what happened at the Belgrade conference, a statement on Basket Three must be included in the final document. Plans are being made for

meetings of the working group with the governments of France and Spain.

The twenty-sixth annual meeting of the North Atlantic Assembly will be held in Brussels, Belgium, at the NATO headquarters, on November 16 to 22 next. Here, in the face of Soviet imperialistic adventures, supported by powerful military forces and superior armaments, Canada's role should help to maintain NATO solidarity and help strengthen the military forces and armaments of the allies.

The Madrid Review Conference will officially open on November 11, a week after the U.S. federal election. The United States will be sending a strong delegation, including the U.S. Commission on Security and Co-operation in Europe, composed of 12 members of both houses, with the right to speak and vote, as at Belgrade. Canada's delegation will be headed by Ambassador R. L. Rogers, former ambassador to Yugoslavia and Bulgaria and former High Commissioner to India.

At the request of the Canadian Helsinki Parliamentary Group, the Minister of External Affairs, the Honourable Mark MacGuigan, has agreed to include parliamentary observers in the delegation, as was done at the Belgrade Conference. Many other NATO countries will be sending parliamentarians to Madrid in keeping with the democratic practice, which is an embarrassment to the totalitarian countries of the Soviet bloc.

The House of Commons has recently set up a Subcommittee on the Conference on Security and Co-operation in Europe to prepare for the Madrid Conference. The subcommittee's task is to hear the views of the Canadian public and submit its report to Parliament before the opening of the Madrid Conference. This will be a good opportunity for Canadians to join in the work of their parliament and government by submitting briefs and appearing at the hearings.

Honourable senators, I am convinced that Canada is playing a positive and useful role in world affairs, promoting freedom, democracy, progress and justice through human rights and peace. Endowed with rich natural resources, a great nation composed of peoples from Europe and other parts of the world working in harmony, and a protected geographical position, let us assume greater responsibilities in the NATO Alliance.

The Hon. the Speaker: As no other senator wishes to participate, this inquiry is considered as having been debated.

● (2220)

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

TWENTY-FIRST MEETING

Hon. Harland de M. Molson rose pursuant to notice of Wednesday, July 9, 1980:

> That he will call the attention of the Senate to the Twenty-first Meeting of the Canada-United States Inter-Parliamentary Group, held at San Diego, California, U.S.A., from 23rd to 27th May, 1980.

[Senator Yuzyk.]

He said: Honourable senators, The 21st meeting of the Canada-United States Inter-Parliamentary Group was held in San Diego, California, from May 23 to 26. The American delegation was chaired jointly by Senator Edward Zorinsky of Nebraska and Congressman Dante Fascell of Florida and the Canadian delegation was chaired jointly by Herb Breau, Member of Parliament, and myself.

From the detailed report of the meeting which I am tabling today, with the consent of honourable senators, it will be seen that for the discussions, the delegations are divided into three committees:

> Committee 1: Co-chaired by Senator Zorinsky and myself dealt with economic and defense issues.
>
> Committee 2: On energy issues was co-chaired by Congressman Hanley and Frank Oberle, M.P.
>
> Committee 3: On fishery boundaries and environmental issues was co-chaired by Congressman Boland and Herb Breau, M.P.

Also, in plenary, a discussion of the current internal political developments in the two countries took place, serving to bring each delegation up-to-date on the domestic scene in the other country. The Canadians recounted the constitutional situation in the wake of the Quebec referendum, and the Americans described the prospects for the coming election in the U.S. The American delegation also exposed us to a mind-stretching experience when we heard a noted U.S. futurist describe where he thought our society was heading in the coming decades. There is no doubt in my mind that this group provided Canada with its most important inter-legislative contact by far.

Currently, relations between the two countries are clouded by a number of issues, some of them of major concern, some of which are aptly termed irritant. In view of the very significant power lodged in the U.S. Congress, a power which acts independently of the U.S. Executive, the opportunity provided by these annual meetings is a unique one for Canada. Senior Canadian officials frequently claimed that, while they can explain a certain Canadian concern or viewpoint to their counterparts at the official level in Washington, they feel helpless without a chance to persuade the congressmen who will have a direct impact in committee on the issue. The biggest problem for Canada, it seems to me—and I told them so—is that the American legislators tend traditionally to support their colleagues on local issues in return for reciprocal support when a local issue of their own comes up. In the shuffle, the national interests, which surely can be defined as including good relations with Canada, often get lost. For the few days we are together each year, we do have a chance to sit down with a group from Congress and tried this year to make the best possible use of it.

Perhaps the example which comes first to mind is the exchange which took place in Committee 3 on the issues of the East Coast Fisheries and Boundaries Treaties. Honorable senators know how important an issue Canada considers this. Canada was fortunate in having knowledgeable spokesmen on this committee, including a former Minister of Fisheries who

forcefully expressed Canadian concern over the seriousness of delaying ratification. According to accounts I heard later of this discussion—I was in another Committee at the time—the objections raised by the American side were responded to firmly and confidently. During the discussion it was suggested by the Canadian delegation that a special meeting of legislators should take place to allow Canadian delegates to speak further to other members of the Senate Foreign Relations Committee about the fisheries treaty. This was agreed to and a group of parliamentarians, made up of members of the Canada-U.S. Inter-Parliamentary group, is going to Washington this coming Wednesday, July 23, to urge ratification of the treaty as being in the interest of both countries.

Another topic which generated an intensive debate in committee was the Alaska Gas Pipeline. In particular, the American side questioned the assurances that Canada was now demanding before going ahead with the so-called prebuild section. One U.S. senator was obviously very much involved in the project. He told the Canadians that he, with another U.S. senator, had been trying to get the sort of assurances Canada was pressing for concerning a formal U.S. commitment to build the entire line as well as clarification of the financeability of the project; nevertheless, he urged Canada to proceed with the prebuild without further delay. The Canadian delegation made it plain that Canadians were apprehensive that if the United States found new sources of gas, the Americans might abandon the Alaska Gas Pipeline, leaving Canada with its portion of the line. Concern was also expressed that Canada was committing its own gas for export when many Canadians thought it should be coming into expanded eastern markets. I am informed there was also a good discussion of nuclear issues in this committee.

In my own committee, Committee I, Canadian delegates made clear to the Americans, Canadian perspectives on a number of import trade issues, including the deficit under the auto pact, U.S. procurement practices, and the impact on Canada of the American approach to deep seabed mining. One other issue which, like the fisheries issue, has led to follow-up contact was Agricultural trade. In view of the parallel importance of the U.S. and Canada in the world grain market, legislators are interested in trying to stabilize the market, possibly by agreeing initially on a North American floor price or by co-ordinating market shares between the two countries. The two delegations agreed that a further meeting on this subject between interested congressmen and senators and Canadian parliamentarians would be useful. In fact, a meeting will be held in Ottawa on Saturday, July 26, and members of the Canadian Senate from the principal grain growing areas will be attending this meeting. I understand there is a keen interest on the United States side in this subject, and a sizeable delegation is expected.

I have mentioned just a few of the highlights of our meetings. I am sure honourable senators would find it interesting to read in more detail the summary of the discussions. Our delegates prepared themselves well by attending a series of carefully planned briefing meetings beforehand, and they worked hard at the meetings. It will come as no surprise when I say all the arrangements for our stay in San Diego were beautifully looked after by our American hosts and we are most grateful for all their efforts on our behalf.

• (2230)

In winding up my remarks, I should like to add a couple of comments, mostly for emphasis. It appears to me that these annual meetings with our American congressional counterparts are showing more effective discussions on the points at issue between our two countries. Not only is the range of subjects wide, but I have the feeling that they are discussed in greater depth as time goes on and, hopefully, should lead to a better understanding of them. In this case the decision to have subcommittees continue the discussions on agriculture and on the fisheries and boundaries treaties is an indication of the desire on both sides to find solutions to our differences.

Finally, I again want to emphasize the fine handling of all administrative arrangements by the group from the Parliamentary Relations Secretariat, and for the constructive and effective help in the briefing arrangements and the conduct of the discussions by the Parliamentary Centre for Foreign Relations and Trade. Those able people are making it possible for our delegations to perform very credibly in the meetings.

Honourable senators, I ask that the report of the Canadian delegation to the Twenty-first meeting of the Canada-United States Inter-Parliamentary Group be appended to the *Debates of the Senate* of today.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report see Appendix "B", p. 660*)

Senator Thompson: I wonder if I might ask the honourable senator a question? I apologize for not being in the chamber at the commencement of his remarks, but I was attending a committee meeting. The honourable senator said there was a follow-up in connection with having two subcommittees. I understand that one of the topics discussed—I appreciate the fact that the honourable senator was probably not on the particular committee—was acid rain and its effects. Has there been any follow-up with a subcommittee contemplated to study that subject?

Senator Molson: No, honourable senators. As I mentioned, it is sufficiently innovative to have follow-up by means of subcommittees of the group. Having two is, I believe, an all-time first and an all-time high. I do not think it is a question of which subjects are important and which are not. If honourable senators take time to look at the report, they will see the scope of the subjects discussed. Most of them are quite important. Acid rain was considered to be very important. However, we have the hardy perennials such as Bill C-58, the border broadcasting stations, which have been linked with that American tax on convention expenses. We also have the Garrison Dam. If honourable senators will glance at the report, they will see that there are a number of such subjects, and obviously it would not be possible to set up subcommittees to deal with each of them.

In my remarks I was trying to indicate that we are actually making some progress, although modest, in that we now have the meeting in Washington on July 23 on a subject of vital importance to all of us in Canada, namely, the fisheries and boundaries treaties with the United States. Again, here in Ottawa on the following Saturday a group—I am told it comprises about 17 congressmen and eight senators—will be discussing grain marketing. Both of those are great pluses for us, because I know that all of us in this chamber feel that while we have problems in all directions, there is nothing as great as the question of our relations with the United States.

The Hon. the Speaker: As no other senator has indicated a desire to participate, this inquiry is considered as having been debated.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX "A"

(*See p. 653*)

NORTH ATLANTIC ASSEMBLY

RESOLUTION 96

ON AFGHANISTAN AND RELATED ISSUES

The Assembly,

Condemning the Soviet invasion of Afghanistan as a violation of Afghanistan's sovereignty and territorial integrity, and of the right of the Afghan people to self-determination;

Recognising that events outside the geographic area of the Alliance which seriously undermine the individual and collective interests of member states ought to be a matter of intensive consultation with a view to developing common positions;

Considering the Soviet invasion to be a qualitative new step of Soviet expansionism threatening nations beyond the borders of the Soviet dominated alliance system, especially non-aligned countries in Europe and in the Third World;

Concerned that as a consequence of the invasion, East-West relations have deteriorated and that the East-West dialogue in general and arms-control negotiations in particular have experienced serious setbacks;

Recognising that the massive and continued deployment of SS-20 missiles is creating a highly unbalanced situation in Europe itself;

Affirming Allied determination to meet the Soviet challenge;

Convinced that Western cohesion is a necessary requirement for the maintenance of Western military, political and economic security and for the conduct of successful East-West negotiations and serves as an incentive for the Soviet Union to adopt more co-operative policies;

Concerned with the situation in the Middle East, the stability of which is essential;

Emphasizing the necessity for close consultations in the formation of a comprehensive strategy to meet the crisis confronting the member states in Afghanistan, where massive Soviet forces continue to occupy a formerly independent country;

URGES member governments of the North Atlantic Alliance:

1. to continue to press for the total and immediate withdrawal of Soviet forces from Afghanistan and to support efforts aimed at a political solution that provides for the withdrawal of these forces and for a guarantee of the territorial integrity and self-determination of Afghanistan;

2. to intensify their efforts to promote peace and stability in South-West Asia and the Gulf area;

3. to meet more effectively the requirements of NATO's Long Term Defence Programme and the renewed commitment to increases in defence expenditure and to immediate measures to strengthen European security and defence, as agreed to by the NATO Defence and Foreign Ministers at their meeting on 14 May 1980;

4. to reconsider the conventional military options and the possible tasks of the rapid deployment forces of certain member countries and, in light of these, to conduct immediately an intensive study as to how member governments, in line with their respective capabilities, can meet the military manpower requirements necessary to redress the balance between NATO and the Warsaw Pact;

5. to pursue arms control negotiations and the opening of negotiations on long- and medium-range nuclear weapons systems in Europe as soon as circumstances permit;

6. to assure, on the basis of the Ottawa declaration of 1974, close and effective consultations within the Alliance with a view to developing a common comprehensive strategy to meet the present challenges and to seek a more effective and lasting system of crisis management within the Alliance.

APPENDIX "B"

(*See p.657*)

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

TWENTY-FIRST MEETING, SAN DIEGO, CALIFORNIA
MAY 23-27, 1980

REPORT OF THE CANADIAN DELEGATION

At the 1980 annual meeting held in San Diego, California, the delegates from the two countries included Senators, Members of Parliament and Members of the House of Representatives. The delegates were divided into three committees for discussion purposes:

Committee I — Economic and defence issues
Committee II — Energy issues
Committee III — Fisheries boundaries and environmental issues

In addition, two plenary sessions were held, one to discuss multilateral issues and a second to bring delegates up to date on the principal political developments in the other country. The Group also heard a noted futurist give an assessment of the evolution of economic and political developments in the 1980s.

The purpose of these annual meetings is to exchange information and views and promote better understanding among Canadian and United States parliamentarians with regard to mutual problems and common interests. In order to encourage a frank interchange, it has been the practice since the organization was established to refrain from trying to reach common agreed positions.

The composition of the delegations was as follows:

The United States Delegation:

The Senate: Hon. Edward Zorinsky (Dem., Nebraska), Co-Chairman;
Hon. Max Baucus (Dem., Montana);
Hon. Ted Stevens (Rep., Alaska);
Hon. James A. McClure (Rep., Idaho).

The House of Representatives:
Hon. Dante B. Fascell (Dem., Florida), Co-Chairman;
Hon. Harold T. Johnson (Dem., California);
Hon. Sam Gibbons (Dem., Florida);
Hon. James M. Hanley (Dem., New York);
Hon. Edward P. Boland (Dem., Massachusetts);
Hon. Jim Lloyd (Dem., California);
Hon. Larry Winn, Jr. (Rep., Kansas);
Hon. Arlan Stangeland (Rep., Minnesota).

Ex Officio Members:
Hon. Lionel Van Deerlin (Dem., California);
Hon. Bob Wilson (Rep., California);
Hon. Clair W. Burgener (Rep., California).

The Canadian Delegation:

The Senate: Hon. Hartland de M. Molson (Ind., Quebec), Co-Chairman;
Hon. Alister Grosart (P.C., Ontario);
Hon. Paul C. Lafond (Lib., Quebec);
Hon. Daniel A. Lang (Lib., Ontario);
Hon. Charles McElman (Lib., New Brunswick);
Hon. George van Roggen (Lib., British Columbia);
Hon. David Walker, P.C., (P.C., Ontario).

The House of Commons:
Mr. Herb Breau (Lib., New Brunswick), Co-Chairman;
Miss Coline Campbell (Lib., Nova Scotia);
Mr. Jim Fulton (NDP, British Columbia);
Mr. Serge Joyal (Lib., Quebec);
Mr. Tom Lefebvre (Lib., Quebec);
Mr. James McGrath, P.C. (P.C., Newfoundland);
Mr. Donald Munro (P.C., British Columbia);
Mr. Jack Murta (P.C., Manitoba);
Mr. Frank Oberle (P.C., British Columbia);
Mr. Keith Penner (Lib., Ontario);
Mr. Marcel Prud'homme (Lib., Quebec);
Mr. Robert Rae (NDP, Ontario);
Mr. Geoff Scott (P.C., Ontario);
Mr. Peter Stollery (Lib., Ontario);
Mr. John Thomson (P.C., Alberta);
Mr. Ian Watson (Lib., Quebec);
Mr. David Weatherhead (Lib., Ontario).

COMMITTEE I—ECONOMIC AND DEFENCE ISSUES

AGENDA

1. Economic Relations: economic conditions in Canada and the U.S.; prospects for closer economic relations in North America; auto pact.
2. Trade Issues: agricultural trade; TV broadcasting; U.S. convention tax; Government procurement practices; civil aviation relations.
3. Investment Issues: asbestos nationalization; anti-trust agreement; deep seabed mining; extraterritoriality.
4. Defence Issues: Norad renewal; joint air defence study.
5. Draft treaty on third party settlement of disputes.

Economic Conditions in Canada and the United States

The United States side introduced discussion with a brief resumé of facts as they existed at the time—consumer prices growing at an annual rate of over sixteen per cent, unemployment of over six per cent and anticipated negative real GNP growth for the year, factors which confirmed that the United States economy has begun a sharp recession.

A Canadian speaker followed with a brief account of the economic situation in Canada, which was being severely affected by the downturn in the housing and auto markets of the United States. Canada continued to have a severe balance of payments deficit amounting to $8.6 billion in 1979. Interest rates had been driven up to unprecedented levels and unemployment was higher than in the United States. Inflation was a serious problem because the country had not yet absorbed the necessary oil price increases. And the federal government was running a very large deficit owing to the prevailing system for equalizing oil prices in Canada. The country faced two serious economic problems: how to combat inflation when rates of interest were already high and how far to try to go through federal government action to equalize regional incomes and compensate for economic disparities?

Discussion focussed on this last question. The United States has just decided to introduce a windfall profits tax since "severance taxes" on resource production are inflating the incomes of some oil producing states. A U.S. Senator noted that the Senate had voted to exempt state royalties from severance taxes, since this was the only way some states could benefit from minerals or coal mined in their territory and then taken elsewhere for further processing. Even with these limitations, the windfall profits tax is expected to generate one-half trillion dollars of additional federal income at current prices in a ten year period.

This prompted a Canadian participation to question why the U.S. Congress passed the windfall profit tax, whereas the Canadian taxpayer balked at an 18 cent excise tax on gasoline. A U.S. speaker observed that the presentation was very different: the excise tax was visibly added to the pump price; the windfall profits tax was not visible and could be defended as a matter of equity for the taxpayer.

Closer Economic Integration

A United States speaker introduced this item, describing the range of recently-advanced proposals for closer economic links in North America, some limited to Canada and the United States, others involving Mexico as well. He noted that section 1104 of the Trade Agreements Act of 1979 calls for a report on these prospects by July 1981.

A Canadian wondered whether economic relations could become much closer, with non-dutiable trade already moving from 70 to 80 per cent of total trade, and both countries investing heavily in the other's territory. Nevertheless, a couple of prestigious economic research organizations in Canada had recently made a case for closer bilateral economic integration.

A United States Senator who had authored section 1104 explained that he felt it was important to conduct a sensitive examination of the potential benefits of closer links, since this approach had been beneficial in other regions of the world. He thought these were prospects for a special agreement on petrochemical trade and considered it would be useful to organize meetings among businessmen in the two countries to discuss the situation. These remarks led a couple of Canadian participants to point out that many Canadians including many manufacturers were uneasy about the approach and continued to be concerned about free trade.

Auto Pact

The discussion of this mutual problem was led off by a Canadian speaker who reviewed the usual complaints—a growing Canadian deficit composed entirely of parts imbalance and competitive bidding for new plants between the two countries. These well-known problems had been exacerbated by the sharp decline in the domestic car market in both countries and the financial problem faced by Chrysler which had let to a joint bail out.

An American participant from California expressed concern that the auto companies had been offered further relief from miles per gallon standards earlier mandated by the Congress. This action protected the North American industry from the need to adjust to meet standards which foreign auto makers already meet. The result in his state was that foreign manufacturers had last year gained fifty per cent of the market and this had grown to sixty per cent this year. Another American speaker noted that there were bills in Congress to place quotas on car imports which would probably gain a majority if they reached a vote, but this would not happen. The United States was faced with a choice: to import more oil or more cars. With the bill for oil imports now running at $95 billion annually, the United States needs fuel efficient foreign cars to cut back oil consumption.

The distress of the auto industry had created difficult domestic conditions for forcing change on the auto industry, change which all speakers agreed was necessary. One United States speaker expressed concern that in spite of the disastrous state of the industry, work practices were inefficient and the latest wage settlement did not reflect conditions in the industry. Concern was also expressed that General Motors might be left as the only North American car manufacturer.

A United States speaker expressed the opinion that the Surface Transportation Assistance Act had violated the auto pact and that, if that agreement were being reviewed, the question of exemption from the Surface Transportation Assistance Act should be explored.

Agricultural Trade

Discussion under this item focussed on two separate items: grain sales to the USSR and the prospect for an international grains agreement.

Spokesmen for both sides showed interest in the possibility of some kind of North American floor price agreement or a coordination of market shares between the two countries. A Canadian participant, noting that in Canada the objective of a floor price could be achieved through the Wheat Board's initial price, wondered whether the United States could use its

intervention price for this purpose and asked how such an approach would be regarded by the private grain trade. A United States speaker thought U.S. farmers would raise objections and he considered it improbable that the Administration would look favourably on a floor price. It was decided that this question might be explored further at a meeting during the summer between interested representatives of the two legislatures.

While U.S. spokesmen were agreed that there was no prospect of removing the grains embargo vis-à-vis the USSR before the election, there was also scepticism that the embargo was seriously hurting the USSR. It was reported that the Argentinians were buying back grain from other customers for resale at higher prices to the USSR. There were suggestions that some grain was being trans-shipped to Russia from third countries. A Canadian spokesman pointed out that continuation of restraint on sales was beginning to hurt Canada. During the last crop year which ends this June other major wheat producers will have enjoyed record grain sales to the USSR, in spite of the restrictions in place since January 14. Only Canada's sales will be lower than the past maximum, owing largely to transportation bottlenecks in recent years. However, these have been overcome and shipping opened early on the St. Lawrence, so that Canada could export larger quantities during the next year. Continuation of the embargo into the next crop year will mean that Canada's new export potential is not utilized.

An alternative way of penalizing the USSR by charging higher prices for grain to that market was suggested. In response it was noted that it was simply not practicable to charge more in one market than in others.

Border Broadcasting and U.S. Convention Tax Law

The two items, as in previous years, were discussed together since the U.S. Congress has chosen to link them. However, for the first time in several years there were new elements in the discussion.

A Canadian spokesman introduced the subject, reviewing briefly recent developments. He noted the report due from the United States Trade Representative due on July 26 on a complaint that section 19.1 of the Canadian Income Tax Act is causing damage to the United States and referred to bills before the Congress to exempt Canada and Mexico from the provisions of the convention tax legislation. He drew attention, particularly relevant since the meeting was being held in San Diego, to actions being taken by U.S. stations in south-west California against station XTRA in Tijuana, Mexico, which broadcasts to the U.S. market and which these stations claim is engaged in piracy since it is gaining access to a market for which it is not licenced and for which it does not pay. Given the growing concern of producers in North America at their inability to control use of their productions by cable companies, he felt the border broadcasting problem should be resolved by the industry in the two countries as part of the larger problems they were now facing.

A U.S. representative from San Diego noted that XTRA differed from the border broadcasting stations in a major respect, in that it broadcasts in English and had no local market in Mexico. But he agreed that the Canadian Association of Broadcasters and the National Association of Broadcasters should jointly seek to resolve the problem.

He proceeded at this stage to ask for Canadian support in his endeavour to reduce the broadcasting band width from 10 to 9 kilohertz, thereby permitting the licencing of a substantial number of new stations. The United States faced a problem in that minority groups were late entries into the market, and were substantially under-represented; only 5 out of 760 TV licences and 125 out of over 6,000 radio licences were held by minority groups. The Canadian authorities were resisting this proposal on the grounds that it caused some technical problems. The U.S. speaker indicated that, if Canada accepted his approach, he would use his position as chairman of the competent subcommittee to resist the objections of U.S. authorities to a larger opportunity for Canadian cable companies in the United States market and also lend his support to exempting Canada from the application of the convention tax legislation.

On this latter point, the Canadian speaker noted that the linkage which was tacitly involved in the double taxation convention was in Canada's view more legitimate; withholding tax and convention tax treatment were tax measures with fiscal objectives. He hoped that the U.S. Senate would not hold up the treaty when it was presented for ratification on account of the objections of a special interest group. A U.S. Senator thought it important that the message be widely spread that the agreement was in the U.S. national interest. This prompted a Canadian participant to wonder whether the concession offered on withholding tax might be too high a price to pay at a time when the federal deficit was so large.

Procurement

This item was introduced by a Canadian spokesman, who summarized the principal complaints. These include the several forms of Buy American restrictions, the set-asides practice under which a portion of contracts are open only to specified classes of U.S. bidders (eg., small businesses, minority-owned businesses, businesses in areas of high unemployment), and the specific preferences shown by several U.S. government agencies, in particular the Department of Defence. The definition of a small business is established by regulation and varies by industry sector, but may be extended to cover the vast majority of U.S. businesses. As against these negative developments, the MTN agreement will somewhat enlarge as of January 1, 1981, the scope for foreign producers.

Since the subject was not one with which U.S. participants in the committee were familiar, there was no U.S. response.

Canada-United States Air Relations

In the course of a brief exchange on this item, a Canadian participant explained why Canada was not following the same

approach as the United States in de-regulating the air transportation industry. Canada was a large, thinly-populated country, which meant that service to some parts of the country had to be subsidized by passengers using more travelled routes. Partly for this reason, Canada had a nationally-owned airline.

A U.S. speaker responded, reporting that the debate on de-regulation continued. Some who had opposed de-regulation were now less alarmed, while some supporters were less convinced of its benefits than they had been. He noted that airlines which wished to terminate services where there was no alternative service were required to assure a minimum of service for a decade to protect passengers in these areas.

Asbestos Nationalization

There was no discussion of this item.

Deep Seabed Mining

Discussion on this item generated lively debate.

A Canadian spokesman began by expressing concern over differences which had emerged between the two delegations in the Law of the Sea negotiations over the manner in which the products of deep seabed mining would compete in the market. Canada, with large domestic nickel production, favoured looking to deep seabed mining to make up the difference between current land-based production and future needs. Recently the United States had switched its position and appeared to be supporting the allocation of a fixed share of the market to deep seabed mining. U.S. participants contested this interpretation, claiming that their concern was to ensure that undersea producers had a fair opportunity to compete. Discussion on this point was not resolved, since each side had a different set of facts. The Canadians offered to follow up the discussion in writing.

Another theme which was hotly discussed revolved around differing views as to whom resources lying on the ocean floor beyond the 200 mile limit belong. Canadian speakers argued strongly that this was the last international resource, the "common heritage of mankind", any benefits from which should be shared equally among all peoples of the world. U.S. participants contested the basic principle and contended that if the international community could not reach agreement on an equitable approach, the United States and other developed countries should be free to develop the resources unilaterally.

Extraterritoriality

A Canadian spokesman introduced this topic with a review of developments in the field, which at times had been a subject of some controversy between the two countries. He concluded that the subject was not currently a cause of difficulty.

Reference was made to the Kennedy-Mathias bill, known as the Oil Windfall Acquisition Act, which had extraterritorial features. It would inhibit energy development in Canada by limiting the field of investment by the Canadian subsidiaries of U.S. oil companies. U.S. participants assured the meeting that the bill would not leave the Senate. While there might be majority support for the legislation, the advocates were not prepared to accept the extended debate which opponents would mount and could sustain in the absence of a "cloture" rule in the Senate.

NORAD Renewal

A Canadian speaker explained that the one-year extension of the agreement had been requested by the Canadian government in order to permit full parliamentary review. There were two new factors to be considered prior to reaching agreement on a longer extension of the agreement: should Canada participate through NORAD in aerospace in addition to air defence? and should the DEW line be replaced by AWACS and if so, who should own and fly the AWACS aircraft?

The U.S. side showed understanding of this situation, which resulted from two elections being held within one year in Canada. However, a U.S. participant expressed a growing concern in the United States that it was carrying a disproportionate share of the Western defence burden. He noted that the proportion of GNP devoted to defence in Canada was one of the lowest among NATO countries.

Draft Treaty on the Third Party Settlement of Disputes

This item was briefly discussed. An American participant expressed the personal opinion that eventually the two countries would have to resort to a device of the kind proposed by the two national bar associations. He wondered whether it might be possible to test the efficacy of the proposal by limiting its application to a couple of treaties.

A Canadian spokesman took a contrary position. He gave a historical account of Canada's experience with several arbitration awards, noting that Canada had never lost land through invasion but had done so as a result of a number of awards against Canadian claims. He expressed strongly the opinion that neither Canada nor the United States would or should agree to refer disputes between them regarding the application of treaties to compulsory arbitration.

COMMITTEE II—ENERGY ISSUES

AGENDA

1. Gas: Alaskan gas pipeline; gas exports to the United States; Arctic liquefied natural gas.
2. Oil: transportation of Alaskan oil; Beaufort Sea drilling; oil supply; future technologies including renewable energy sources.
3. Nuclear energy: bilateral trade; non-proliferation and INFCE; public attitudes.
4. Electricity.
5. Multilateral issues: refugees; 1980 CSCE Madrid meeting; Central America; protection of diplomats; Iran; Afghanistan.

The Alaska Gas Pipeline

The discussions on the Alaska Gas Pipeline were more intensive than for any other topic on Committee II's agenda. In his opening remarks, an American Senator said that a fragile optimism existed at the moment in Washington that the project would go ahead. Meetings were being held between the sponsors of the pipeline and the producers. He himself and Senator Jackson, Chairman of the Senate Energy Committee

had met with the Administration to try to persuade the President to amend his decision which was preventing the equity participation by the producers in the project and to give Canada the sort of assurance it was requesting that the whole line would be built. While this would not entail a commitment for government financing, it would be an undertaking to do everything in the power of the United States government to push the project ahead. On the financing aspect, he said the New York financing group would be making its decision in 30 days time.

However, the Senator continued, new Canadian demands and recent decisions by the National Energy Board (NEB) were threatening to jeopardize this delicate situation. There was annoyance, particularly on the part of Congressman Dingell, Chairman of the House Energy Committee, over the Canadian demands for assurance that the whole line would be built; after all, he argued, the pipeline treaty implied just that. Furthermore, why was the NEB now requiring the United States to authorize the tracking of the full cost-of-service tariff and to do so within 30 days—an impossibly short time in an election year. There was a feeling in the United States that, while Canada's idea of building the southern section of the line first had been initially a good one, it had eventually resulted in delaying the construction of the whole line with enormous cost to Alaska. Eighteen months had been spent talking about the prebuild, a delay which made little sense since Canadian authorities had already identified the necessary surplus gas and authorized its export. Rhetoric—particularly government rhetoric—had escalated and had impeded progress.

The Canadian side explained the importance to Canada of getting an assurance from the United States that the whole project would go ahead. It was recognized that the prebuild clearly involved advantages for Canada; there would be a market for Alberta gas, new gas exports would assist Canada's balance of payments and Canadian input in the project would be assured. However, in order to sell the project to the public and to Parliament it was important to reassure Canadians, many of whom were apprehensive that, if the United States found new domestic sources of gas, the Americans might walk away from completing the whole project and decide against bringing the expensive Alaska gas to market. Moreover, there was a perception among many Canadians, particularly in the east, that Canada should not be exporting gas at all but should be expanding eastern Canadian markets. Further, the cost of the project had risen sharply from $11 billion to $27 billion in three years. There was a worry in Canada as to whether or not the whole project was financeable. If a financing plan could be put in place, this would go a long way to reassure Canadians. Why, asked a Canadian delegate, could the producers not participate in the management and financing of the line and take an equity position?

Responding to the American concern over the delays, which had now pushed the completion date to late 1985, it was pointed out by Canadian delegates that Canada had taken all the preparatory steps to ensuring that the project went ahead on time. The necessary legislation had been passed, a Canadian pipeline agency had been established early, and Condition 12 of the Northern Pipeline Act had been modified to make it easier to meet the planned schedule for commencing the prebuild. As amended, Condition 12 now requires Foothills to demonstrate that financing had been obtained for the prebuild and that it could be obtained for the rest of the line in Canada. Further additional gas had been authorized for the prebuild section; 500 billion cubic feet (bcf) through the eastern and western legs and 450 bcf through the eastern leg via ProGas and Consolidated. On the other hand, Canadian delegates pointed out that the United States still had to resolve a number of problems. These included gas prices, the approval for the import of the additional gas authorized by the NEB through the prebuild, as well as the decision by the United States regulatory agency as to whether it will permit the full cost-of-service tariff to be tracked through to U.S. shippers and consumers as soon as the mainline was completed in Canada whether or not the rest of the line in the United States was operational. Still unresolved in the United States was the problem of possible equity and management participation by the producers and a new question may arise for review in the light of the recent Federal Energy Regulatory Commission (FERC) ruling to "cap" the volume of gas in relation to price increases above $3.45 per million BTUs. This ruling would make it extremely difficult for small Canadian producers to bring new gas on stream. Several members of the Canadian delegation warned that mid-June had been identified as a target date for getting a go-ahead on the prebuild; otherwise, a year's delay would be involved and the pipeline sponsor in Canada would have to start to dismantle. Already the company had lost a number of top executives.

In response, the United States participants explained that the difficulty over equity participation on the pipeline by the producers stemmed from the extreme sensitivity in the United States over any merger activity by multinational oil companies. The feeling was widespread that the Alaska producers would make millions. Accordingly, the Administration had included in the legislation a provision that prevented these companies from holding an equity position and Congress had ratified it. However the President could use his authority and waive this decision. An American participant reviewed the cost of the various sections of the line and commented that there was no problem with the financing of the western leg in the United States nor the Canadian section. Another American Senator pointed out that while the Alaska producers had not yet decided on a well-head price for the gas, this was extremely difficult to do for gas which would be delivered much later.

In response to the remark that many Canadians particularly in the east were hesitant about exporting any gas, an Alaskan Senator retorted that it had been Canada after all which had first sought to build a gas pipeline with the United States. The United States had had the El Paso liquefied natural gas (LNG) project planned as a method to bring the gas down from Alaska. Furthermore he said that during the period in which the price tag on the project had doubled, the price of

Canadian gas had gone "sky high", tripling in price. This delegate also questioned whether the whole project could not still be "scuppered" by Canada's new LNG Arctic Pilot Project. He warned that if the prebuild section was not built there would be no mainline. When queried on this last point, the Senator replied that the whole line had not yet been designed. The design costs alone which related to the time frame of the prebuild were going to cost $500 million.

In explaining the United States delays in the project another American Senator reminded the Canadian delegates that the pressure for getting the Alaska gas had been temporarily reduced by a number of factors including the mild winter, the natural gas deregulation in the United States and the fact that there was currently a gas bubble. Further, cost of the pipeline was an important factor and Congress was not going to write out a blank cheque. There was also a certain scepticism regarding the U.S. pipeline sponsor himself who had failed to bring the parties together satisfactorily. Another delegate mentioned the annoyance of American steel companies over the Canadian specification for 56-inch pipe, a size for which they had no productive capacity.

Nonetheless, the Alaskan Senator pointed out there was a real incentive for the companies to get the gas out of Alaska since they had to put it back in the ground at a considerable cost. If there were a transportation system in place the producers would certainly get it out. Other delegates agreed with the observation by a Canadian participant that displacement of expensive crude oil and independence from OPEC was going to be very expensive for the United States no matter how they proceeded. As for the criticism of the Canadian regulatory authorities, a Canadian participant stated that perhaps the government had been in the way for the prebuild, but it was necessary to have both governments overseeing the whole line. The Alaskan delegate added that there had been a regulatory maze in the United States.

Another Canadian participant said that one of the dangers perceived by Canada in a stand-alone prebuild related to the limited supplies of Canadian gas which had been authorized for export, that is a six to eight year flow of about 4½ trillion cubic fell (tcf). A major problem would arise if Canadian supplies had to be cut off after this period and the United States had not moved ahead to bring Alaskan gas down. This should not be a problem, replied the Alaskan Senator. Canada should give the United States a firm commitment or contract for 7 years' supply just as any commercial enterprise would enter into a business contract.

The first part of the discussion concluded with a statement from the Alaskan Senator that if Canada were to get the sort of undertaking it wanted from the United States to build the whole pipeline and then, in the final analysis, no private financing was found possible, "the court of last resort would be United States government funding."

When the discussion on the Alaska Gas Pipeline resumed after luncheon, Canadian participants sought clarification as to the possibility of Canada obtaining the assurances it had requested from the United States Administration regarding not only a commitment to the whole project but also a framework of agreement as to the part to be played by the sponsors and the producers in the financing and management of the pipeline and the Alaska conditioning plant.

The Senator from Alaska reiterated that the Canadian demands for assurances with their implicit threat that there might be no pipeline were counterproductive. However, he said he and Senator Jackson in their meeting with the President and Energy Secretary Duncan had urged that the President exercise his authority to waive the provision in the Alaska Gas Transportation Act PL 94 586 which prevented equity participation by producers. Normally, Congress would then have 60 days to approve the President's action. There could still be financing problems with the banks, he said, and a question remained as to whether the producers would participate financially without a management role. Nevertheless the producers had an incentive to sell the gas and once the prebuild was started, the financial world would be much less reticent.

The Senator explained further that some vehicle to reassure Canada was currently being worked on by his own staff and the staff of the Department of Energy but there were several difficulties. One was congressman Dingell's intransigence vis-à-vis the Department of Energy and another was the fact that Mr. Macmillian, the United States pipeline sponsor, had told Congressman Dingell there would be no need for a government guarantee for the line. The Senator added that he had lost, by only 5 votes, an amendment to the Oil Windfall Acquisition Act, which would have provided a method of financing the Alaska gas transportation system. Now the producers would have to finance the gas after the tax. Their commitment could be in the neighbourhood of $5 billion. The State of Alaska had agreed to finance the conditioning plant and neither the financing of the eastern and western legs in the lower mainland would be a problem. It was the danger of cost overruns in the northern overland section which presented the difficulty. The Senator concluded that even if the Administration took the action requested by June, Congress could not possibly deal with it within the 30 day time frame.

A Canadian Senator stated that from the discussion he understood that while there would be no government guarantee, an assurance or a moral commitment to the whole pipeline would be forthcoming from the United States; that the producing companies would be permitted to take an equity position in the pipeline; and that there was some thought that the prebuild should be on a stand-alone basis with the gas financing out in about 8 years. The Alaska Senator replied he was unsure of the economics of the third situation.

Gas exports to the United States

A United States Senator commented that in his state in the northwest, 70 percent of energy was supplied by Canadian natural gas. Because of the recent price hikes, there was a marked tendency by industry to convert to other sources. As a result, the reduced volume has increased delivery costs further.

Moreover the conversions are putting pressure on other utilities. Homes are being built for all-electricity consumption and coal is having a come-back in industry. However it was true that in California everyone still wanted natural gas.

A Congressman noted that the House of Representatives had recently voted overwhelmingly to reverse the 1979 law on incremental pricing of natural gas. This legislation had provided for a dual price structure involving a higher price for industry and a lower protected price for consumers. But the provision was reversed when industry began converting very quickly away from gas.

A Canadian spokesman noted a trend away from natural gas to residual fuels but considered it to be a temporary phenomenon only. He himself considered that the only effective way to promote conservation was by higher prices. At present, he said, Alberta producers had 4½ tcf of natural gas which had been identified as surplus and authorized for export. They were anxious to get it to market to get the necessary cash flow; otherwise small producers would have to stop drilling.

It was not surprising, he said, that the United States was unhappy with the rapid increase in Canadian prices. Nonetheless, looked at from Canada's point of view it made sense to base the price of exported natural gas on what it costs to import a substitute product. In reply, an American Senator said he understood Canada's position but he wondered if the price relationship tied as it was to imported oil prices was the correct formula in view of the present rapid rate of substitution in the United States. Delegates commented that at the present time the market mechanism was at work and the price might be currently too high in view of available alternative sources.

Arctic liquefied natural gas

A Canadian spokesman explained that at present there are approximately 20 tcf of natural gas in the Arctic Islands and the Beaufort Sea. The Arctic Pilot Project was designed to ship 250 million cubic feet a day (mmcfd) from Melville Island by two icebreaking tankers. There were some problems however; it was necessary to obtain permission from Greenland to transit Greenland's waters; a market for the gas had to be found; there was at present no Canadian capability for constructing the required tankers; and there was the question of cost. At present Petro Canada was negotiating a gas sales contract with Tenneco and hoped by June 1980 to file an application with the National Energy Board. The gas could be shipped to a port on the east coast.

Another Canadian participant underlined the environmental and socio-economic problems associated with this project. The sea ice along the route was incredibly thick, there would be significant problems with icebergs and the Inuit population at the top end of Baffin Island on Lancaster Sound was opposed to the project.

The transportation of Alaskan oil

A Congressman reviewed the President's decision to choose the all-American Northern Tier line as the route to bring Alaskan oil to northern border states. The President's fall-back position if the Northern Tier line were found to be not financeable would be the Canadian Trans-Mountain route. In both cases environmental problems could be lessened by keeping tanker traffic out of Puget Sound, off-loading the oil at an outside port such as Port Angeles, and subsequently piping it to inside refineries. Another delegate added that while the recent eruption of Mt. St. Helens had alarmed environmentalists who feared a pipeline in the area would be vulnerable to such shocks, they could be reassured that a pipeline across Puget Sound would not have been affected.

A Canadian Senator protested that the Northern Tier proposal continued to suffer from the same defect as last year. To be viable it would need a supply of at least 700,000 barrels of oil per day (bpd) but at present only about 200,000 bpd of Alaska crude was surplus and available. Accordingly, additional imports from overseas would be needed which would negate the President's policy of decreasing oil imports.

An Alaskan Senator responded that this viewpoint failed to take into consideration the fact that with the use of heavy oils increasing in California, less Alaska crude would be used there, thus freeing it for Puget Sound refineries. Also, there were two very promising new oil shows in the Beaufort Sea, that is, in state waters within the Barrier Islands. This was rumored to be possibly another "Prudhoe Bay" and could be put into production very quickly. In addition, the Jackson amendment to the Lands Bill would now allow seismic work in the potentially very rich Arctic Wildlife Range in Alaska. All of this meant there could be a surplus in three to five years. Further if there is a downturn in interest rates the Northern Tier would be financeable, so the Senator concluded that the Northern Tier could be underway by 1983 to 1985.

When asked by Canadian delegates if there would be interest in an oil pipeline through Canada to avoid having heavy tankers plying the west coast and also to minimize any offshore strategic danger, the Alaska Senator responded firmly in the negative. He said no United States President would make the same mistake twice and he himself would never again go through the process they had faced with the gas pipeline. After an early understanding with Canada and the pipeline, the whole thing had got out of hand. A Canadian delegate interjected the comment that businessmen on both sides of the border considered that the United States regulatory agencies have been at fault. In the case of an oil line the Alaska Senator remarked firmly there could be no regulatory interference with the existing right-of-way. He continued that if Canadian oil were found in the Beaufort, (and a Canadian delegate had briefly referred to the speculative Kopanoar find) it could prove advantageous for Canada to bring it ashore in Alaska.

Oil supply

The delegations touched briefly on the question of oil supply. A Canadian delegate spoke of the lingering misapprehension in the United States that Canada had lots of oil. In fact Canada was a net importer of oil. It was true that some oil was exported to the Northern Tier states in exchange for equivalent imports from the United States into Ontario, Quebec and

the Maritimes. In addition there is a modest export of heavy crude and liquefied petroleum gases.

There were some encouraging signs from Canadian exploratory activity both in the Beaufort Sea and off the east coast. After an expenditure of about $1 billion, there were now oil showings in 4 out of 5 Beaufort Sea drillings. Off the east coast almost another billion dollars had been spent before a very positive showing resulted at the Hibernia site off Newfoundland. Even if these finds proved to be commercially successful however, it must be remembered that a long lead time of about 10 years was required before the oil was available to consumers. In any case, Canada had committed itself at the Tokyo summit to hold its net imports to 600,000 bpd.

Future technologies including renewable energy sources

United States delegates stated that the production of synthetic fuel from oil shale in the United States involved a complex technology and resulted in a very high cost per barrel. One delegate was optimistic that the oil shale operations could become economic within 5 years but another participant was doubtful pointing to the record of such projects undertaken by major U.S. oil companies. No such plant was in operation in the United States and a number had been abandoned. In Canada, despite certain difficulties, several tar sand plants were in operation producing about 100,000 barrels a day at economic prices and further projects were being scheduled.

It was noted that in California there were huge tertiary oil reserves (about 20 billion barrels) which were not recoverable by conventional means and therefore not economically feasible to produce at present oil prices. Further price rises could change that picture, however.

On the question of renewable energy sources, the Canadian spokesman explained that Canada's funding in this area had risen to approximately $20 million by 1980. If hydro electric power generation were included, renewable energy sources accounted for 25 to 28 per cent of the country's energy needs although in the spokesman's own area in eastern Canada it accounted for almost half. Canada was concentrating on increasing renewable energy from two particular sources: the increased use of forestry resources and wood wastes and the application of solar heating. Encouraged by government grants, increased use of wood residues was displacing the use of other fuels in the forestry industries. In addition woodstoves were making a comeback with an estimated 100,000 homes being converted to use surplus wood for fuel. Canada had the potential to produce large quantities of methanol (replacing as much as 10 per cent of its energy needs) from a variety of sources but there were unresolved problems as to how to keep it from separating in cold weather when mixed with gasoline. Both employment and the development of important new technology were additional advantages in this area. Some interesting experimental work had been done with wind turbines in eastern Canada.

An American Senator described the new United States synthetic fuel legislation which authorized the spending of over $20 billion over 10 years. At a rate of $2 billion a year, there would be considerable stimulation of alcohol production, of conversions to ethanol and methanol from waste agricultural products and from both urban and industrial garbage, some support for solar energy sources but only a modest amount for wind energy development which was viewed as a viable alternative only in remote areas where all other sources were very expensive. Direct wood consumption and gasification and liquefaction of coal would also be promoted. However, despite the possibility of other new ideas such as hydrogen power, delegates agreed that there was no one quick, easy solution to current fuel needs to be found in the area of renewable energy sources.

Nuclear issues

Public attitudes in the United States toward nuclear energy were becoming increasingly negative said a Congressman. Polls showed a drop from 63% to 50% of those who favoured nuclear power and a rise in those opposed from 19% to 38%. The Three Mile Island incident had had a significant and lasting impact and had been exaggerated by the attendant publicity. Another factor was the influence of demonstrators with leaders such as Jane Fonda, who purposely climbed fences in order to invite arrest. As a result, the United States had drastically scaled down its plans for construction of nuclear plants. However, the majority in Congress still remained favourable to nuclear power as a known source of energy.

There was a dilemma for governments, a Canadian participant pointed out, in trying to decide whether it was helpful to try to get a consensus on nuclear issues through public hearings and debate. In Austria and Sweden public debates had produced differing results at the polls. The Ontario government was facing this problem in its search for nuclear waste disposal sites. While a Canadian Senator thought Ontario would have no problem, another Canadian spokesman stated that neither the responsible Ontario authority nor the nuclear industry recognized the existence of a popular mystique of fear of nuclear radiation and they had failed to give out sufficient information. Any perception that information was being held back only increased public apprehension, he said.

In Canada, over 9% of total Canadian electricity is generated from nuclear sources, at the present time all in Ontario. Canadian participants pointed out that Canada had the whole spectrum of reactions to nuclear power generation. For example, in British Columbia a province with abundant energy supplies, there was even a ban on exploration for uranium and strong opposition to nuclear plants. The plants were more acceptable in Ontario, Quebec or New Brunswick where other energy forms were more expensive or scarce. A number of delegates considered that there would inevitably be a difficult political problem over nuclear waste disposal as no one wanted it in his "backyard" even though, technologically scientists thought there were a number of safe methods of disposal. There was also apprehension over the trucking of waste disposal. The group agreed that there was a widespread fear that a nuclear power plant could blow up like a bomb, a concept only public education could change.

In explaining the cancellations and the cutbacks in the growth of nuclear power plants in the United States, a United States Senator pointed to the political impact of public perceptions, the slowdown in the rate of energy growth which was related to the GNP slowdown in the wake of the oil embargo and the risk of utility companies or state governments being tied up in legal battles in the courts by challenges through the regulatory authorities. The latter was perhaps the main reason why so few operating permits for nuclear plants had been issued. A California participant said that in his state in 7 years not one nuclear power plant had been licensed; near San Francisco a huge plant was completed but no permit had been granted. While there was currently a strong movement to convert to coal the Congressman pointed to the very high fatality and injury rate in coal mines compared to the fact that not one single fatality and not one serious injury was associated with the 72 existing reactors.

The Congressman stated that he was unabashedly a supporter of nuclear-generated power. Moreover he supported the reprocessing of by-products of the American nuclear plants rather than their disposal. The Administration, he said, was currently pushing a policy of waste disposal and he acknowledged there was an understandable concern over the security of the resulting production of plutonium. But he considered the economic benefits of reprocessing to be of such major importance that it should be pursued. The energy available from spent fuel now discharged annually from the operating reactors is equal to 250 million barrels of oil. If the breeder reactor, a further stage of reprocessing, was utilized, the energy equivalent would be raised to about 12 billion barrels of oil annually or about 6 times the amount of oil imported by the United States. This delegate stated that two committees of the House of Representatives had reflected some of the same feelings that "this existing resource should not be thrown away." A United States Senator responded that the reprocessing issue was politically particularly difficult although he himself also favoured it. He considered that the United States was deluding itself as to its influence in its policy. Other major countries were going right ahead with reprocessing and breeder technologies.

The difficulties which Canada was having in selling the Candu reactor was discussed as well as the fact that it had a very high safety and operating record. One delegate said there was a real possibility of the Candu dying without a market. A Canadian delegate questioned whether the United States would be interested in buying the nuclear-generated electricity from Canadian Candu plants built along the border for exporting purposes. This would mean the United States would not have to get them licensed nor to look after the wastes and it would further provide economic benefit for Canada. Another Canadian added that New Brunswick was already contracting to sell some of the power to be generated from its new nuclear plant to the United States. A United States Congressman replied that he thought Americans would take electricity wherever they could get it. A Senator replied that while he would rather see the United States become self-sufficient and build its own plants, he considered that Canada would be very wise to invest currently in this energy source. Although it might look like very heavy initial capital expenditures, the subsequent delivery costs of this energy would be extremely favourable.

There was a brief discussion of the results of the International Nuclear Fuel Cycle Evaluation (INFCE) which completed its two-year study earlier this year. From this study had emerged a number of recommendations for further examination including the need for an international regime for spent fuel storage, international management for separated plutonium from reprocessing plants and improved International Atomic Energy Agency (IAEA) safeguards. The proposal for an international research centre for the development of fusion technology was also mentioned. This project would be funded by the major countries including the United States and the USSR as there was no possible military application. It was thought that a third country, perhaps Canada, would be an appropriate place for this centre and both Quebec and British Columbia were anxious to have it.

A Canadian delegate asked why the United Sates had agreed to sell enriched uranium to India. An American Congressman responded, agreeing the 1978 legislation forbids the sale of enriched uranium to countries such as India which are not signators of the non-proliferation treaty (NPT) and do not have their nuclear facilities under full-scope safeguards. In the case of these exports, the Congressman explained there had been a diversity of opinions. The State Department had recommended that the export license applications be issued, but the Nuclear Regulatory Commission (NRC) was opposed because it could not certify as to what would happen to the material in India. In the President's overriding decision to permit the exports, a number of factors were prominent including broad foreign policy considerations. The stability of the region was threatened by the Russians in Afghanistan. They were probably ready to supply India's needs and Pakistan was thought likely to be building a bomb. It was considered prudent to try to maintain as much control as possible over the reprocessing and disposition of US-origin fuel in India; that is to be a reliable supplier and to keep control.

Electricity

Canadian spokesmen noted that Canada exports 9.4% of its electricity to the United States amounting to a $750 million net surplus. One delegate thought there would be opportunities to increase electricity exchanges across the border since the two countries had complementary peak load demand periods but another Canadian thought that overall Canadian electricity exports could be reduced.

In the United States it was noted that there were widely differing regional perceptions concerning electricity. With huge rate hikes, some areas were anxious to convert from oil and gas to coal but other regions were wary of the increased acid rain. The progress toward electric automobiles was considered a hopeful sign. General Motors was predicting that 25% of cars could be electrically powered by 1985. Delegates considered that cheap electrical generating systems would become

increasingly rare, that nuclear power had very low operating costs and that various nuts and bolts systems would have to be implemented.

COMMITTEE III—ENVIRONMENT AND FISHERIES ISSUES

AGENDA

1. Air quality—Acid rain.
2. Disposal of Toxic Wastes.
3. Transborder Environmental issues: Dickey Lincoln; Atikokan; Garrison; Cornwall; Eastport; Migratory Caribou.
4. East Coast Fisheries and Boundary Treaty.
5. West Coast issues: Halibut; West Coast Boundaries; Tuna; Salmon; Tanker routes.

Air Quality—Acid Rain

A spokesman for the Canadian delegation opened the discussion by reviewing briefly the known causes and effects of acid rain. He noted that it was especially harmful in some areas of Canada because of the inadequate "buffering" capacity of the soils. He warned that, if current trends continued, within 15 years thousands of lakes, especially in Ontario, would have no aquatic life. He went on to describe a major Canadian study of the long-range effects of acid rain including potential massive damage to forest growth. It was clearly established that most of the Canadian problem arises from pollution originating in the United States. For this reason, Canadian concern has been greatly heightened by the President's recent proposal of coal conversion legislation which would allow substantial increases in sulphur and nitrogen oxide emissions in the northeastern United States. He concluded that the Canadian government now doubted that the U.S. government was prepared to treat the problem of acid rain with the seriousness it deserved.

A U.S. participant responded with the assertion that the United States was very concerned about acid rain because parts of the United States, especially the New England states, were as heavily affected as Canada. The New England caucus in Congress had recently expressed great concern about the problem. He went on to note that Mr. Costle, head of the Environmental Protection Agency (EPA), had expressed opposition to features of the President's coal conversion proposal and had called for greater emission controls.

Another Congressman reported that the President's proposal included some $400 million for pollution abatement, but he was unable to say whether it took the form of tax relief or grants to companies. He repeated the assurance that the problem was taken seriously in the United States and noted that his own state in the South-east was affected by emissions from Pittsburgh.

The Canadian spokesman responded that, while it was understood in Canada that some officials in the U.S. government, in particular Mr. Costle, were concerned about acid rain, it nevertheless seemed that energy consideration had priority. It was well understood in Canada that "we must clean up our own mess" in order to make the best possible case to the United States government. Several members of the Canadian delegation reported on the recent actions by the Ontario government to require reductions in emissions from the INCO smelters in Sudbury, and described this a "major program".

The discussion then turned to the question of future energy sources, and the extent to which the United States would continue to look to nuclear energy. A Californian Congressman observed that a recent plebiscite had shown that the citizens of California favoured proceeding with nuclear power, but Governor Brown was doing everything in his power to stop development. Another U.S. delegate pointed out that the mounting costs of nuclear power were slowing down development as much as political opposition. As the United States approached the phase-out of its first generation of plants, there were major unresolved questions about what to do with these plants.

The Canadian spokesman noted that Canada was approaching a major decision on how to proceed with the nuclear issue and specifically whether a major public debate on the question was desirable. He suggested that European experience showed that, where debate preceded action, as in Sweden, there was more likely to be support for nuclear power.

Disposal of Toxic Wastes

A U.S. spokesman identified two American concerns: first, the opposition by a number of Canadian towns to the SCA Chemical Waste Service Inc. treatment and disposal plant situated on the Niagara River in New York State and, second the Canadian request for a one-year exemption to the May 1, 1980 closing of U.S. borders to the importation and exportation of PCBs. On the latter point, he stated flatly that the U.S. government would not grant such an exemption.

A Canadian participant responded that the SCA issue was mainly a local, emotional issue and that Canadian officials were satisfied with the standards being applied by the U.S. Environmental Protection Agency. In the case of PCBs, the problem was one of federal-provincial jurisdiction. Canada believed that cement-kiln disposal constituted a promising technology, but experiments had been stopped owing to public opposition. Canada was working on the problem and understood that further exemption from the border closing decision would not be granted by the U.S. government.

Transborder Environmental Issues

Dickey Lincoln

A U.S. speaker expressed the view that the proposed Dickey Lincoln hydro-electric project was a good one, although it was uncertain whether funds would be provided for it in the current budget. Much would depend on the position of the former Senator for Maine, now Secretary of State, Edmund Muskie.

A Canadian participant explained that, while there was some concern about the flooding of land in Quebec, from the point of New Brunswick and the Maritimes there were advantages in the project. He added that reports of plans for developing the Allagash River caused some alarm, but was told that these plans were no longer part of the project.

Atikokan

A Canadian participant reported that the capacity of the Ontario Hydro coal-fired thermal generating plant in Atikokan, Ontario had been reduced from 800 megawatts to 400 and, as well, new Ontario emission control standards which would involve the installation of scrubbers, would be applied to the plant. In short, the problem was "now eliminated", information which was welcomed on the U.S. side.

Garrison

A Canadian spokesman expressed concern that the United States still planned to proceed with a smaller, scaled-down, or phased-construction, version of the Garrison Diversion. He declared Canada's continued opposition to any such plans and expressed the hope that Congress would stop funds for the project. Canada's fear was that the more money was spent, the greater would be the tendency to complete the project.

A U.S. participant was uncertain what assurance he could give, other than to say that the United States would live up to its treaty obligations. He informed the Canadian delegation that there were no funds for the project in the President's proposed budget for 1980-81. Another Congressman added that there was a great deal of opposition to the project in Congress.

Cornwall

A Canadian delegate commented briefly on the problem of fluoride emissions from the Reynolds aluminum plant in Massena, N.Y harming animal and possibly human life on the St. Regis Indian Reservation on Cornwall Island. He reported that emissions had been reduced and that further study was underway.

Eastport

Concerning the proposal by a New York company to build an oil refinery at Eastport Maine, a U.S. spokesman declared flatly: "It will never be built. Mr. Muskie is against it and the EPA is against it." That terminated the discussion to the satisfaction of the Canadian delegates.

Migratory Caribou

A U.S. spokesman insisted that the treaty was unnecessary. He had been informed by the U.S. State Department that the Canadian government wanted a treaty in order to control the take of the caribou by the native people in Canada. But in his view this action would unacceptably interfere with the jurisdiction of Alaska. He concluded by saying: "It is your problem. Why don't you control your own people? Why do we need a treaty?".

A Canadian participant explained that the Council of Yukon Indians was concerned about depletion of the herds but would not support any agreement on herd management unless it had assurances of similar controls on the American side. Canada was aware that the potential for economic development, in particular oil and gas discoveries, was greater in U.S. territory than in Canada and that any agreement must take this into account. It was suggested that there was need of a Bilateral Advisory Committee and some agreement on quotas.

The U.S. spokesman replied that the caribou were on the U.S. side of the border for only a short time each year—the six weeks calving period—and that Alaska would never sacrifice them to economic development. He observed that Alaska had done a good job of managing the herd since 1961 and there was no evidence of excess killing. He repeated that it was a Canadian problem, that only a few environmentalists in Alaska wanted the treaty and that most regarded the proposal as a "bureaucratic nightmare". At the same time, he said that if the main objective were only an agreement on quotas, something could be worked out. However, Alaska would not support a treaty providing for habitat control and as far as he was concerned "the treaty is dead".

East Coast Fisheries and Boundary Treaty

The Canadian spokesman opened the discussion by expressing grave concern that Americans did not understand how strongly Canadians felt about possible Senate failure to ratify the treaty. He declared that it was a subject of great urgency in Canada, that it made national headlines and had the potential to affect general bilateral relations. However, he recognized that it would serve no useful purpose at this meeting to get into the details of the treaty. He suggested that delegates need only arrive at a mutual appreciation of how serious a problem this was and called for the convening of a special meeting of the group in Washington, where Canadian parliamentarians could make their case to those members of the Senate directly concerned with the issue. He wanted, nevertheless, to emphasize several features of the situation. First, that the agreements were the result of 18 months detailed negotiations in which there was give and take on both sides. Second, that by unanimous resolution, the House of Commons had recently called for ratification of the Treaty and, finally, that the two sides were very close to serious trouble on the Georges Bank as the result of heavy overfishing by American fishermen and depletion of the stocks.

A U.S. Senator, representing the views of his colleagues in the Senate, replied that there was a strong feeling that the chief U.S. negotiator—Lloyd Cutler—had been outbargained by the Canadians because he did not have the same background in the issues and had failed completely to get the support of the fishing industry as he went along. The source of the trouble was that "our fishermen were not involved in the negotiations." Turning to the details of the treaties, he pinpointed three major U.S. objections: first, the treaties were permanent rather than for a limited term; second, the shares of new stocks favoured Canada; and third, the joint management régime set up by the agreement would unduly interfere with the jurisdiction of the newly established Regional Fisheries Council. On this latter point, the Senator recommended that Canada create similar councils and leave the settlement of such issues to the respective regional interests in the two countries. He suggested that a special meeting in Washington would be a good idea and perhaps productive if these points could be discussed and resolved. Otherwise, he concluded, there was no way the treaty would be passed this year.

Several members of the Canadian delegation took strong exception to these remarks. A participant from the Maritimes pointed out that while the treaties were permanent, the shares

assigned initially were subject to review every ten years. Concerning new stocks, she argued that it was impossible to say that the shares were unfairly divided because the experience of both countries with these species was so limited. Another delegate declared that there was no question of a group of parliamentarians going to Washington to renegotiate the treaties. "As far as we are concerned, the sole purpose of such a meeting would be to press the Senate to ratify the treaties." He went on to argue that this practice of the Senate reopening negotiations already concluded by the Administration would cause great trouble in Canada-U.S. relations. "What is the point if we are going to get bled first by the Administration and again by the Senate?". He then criticized the apparent willingness of the U.S. Senate to allow the terms of such a major agreement to be dictated by regional interests.

Another Canadian challenged the suggestion that turning the issue over to regional or industry interests would settle the matter. "You would have chaos if the fishermen fight it out." He pointed out that there are regional advisory bodies with industry representation in Canada and that their recommendations are taken very seriously by the federal government, "but the federal government is finally responsible." He went on to suggest that the situation in the United States was not so very different, because the Regional Councils were established by Congress, had federal government as well as industry representation on them and were subject to veto by the federal government. He concluded his remarks by allowing that some room for negotiation might exist on the time frame of the treaties.

The discussion concluded with the two sides agreeing that a meeting in Washington might be useful, but that it would have to take place with no pre-conditions or implications that the terms of the treaty were open to negotiation. The meeting would afford "an exchange of views" and nothing more.

West Coast Issues

Halibut

A Canadian participant opened the discussion by noting the shortfall in the Canadian take of halibut last year and the overfishing by Americans. However, compensation in this fishing season had been worked out to the satisfaction of the Canadians. At the same time, he noted somewhat greater reluctance on the part of the Canadian fishermen to enter into longer term negotiations on the Halibut convention because of the fate of the East Coast Treaty. He added that the only problem on halibut at the moment was the difficulty of getting accurate counts on the take to shore quickly so that overfishing by the fleets could be prevented. He inquired about the current mood of American halibut fishermen and was assured that there were no major dissatisfactions or objections.

West Coast Boundaries

There was a brief exchange on this subject. A Canadian delegate observed that nothing relating to boundaries would be settled on the West Coast until the East Coast was settled. A U.S. participant replied that in his view West Coast boundaries were nothing to lose sleep over because in 12 years there had been only 3 incidents. He urged Canadians not to create problems where there were none.

Tuna

A Canadian opened this discussion by noting the unusual movement of tuna close to the Canadian shore last year, and the resulting arrest by Canada of U.S. tuna boats in Canadian waters. Another Canadian noted that the United States was one of only 2 countries signatory to the Law of the Sea agreement which claimed the right to pursue highly migratory species such as tuna within the 200-mile zone. He went on to say that Canada thought it had an agreement last year to extend such rights to U.S. tuna fishermen in return for reciprocal Canadian rights on herring.

A U.S. delegate replied that the United States was not interested in linking tuna and herring, but that it would exchange landing rights for Canadian and American tuna fishermen. A Canadian pointed out that this was of no interest to Canada since, unlike the United States, it did not have a large seagoing tuna fleet. He concluded that the question would not be resolved until the United States recognized Canadian jurisdiction within the 200 mile zone.

Salmon

The Canadian spokesman briefly described the background to the Pacific salmon negotiations which have gone on for almost ten years. He noted that considerable progress had been made, but that there remained the question of equitable division of the take, especially by Canadian fishermen as the salmon enter the Straits of Juan de Fuca. He recommended the principle that the country which provides the enhancement program should have fair access to the species. A U.S. participant agreed with this principle and that, based on its enhancement programs on the Fraser River, Canada deserved a fair share of the take in Juan de Fuca. He went on to say, however, that these were really problems of the past—of "allocating shortages"—whereas there were bumper stocks coming along as a result of highly successful enhancement programs. He concluded: "We have proved the benefits of good management. Let's not fight over shortages we don't face."

Tanker Routes

A Canadian delegate opened this discussion by saying that it now looked like most Alaskan oil would be coming down the coast by tanker and that naturally the residents of the coast were apprehensive about environmental damage. He noted that there were an increasing number of tar balls appearing on shore and inquired about the controls being applied by the United States. A U.S. delegate replied that this pollution was not coming from the big American tankers transporting Alaskan oil but from the small "rust-buckets" which were bringing foreign oil into Puget Sound. He said that the American vessels were sealed and carefully inspected and that the U.S. supported tighter controls on foreign vessels.

To a Canadian suggestion that there should be a bonding system on vessels to provide compensation in the event of damage, a U.S. speaker replied that there was $100 million in such a compensation fund already and that the fund might be

increased to $500 million. He concluded this discussion by observing that the Northern Tier route might still be feasible.

PLENARY

Plenary discussion began on the morning of Monday, May 26 with a stimulating presentation by a prominent futurist, Mr. John Naisbitt, senior Vice-President of Yankelovich Skelly and White on the theme of the "The New Economic and Political Order". Mr. Naisbitt described 4 powerful trends that are restructuring the United States and, to varying degrees, other developed countries: the decentralization of decision-making; the redistribution of labour and production in the global economy; the co-development of new technology and new human relations; and the restructuring of the work environment from top-down to bottom-up. This was followed until mid-morning by general discussion on the issues raised in that address.

The plenary discussion thereafter turned to multilateral issues and in particular the situations in Iran and Afghanistan. A U.S. delegate was first to speak, questioning whether the Western nations had not been better off with the Shah. He observed that the United States had obviously lost control of events and that it was wise to let matters cool off for the moment. The American side also expressed gratitude to Canada for the part it played in the harbouring and escape of hostages from Teheran and for its subsequent support on the Olympic boycott and the embargo.

The opening Canadian speaker adopted a broad perspective. He expressed concern about the unfolding of events "East of Suez". He noted recent Russian expansionism and the potenital signifiance of Russia becoming a net oil importer by 1985. This would create a serious situation since the needed oil could come only from the Middle East. The Soviet Union might seek to create additional client states in the area as it had done in Somalia. In these circumstances, it was critical that the United States reaction to the hostage-taking not drive the Iranians into the arms of the Soviets. He urged the United States to view the crisis in a broad context and to exercise great patience in the hope that Iran might yet come down on the neutral or western side.

Several other Canadian delegates spoke up. One commented that Canada was extremely concerned about the impact on international order of the events in Iran. He expressed Canada's sympathy for the American position and declared wholehearted support for the approach taken so far. At the same time, he indicated there was great anxiety about what further steps the presidential election might precipitate. Another Canadian brought up the events in Afghanistan and the Olympic boycott. While Canadians sympathized with the United States, they were also concerned about such unilateral actions as the announcement of the grain embargo which had caused very considerable problems for Canada and Australia. In the case of the Olympic boycott, he asserted that the outcome would have been more successful had there been more consideration. "It was very embarrassing for governments to be contradicted by their national Olympic committees." He concluded that if this pattern of non-consultation were to persist, it would seriously damage the western alliance.

A Canadian Senator declared that Canadians were as divided as Americans on the events in Iran. While some Canadians felt that military intervention might have succeeded had it been tried early, the majority regretted the failure of the rescue attempt. Other Canadians placed the emphasis on the lack of U.S. consultation. One noted that during Mr. Vance's visit to Ottawa, the Canadian government had made clear that it did not favor military action, although another Canadian intervened to make a distinction between military action and a rescue mission.

At this point in the discussion, several of the American delegates entered the discussion. One began by saying that America's allies should not feel badly about lack of consultation "because Congress did not know what was going on either." He suggested that, far from taking precipitous action, the United States had carefully canvassed various options beginning with military action which had been rejected, negotiations which had failed and, finally, sanctions which—in his view—would lead to war. He went on to lament the fact that it is always the United States which is expected to act in these situations, and is then blamed for the actions it takes. Another American delegate expressed the worry that events were moving toward war since the failure of SALT II. However, efforts should be made to diffuse the situation. He reported that there were indications that the Soviet Union was trying to help get the hostages out.

A Canadian delegate intervened to state his opinion that the hostages would remain in Iran for some time to come. He argued that the Ayotollah would never compromise, although those who followed him would do so. He asked "Do you think it is worth going to war because of one fanatic?" In any case, the emphasis should be on the situation in Afghanistan. Another Canadian directed the discussion at this point to the situation in the Middle East by suggesting that the most distabilizing factor in the whole area was the Arab-Israeli conflict. He went on to argue that more pressure should be put on Israel to moderate its position. Another Canadian took up this theme by suggesting that there had been a long standing and deep failure of the West to understand the Arab world and in particular the situation of the Palestinians. He warned that if the West did not learn to deal with comparatively moderate people like Arafat, they would be replaced by a far more radical younger generation.

An American delegate responded at some length to these comments. He observed that the American Jewish community thought that enough pressure was already being put on Israel and that President Carter had run tremendous political risks in going as far as he had. Turning to the events in Iran, he suggested that it was not so much the U.S. government as the media that had been preoccupied with the hostages. He suggested that the President had exhausted every prospect before he had resorted to the rescue mission. Concerning Afghanistan, he noted that it had been communist before the Soviet

invasion and that, when consulted, he had urged restraint in the United States response. Nonetheless there had been a strong feeling in the U. S. that this was "the final straw" which had to be responded to. He argued that the main U. S. concern in the "Crescent" was not with its own oil imports but with the economic impact on Europe of a collapse of mid-East oil supply. He warned that if the United States is expected to move men and equipment into the area, they would have to come from NATO. "There is a limit and something has to give." He concluded by wondering why it was the United States which is expected to take these actions on its own.

The afternoon plenary meeting was reserved for the discussion of political developments in the two countries. The Canadian side led off with observations on Canadian constitutional questions in the wake of the Quebec referendum results. A diversity of views was expressed by representatives of the three political parties. This discussion was followed by interesting assessments and informed projections of American delegates on the coming elections in the United States.

The final item for discussion was introduced by the Canadian Co-Chairman from the Senate, who spoke on the long-term relationship between the two countries and the value of the Canada-United States Inter-Parliamentary Group. (Text of remarks in Appendix I). A Canadian member of Committee III drew the attention of the meeting to the Committee's conclusion that it would be desirable for a Canadian delegation to visit Washington shortly under the auspices of the Canada-U.S. Inter-Parliamentary Group to meet members of the Congress and in particular the Senate Foreign Relations Committee to present Canada's concerns regarding the consequences of failure to ratify the boundary and fisheries agreements. Another Canadian delegate reported the wish of Committee I members to arrange a meeting in Ottawa in late July, also under the Canada-U.S. Inter-Parliamentary Group, to discuss the possibility of an agreement between Canada and the United States to stabilize the price of grain.

The meeting concluded with a response by the United States House Co-Chairman to the remarks of the Canadian Co-Chairman. He reflected on the real interests of the Group and how effective the Group could be. An earlier attempt to devise an early warning system had broken down in the case of recent negotiations, but it should be kept alive. It was important to have some impact *before* legislative actions rather than after it occurred. It seemed to him that in this instance, Canada had a right to be annoyed by Congress' actions. The consultative process needed to be in place for explaining each other's viewpoint on tough bilateral issues. To this end, the staffs on both sides should be encouraged to be watchful.

APPENDIX I

(Text of remarks by the Honourable Hartland de M. Molson, Co-Chairman of the Canada-United States Inter-parliamentary Group on the occasion of the 21st meeting in San Diego. May 26, 1980.)

The Canada-U.S. Inter-parliamentary Group last year celebrated its twentieth anniversary. I first attended one of these meetings in 1965. Next year, I shall be retiring as co-chairman. Perhaps it might be helpful if I looked backwards and forwards, by way of introducing a wrap-up session.

Over the years there has been a good balance between continuity and fresh blood. I note Jim McGrath, who attended his first meeting in 1960, and Dan Lang whose service began eight years later. On the U.S. side, the record for long service probably belongs to Biz Johnson, who has participated in most meetings since 1962. And Ted Stevens has been a vigorous contributor to our debates for a decade. Nor should we forget Don Munro's participation as a foreign service officer responsible for organizing the 1959 meeting in Canada which he described to us at our closing dinner last year.

But most of us are newer to the organization and I thought it might be helpful if I reflected a little on how the work and utility of our organization has evolved in two decades.

To orient myself to those earlier meetings, I have compared some of the agendas over the years. Our first big meeting was held in Montreal in 1959 and the focus was very much on current bilateral questions: oil, natural gas, uranium, lead and zinc, iron ore, aluminum, nickel, the St. Lawrence Seaway which was dedicated on the occasion, the role of the IJC, the Columbia River, the Chicago Diversion, better joint management of the Great Lakes basin, the Passamaquoddy Tidal power project, continental air defence, defence production sharing problems, U.S. troops in Canada and development of the Alaskan Highway. I think you will agree that the list is rather timeless. But within three years the orientation of the Group's discussions had swung toward international problems. The June 1961 meeting in Washington focussed on Canadian participation in the OAS, trade with Cuba and with China, the need to strengthen NATO, disarmament, aid to developing countries, and trade groupings in Europe. The only strictly bilateral issues to be addressed were some boundary water issues, tourist exemptions, U.S. investment in Canada and international trade unions.

This emphasis on international problems remained until the end of the 1960s. The consequence was a decline in interest and serious involvement. The Group's historian, Matthew Abrams, writing in 1971, expressed the view that "the influence which the Group has had on even the minor Canadian-American issues is not of a primary sort". But about the same time the Group began a process of revitalization. The agendas were changed to reflect the hard bilateral issues with which our governments were and are faced. In the middle of the decade the important decisions were taken to reduce the social program and to hold the meetings outside our respective capitals to encourage steadier attendance. I think these changes have helped to restore significance and value to our meetings.

Paralleling these changes, it has been apparent to us that there has been a shift of power from the Administration to Congress. This has been one of the dramatic developments of

the past decade, culminating in the War Powers Resolution of 1973. This trend has had its impact on Canadian-American relations. There is an increasing number of bilateral problems where the Congress holds a co-equal or even a determining power in policy formulation. Let me illustrate the resulting change of focus in our annual discussions.

The big issue at our 1970 meeting was the Administration's decision to place a quota on Canadian oil imports. In 1971, President Nixon's package of trade measures, notably the import surcharge, was the main subject on the agenda. These were both executive actions. In 1973, the principal item for discussion was the Alyeska pipeline and tankers on the west coast; and while Congress had to vote the right-of-way, the Administration was in the lead. Since the mid-1970s, however, the initiative which has defined our agenda has moved to the Congress. The Garrison Dam proposals have been a perennial source of concern for Canadians. Senator Young from North Dakota has been a moving force on this project. At our 1977 meeting—and ever since—the Convention Tax question has been an irritant and here Congress actually created the condition Canada is objecting to. This year our primary concern has been reservations and resistance in the Senate to the Boundary and Fisheries Treaty, where after negotiating in good faith with a negotiator appointed by your government, we are now being told that this was only the first phase of a two-part negotiation.

In a period when the actions of the Congress are becoming a major causal factor in the relations between our two countries we should reflect on the role of the Canada-U.S. Inter-parliamentary Group. For the past few years we have talked about introducing an early warning system to alert each side to developing problems. We have made some progress. In 1979, for instance, thanks to an awareness resulting from Group meetings, a resolution critical of the seal hunt off Canada's east coast which affects the livelihood of some of our most needy citizens, was referred to the House International Affairs Committee, where it remained, rather than being endorsed unanimously as it had been the year before.

But the kind of issues which I think we should look at are those where interests in one country or another are significantly affected. Can we not make some contribution when larger issues are at stake? I find it interesting that Senator Aiken of Vermont spoke strongly against the Chicago Water diversion bill of 1959, referring in his remarks specifically to the Canada-United States Inter-parliamentary Group. Am I correct in thinking that the traditional pattern in Congress is to support your colleagues unless you have a state or district interest which is adversely affected, or unless you believe the national interest to be prejudiced? In this instance, Senator Aiken apparently defined the U.S. national interest to include good relations with Canada. I am a little disappointed that so few Senators representing states which are directly affected by the Boundary and Fisheries Treaty and who have challenged its provision, have taken the opportunity to attend our meetings in San Diego. And, I am surprised that the Senate Foreign Relations Committee has thus far paid so little attention to the possible cost of rejection of the treaty on future relations between Canada and the United States.

The following exchange from our parliamentary Hansard illustrates the point I am making. After the third meeting of our Group in 1960, there was a brief exchange in the House of Commons on the state of bilateral relations. The then Secretary of State for External Affairs chose to comment on a recent visit he had made to Washington where he had been received on the floor of the U.S. Senate. He reported that Senator Mansfield had spoken of Canada as:

> "a nation which is most close to us... we wish for nothing more than a continuing abatement of any differences which may exist and a continuing growth of cordiality and cooperation in all spheres of relations with our great neighbour to the north".

To which Mr. Pearson, then leader of the opposition, replied:

> "May I ask the Minister a question? Is that the Senator Mansfield who is supporting the increase in base metal duties to be imposed against Canadian imports?"

I don't think I need say more. I understand that politics means survival and a defence of local interests. But I do want to leave you with a question. At a time when the Congress has by joint resolution expressed sentiments of good feeling and gratitude far exceeding Senator Mansfield's words, the Congress—or in this instance the Senate—seems reluctant to give much weight to the implications for maintenance of good bilateral relations of rejection of the Boundary and Fisheries Treaty. And the Senate will soon be faced with another treaty—a Tax Treaty—which the border broadcasters are likely to oppose. How much weight will their objections carry? And will anyone speak up for the broader U.S. national interest?

And so I ask you, should it be the responsibility of the Canada-United States Inter-Parliamentary Group to try to determine and to warn when there may be larger national interests involved in some of these controversies? And if so, is it not up to us, the members of the Group, to speak up and impress these larger interests on our colleagues—as Senator Aiken clearly felt moved to do on the Chicago water diversion the first year our organization was founded?

I confess to have spoken provocatively. That I felt free to do so is testimony to the frankness of our exchanges and the remarkable intimacy of our relationship with you. I have

spoken as I would to my own colleagues. I have told you openly, without circumlocution what is on my mind. I have discussed a problem which concerns me and other informed Canadians. I have raised it with you, because valuing the friendship of our two nations, I don't want to see it undermined. I believe our Inter-parliamentary Group can make a contribution in some of these matters. I hope you share my objectives.

THE SENATE

Wednesday, July 16, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

OFFICIAL LANGUAGES

SPECIAL JOINT COMMITTEE—COMMONS MESSAGE

The Hon. the Speaker: Honourable senators, the following message has been received from the House of Commons:

Tuesday, July 15, 1980.

Ordered,—That a message be sent to the Senate to acquaint Their Honours that the subject matter of Bill C-214, an Act to amend the Official Languages Act (supremacy of the Act) has been referred to the Special Joint Committee to consider Reports of the Commissioner of Official Languages.

Attest

C. B. Koester
The Clerk of the House of Commons

MUNICIPAL GRANTS BILL, 1980

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-4, respecting grants to municipalities, provinces and other bodies exercising functions of local government that levy real property taxes.

Bill read first time.

Hon. Sidney L. Buckwold, with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

● (1405)

UNEMPLOYMENT INSURANCE ACT, 1971

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-3, to amend the Unemployment Insurance Act, 1971.

Bill read first time.

Hon. Raymond J. Perrault, with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

CANADA ELECTIONS ACT

BILL TO AMEND—FIRST READING

Hon. Jack Austin presented Bill S-11, to amend the Canada Elections Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Senator Austin: Honourable senators, I move that this bill be placed on the Orders of the Day for second reading on Tuesday, July 29.

Senator Flynn: We are too curious to wait that long.

Motion agreed to.

THE HONOURABLE JOHN BLACK AIRD

TRIBUTES ON APPOINTMENT AS LIEUTENANT GOVERNOR OF ONTARIO

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, today, on behalf of a number of senators, I should like to pay tribute to a distinguished former colleague of ours, the Honourable John Black Aird.

By the time we return from summer recess, John Aird will have succeeded the Honourable Pauline McGibbon as Lieutenant Governor of Ontario. John Aird has had a long and distinguished career both in the public and private sectors and has made a lasting contribution to our nation.

● (1410)

He had a distinguished career with the Canadian Armed Forces, having served with the Royal Canadian Navy as a lieutenant between 1942 and 1945, following which he practised law and participated in the direction of many leading Canadian companies. He was summoned to the Senate on November 10, 1964.

John Aird devoted himself tirelessly in this place to the study of foreign affairs and defence policy. As honourable senators will recall, he served as Chairman of the Canadian NATO Parliamentary Association and also as Chairman of the Standing Senate Committee on Foreign Affairs.

He resigned from the Senate in 1974 to assume the chairmanship of the Institute for Research on Public Policy—a so-called "think tank" concerned with government policy on vital issues—which, as the Right Honourable the Prime Minister said at the time, reflected a "continuing concern that public policy in Canada be as well informed as possible." He is presently imparting some of those concerns to young Canadians as Chancellor of Wilfrid Laurier University, a post he has

held since 1977; and, as some of us know and understand, it is the only one of the many positions he now holds that he intends to keep during his coming term as Lieutenant Governor of Ontario.

This speaks well of him, for he is a man whom many know as a kind, soft-spoken family man who has always been interested in young people as the source of this country's future.

We all know that John Aird will be a fine Lieutenant Governor of the great Province of Ontario, and he will continue to serve Canada in his own hard-working fashion. In this regard, we can only wish him well.

Hon. Senators: Hear, hear.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, the Honourable John Aird is the third member or former member of this house who, in recent times, has agreed to become the lieutenant governor of a province.

We had Senator Robichaud who resigned to become Lieutenant Governor of New Brunswick a few years ago. More recently, Senator Côté—Joseph Julien Jean-Pierre, if I am not mistaken—resigned to become Lieutenant Governor because he found it boring here.

John Aird also resigned because he was not overly enthusiastic about the Senate. That was a few years ago, because I think he handed in his resignation in 1974. He could not get used to the ways and customs of the Senate and he returned to very interesting and useful activities for Canada. He has now agreed to become Lieutenant Governor of Ontario, replacing Mrs. Pauline McGibbon who filled that post with outstanding distinction. I had the opportunity to meet her on a few occasions and I think that, on behalf of Canada, we should thank her for the manner in which she discharged her duties.

I consider John Aird as a friend because I had the opportunity to work with him in the Senate and especially because along with the distinguished former Speaker of the Senate, Senator Deschatelets, the Leader of the Government in the Senate at the time, Senator John Connolly, Senator Aird, myself and our wives we made a trip in the Soviet Union in 1970. We went to Moscow, Leningrad, Kiev and Yerevan. We then became close friends. I have therefore been always interested in the activities of my friend John Aird and his wife Jane.

I am therefore pleased to pay them both our tribute and extend to them our wishes in their new career.

[*English*]

John Aird, as was said by the Leader of the Government, is a man of exceptional ability. Erudite, mild-mannered, unassuming and genial, he is well suited to the type of work that this position calls for. I am quite sure that he accepted these responsibilities out of a sense of duty.

He has tackled with total dedication each task assigned him, and I am sure that he will do likewise in this instance.

• (1415)

He will be well supported in his duties and responsibilities by his extremely charming and able spouse, Jane. To both these sterling Canadians and most amiable friends of mine I wish all the best.

Hon. Hartland de M. Molson: Honourable senators, I would like, if I may, to add a few words about John Aird.

He is not only a former colleague of mine, as well as yours, but I have had some years of very pleasant association with him outside of this chamber. The remarks that have been made by the leaders are indeed complimentary, and in thinking about what I could say I had to remind myself that on this occasion, as was the case the other day when we were talking about retirements from the Senate, we must be careful that we do not make our remarks sound like a eulogy. I think that all we want to do in this case is to convey a message of congratulations to our former colleague, and at the same time express our pride in his achievement.

John Aird does not take part in national affairs for any personal gain. His motive has always been that of a keen desire to contribute to his country and its people, which is patriotism in its finest sense. He came to the Senate in 1964 to make a contribution, and he did so in many ways, not the least of which was in the role of Chairman of the Standing Senate Committee on Foreign Affairs, where his imagination and innovation greatly extended that committee's usefulness.

When the Prime Minister invited the then Senator Aird to take the chairmanship of the Institute for Research on Public Policy he accepted it in the firm belief that he could make a greater contribution to the country in that way, even though it was necessary for him to resign from the Senate.

Once again, when offered the post of Lieutenant Governor of Ontario, his sense of duty made him accept the sacrifice of his law partnership and of all his directorships. Of course, he set this pattern many years before when he volunteered for active service in the Navy in World War II.

John is a dedicated Canadian. We want to congratulate him and thank him. We are proud that he was one of our colleagues.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Minister of Supply and Services Canada under the *Corporations and Labour Unions Returns Act* (Part II, Labour Unions) for the fiscal period ended in 1978, pursuant to section 18(1) of the said Act, chapter C-31, R.S.C., 1970.

Copies of Agreement between the Government of Canada and the Municipality of Crowsnest in the Province of Alberta, dated June 16, 1980, pursuant to section 20(3) of the *Royal Canadian Mounted Police Act*, chapter R-9, R.S.C., 1970. (*English text*).

Copies of a list of overruns on all government projects in excess of $500,000.

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. H. Carl Goldenberg, with leave of the Senate and notwithstanding rule 45(1)(*a*), moved:

That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit today at four o'clock in the afternoon, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

● (1420)

QUESTION PERIOD

[*Translation*]

THE CONSTITUTION

FEDERAL-PROVINCIAL NEGOTIATIONS—STATEMENT BY PRIME MINISTER

Hon. Jacques Flynn (Leader of the Opposition): I have a question for the Leader of the Government following a statement made yesterday by the Right Honourable Prime Minister during his more or less off-the-cuff conference, since he usually has it on Thursdays, concerning his famous letter to Quebecers.

In commenting on this letter, the Right Honourable Prime Minister is reported to have said:

> I have said nothing new. My attitude has always been the same.

Does this mean that he has not changed his mind about constitutional reform—that is, his attitude in favour of the status quo—since the tabling of the infamous Bill C-60?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, there is anything but the status quo in the attitude of the government with respect to the Constitution. May I remind the Honourable Leader of the Opposition that on May 21 last the Prime Minister said:

> As for us, our only prerequisites for change are the two which I outlined in Quebec as early as January, 1977.
>
> First, that Canada continue to be a real federation, a state whose Constitution establishes a federal Parliament with real powers applying to the country as a whole and provincial legislatures with powers just as real applying to the territory of each province. Second, that a charter of fundamental rights and freedoms be entrenched in the new Constitution and that it extend to the collective aspect of these rights, such as language rights.

[Senator Perrault.]

> I have said at the time and I say again today that we consider everything else to be negotiable.

Surely this is not a statement by a leader who advocates maintenance of the status quo. Yet, there have been those who have continued to attack the government for alleged "inflexibility." They have said that the process of constitutional revision is too rigid and too centralizing. The government rejects that view.

One can understand readily why many Canadians, including those in Parliament, quite properly, are anxious to see constitutional negotiations proceed brilliantly and successfully. Consequently, they profess to be worried about anything that appears to be remotely rigid.

The fact is that the federal government is approaching the whole process of constitutional reform with great flexibility. A number of statements have been made in that direction by others, including those by the Honourable Marc Lalonde and the Honourable Jean Chrétien.

[*Translation*]

Senator Flynn: I have a supplementary. Supposing that the statement made by the Right Honourable Prime Minister after the referendum is different from the one he made yesterday during his press conference, if we exclude the possibility of transferring to the provinces some jurisdiction over telephone communications, are there other specific areas where the Prime Minister has said that the provinces could acquire new or more specific jurisdiction?

[*English*]

Senator Perrault: Honourable senators, the entire process of negotiation involves the presentation by the provinces of their views with respect to these and other matters and the presentation by the federal government of its position in respect of certain matters.

As far as the division of certain responsibilities with the provinces is concerned, the Prime Minister, in a statement made on May 29, said:

> At the February 1979 Conference on the Constitution, I repeated what I had been saying for ten years: that I was ready to limit, for example, spending power . . . in fields which the provinces consider to fall under their jurisdiction; or take the federal declaratory power—I have always indicated we were ready to consider limiting it in some economic fields . . .
>
> This remains my attitude . . . But I would not like the provinces to think that I am prepared so far as to abdicate all federal sovereignty and jurisdiction in certain economic fields—

● (1425)

The Prime Minister has suggested the possibility of a discussion on the matters referred to by the Leader of the Opposition, and, indeed, on all matters, in an earnest endeavor to achieve agreement on the new Constitution. If the Leader of

the Opposition requires a further supplementary statement, I would be pleased to bring it to the Senate.

Senator Flynn: We will wait until tomorrow.

REGIONAL ECONOMIC EXPANSION

ATLANTIC PROVINCES—DEVELOPMENT STRATEGY

Hon. Richard A. Donahoe: Honourable senators, my question is directed to the Minister of State for Economic Development, and it is in that capacity and with those responsibilities that I assume he would be aware that the expenditures of the Department of Regional Economic Expansion have declined from 2½ per cent of total government expenditures in 1970-71 to only 1.2 per cent in 1978-79. During that period the income of Canadians in the Atlantic provinces was 34 per cent less in terms of real income in 1974, but in 1978—the last year for which I have any information—it was 35½ per cent less. So it must be clear, even to the minister, that DREE has not produced the results that were hoped for.

With that information in mind and given the ad hoc application of government economic development programs in eastern Canada during the past decade, my question is: When will the government be announcing a comprehensive Atlantic development strategy designed to address the fundamental economic problems of that region?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, it seems we will have to go through this exercise every day. Here we are again with the honourable senator saying that his question is predicated on the premise that we have an ad hoc economic development program in eastern Canada. There is a program under DREE that has been operational for a long time. I do not have time in the Question Period to give him the scope of that program, but I would be glad to bring it in here. I would not ask to print it as an appendix to *Hansard* because the program is so large and comprehensive, but perhaps it could be tabled or sent directly to his office.

He is now asking for another program on top of all that and, of course, from time to time there are going to be modifications to the economic development program, including the activities of DREE. Those announcements are not always made in one package because conditions and priorities change. If the senator would like me to start into that, I could give him a rather long indication of some of the priorities that have changed in the last few months, even without having notes in front of me. Those things ought to be accommodated in the changing priorities that are useful for that part of Canada.

Senator Donahoe: The minister may feel that is a satisfactory and adequate answer, but my question was not premised upon the question of the ad hoc policy as much as it was premised upon the decrease in the percentage of the national revenue allocated to the economic development program in eastern Canada. That decrease has been very significant, and if the minister does not like going through this exercise and thinks that it is an unnecessary exercise, he has a very easy out. All he has to do is to see to it that the things I am complaining about through the medium of this question are rectified. Then I will be happy and instead of standing up in a critical mood I will compliment him on the good results he has achieved with a policy that he says is so broad and comprehensive he could not give it to us here this afternoon.

In the absence of any assurances this afternoon from the minister that his government is concerned enough about economic programs in Atlantic Canada that it will do something to relieve that region's dependence on handouts, will he at least assure us that the DREE budget, which fell 22.4 per cent during the seventies as compared to a 60.6 per cent increase in the expenditures of all other departments, will be upwardly adjusted so as to demonstrate the government's true concern for Atlantic Canada?

• (1430)

Before the minister takes his feet, I should like to say that if he is going to tell me that this is not a question he should be asked, and if he says that the responsibility for an upward increase of the DREE budget is the responsibility of another minister, could we have his assurance that he personally will support the suggestion that the increase be given, and that he will use his influence with the appropriate minister to see that this kind of remedial assistance is given to the Atlantic provinces?

Senator Olson: Honourable senators, without agreeing with the preamble, and just setting that aside for the moment, I can tell the honourable senator something he already knows.

Senator Flynn: You never do.

Senator Olson: These preambles usually destroy the premise on which questions are based, so I will forget about it for the moment and tell Senator Donahoe, quite frankly and honestly, that the minister responsible for the Department of Regional Economic Expansion brings in his budget from time to time, and it will be modified by cabinet from time to time. I shall support whatever position the government takes.

Senator Flynn: Blindly.

Senator Donahoe: The minister is so good at finding red herrings that he should be based on the Atlantic coast instead of in the west.

Senator Olson: Honourable senators, I know what game is being played here, and it is all great fun, but Senator Donahoe knows very well that one does not single out a particular minister and try to get him to commit himself to what he is going to do in a certain area when that area is the responsibility of another minister. That trick has been played as long as I have been around here. The next thing he will say is: "Why didn't you resign if you didn't get what you were promised?"

Some Hon. Senators: Hear, hear.

Senator Olson: As I understand it, the honourable gentleman has spent some time in a cabinet, so he knows that he is not going to get away with that kind of thing. It is an affront

to my intelligence to think that I cannot see through that kind of trickery.

INDUSTRY

EXTENSION OF SUBSIDIES TO SHIPBUILDING

Hon. Jack Marshall: Honourable senators, I have a question to put to the Minister of State for Economic Development. Yesterday the minister asked me to do some more homework on the allegations I was making, and I am pleased to say that I have done so. I worked long into the night to do so.

First of all I should like to ask him a question relating to the proposed meeting that was promised with the Canadian shipbuilding industry. I understand that both governments proposed a meeting in March or April of this year, and these talks were abruptly postponed when the new government took over.

Can the minister now tell us if there has been any change in the government's thinking because of the layoffs that will occur in September and October of this year, which will affect a couple of thousand workers? Has he a progress report that he can give us at this time, and can he tell us if the situation is going to be treated urgently?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I gave Senator Marshall a brief answer when he originally asked this question. I then asked him to come back to specifically identify what he was talking about. I looked into the matter and, as usual, I found that the answer I gave him was a good one.

Some Hon. Senators: Hear, hear.

Senator Marshall: If I can take just a moment to list some of the firms that will lay off people, they are: Allied (Vancouver), 125 to 175; Belair (North Vancouver), 100 to 150; Fergusson Industries (Nova Scotia), 300 to 350; and, back to Vancouver, 700 people. Rivtose Trades (west coast) will run out of work in September, 1980. They employ 300 to 350 people.

• (1435)

These statistics will help to emphasize the seriousness of the situation. In view of the fact that it was stated in the committee proceedings by the Parliamentary Secretary to the Minister of Industry, Trade and Commerce that a new policy might be forthcoming in the fall, could the minister confirm whether it is this fall and before October, when all of these people are likely to be laid off?

Senator Olson: If we are going to get into the details of discussing particular shipyards, that is one thing; but to make sure that my honourable friend is on the right track, I wonder if he would like to go back and check some of his figures. Because there is some interest on the part of other honourable senators, I will take just one example.

The honourable senator has said that there will be 300 layoffs by Fergusson Industries by the fall of 1980. My advice is that there are about 300 people working at that shipyard and that the last delivery they have now under their contracts is for May, 1982. Given that fact, they of course will need some new contracts by late next year. So if that is the kind of information your sources have given you, I suggest it needs some checking.

Senator Smith: Perhaps it is your information that is wrong.

Senator Marshall: Can you pick any faults in the others I listed?

Senator Olson: Yes, I could, but I would rather not do so on a negotiating basis here. I have all of the figures here, and while I do not guarantee that they are right, they are so different from yours that I think we ought to check it out and see which are right. It may be something in between.

Senator Marshall: A short supplementary. Would the minister confirm that this item might be coming before cabinet tomorrow?

Senator Olson: No minister will tell any member what is on the cabinet agenda.

OFFICIAL LANGUAGES

REPORT OF COMMISSIONER—AGREEMENT BETWEEN GOVERNMENT OF CANADA AND FÉDÉRATION DES FRANCOPHONES HORS QUÉBEC

Hon. Lowell Murray: Honourable senators, on May 1, 13 and 15, I put some questions to the Leader of the Government concerning negotiations going on between the government and the Fédération des Francophones Hors Québec. I rise now for the purpose of telling the government leader that I am still awaiting an answer to my question and, in particular, to have an explanation as to why the agreement with the Fédération des Francophones Hors Québec signed by the Secretary of State of the previous government is inappropriate, and what mechanism the government has in mind to put in its place.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I regret very much that I as yet have not been able to obtain the information requested by the honourable senator. A further inquiry will go forward today seeking that information.

GRAIN

POLICY RE SALES TO THE U.S.S.R.

Hon. Sidney L. Buckwold: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board. I have been a rather persistent questioner of the minister in respect of Canadian government policy involving grain exports to the Soviet Union and the partial embargo which has been placed on such exports as a result of the action of the U.S.S.R. in Afghanistan.

My question for the minister today is: In view of the fact that the new crop year begins August 1, is the Government of Canada considering any changes in policy insofar as this embargo is concerned?

May I say that I hope that will be the case, because I firmly believe that western farmers have paid a heavy price as a result of that embargo.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I am now in a position to make a statement in that regard.

Due to the seasonal features which distinguish the Canadian grain marketing program from those of other exporters, the nature of our traditional trading relationships with the U.S.S.R. and uncertainties concerning the outcome of the Canadian crop, no specific level will be established for Canadian shipments to the U.S.S.R. in the 1980-81 crop year.

It remains Canadian government policy to support the policy of restricting grain exports to the U.S.S.R. Therefore, shipments will be maintained along normal and traditional lines in order to avoid the replacement of embargoed U.S.A. grain with Canadian. The actual level will depend on a number of factors, including the size of the current crop. Export controls are being maintained, and the levels of our trade originating in eastern Canada and in western Canada are being carefully monitored.

Canada's relationship insofar as exports of grain to the U.S.S.R. has been a particular one. We have not had, as have the Americans, formal treaties providing for the shipments of wheat or other grains to the U.S.S.R., and it is interesting that in this day of a partial American embargo, the American government continues to honour the treaty it had for the shipment of some 8 million tonnes of wheat per year to the U.S.S.R.

● (1440)

We feel that the policy of the Canadian government and the policy of the Canadian Wheat Board is that while we do not have with the Soviet Union a formal treaty providing for the sale of certain quantities of grain to that country, nevertheless our particular position with respect to that market, and the position that has been developed and maintained now over many years, is that when the Soviet Union requires additional grain imports it comes to Canada first. We have the first opportunity to supply that market. And so we feel that in the coming year there should not be and there will not be a specific level established for our exports to the Soviet Union. Canada will follow a policy of making available to the Soviet Union levels of grain exports to that nation at our normal and traditional quantities as they have been developed over many years.

I feel with Senator Buckwold that the policy adopted by the former Conservative administration—and I know that hindsight is always easy—was not in fact in the best economic interest of Canada, and so I welcome what I believe to be a reasonable policy, a policy that is in the interest of Canada and in the interest of the grain producers of Canada, and at the same time makes certain that we co-operate with the United States in their partial embargo to ensure that we are not replacing the quantities of grain the United States has withdrawn from that market.

AIRLINES

REQUEST BY EMPLOYEES OF NORDAIR TO PURCHASE SHARES OF COMPANY

Hon. G. I. Smith: Honourable senators, I would like to direct a question to the Minister of State for Economic Development. Has the government received from a group representing the employees of Nordair a request that those employees be permitted to bid for the purchase of the shares of that corporation owned by Air Canada on the same conditions as have been laid down for the bid of Quebec Air for the same shares?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would have to check to make sure whether some formal application has been made along the lines described by Senator Smith. I can say, however, that I have had a member of the group come to me to explain what they had in mind. But whether a formal application has been made or not, I cannot say. I can certainly ask the Minister of Transport if such a formal request has been made.

Senator Smith: I thank the honourable minister, and certainly would be grateful if he would make the inquiry as promised. I would also ask him to ascertain, if such a request has been made, whether or not there has been a response to it.

Senator Olson: I shall take that as notice too.

REGIONAL ECONOMIC EXPANSION

ATLANTIC PROVINCES—DEVELOPMENT STRATEGY

Hon. Robert Muir: Honourable senators, I would like to pose a question to the genial and Honourable Minister of State for Economic Development, and it is supplementary to the question posed by Senator Donahoe.

First of all, he made a comment to the effect, "If Senator Donahoe had served in cabinet—". Well, he should be brought up to date. If he had served as many years in a cabinet as Senator Donahoe, he would know a little more whereof he speaks. Secondly, he mentioned that this is a game—some sort of a game we are playing, to paraphrase it—and I would reply that we in the Atlantic provinces are not playing any sort of a game. We are interested in the development of the Atlantic provinces. It is not a game. We are asking cogent questions as to what might occur, and we are asking the honourable senator to use his considerable and strong influence in the cabinet to assist us in the Atlantic provinces. Now may I ask him if he is just a messenger boy for the Honourable Pierre De Bané, the minister responsible, or will he assert his extremely strong influence in the cabinet to assist the Atlantic provinces with regard to DREE and other matters? I realize it is difficult for him, coming as he does from a fat cat province like Alberta, to understand the difficult problems we are having in the Atlantic provinces. I am just asking him if he would use his strong influence in cabinet to put forth the views of our problems in the Atlantic provinces.

Hon. H. A. Olson (Minister of State for Economic Development): I want to thank the honourable senator for his use of

such complimentary words as "genial" and "strong" and I hope that the days ahead will prove him right. I would like to correct him on one or two points. First of all, I did not intimate in any way, shape or form that Senator Donahoe was not well informed and that he had not been in a cabinet for a long time. In fact it was the other way around; I suggested that he had been in a cabinet long enough to know that no minister could answer the question he asked. I am sure he understood that point, because I could tell by the smile on his face that he did not think he was going to get away with it when he asked the question.

Honourable senators, there is a further point I want to make and that deals with the reference to some fat cats in Alberta who have no understanding of economic difficulties in any other parts of the country. I should tell my honourable friend that in some communities in Alberta we have 25 per cent unemployment right now. If my honourable friend believes that all people in Alberta are wealthy beyond their dreams and that therefore they have no comprehension of what it is to be unemployed for long periods of time, then I am sorry to say that there are people in other parts of Canada who have a great deal to learn. Furthermore, if the implication was that I have no comprehension or understanding, while I don't want to complain here, I do have some memories, living as I do in what is Canada's desert. If Canada has a desert, I live in it. It is the northern tip of the Great North American Desert in southern Alberta. The people in that area have experienced economic difficulties that are as severe as those experienced by anyone anywhere in Canada. So I would not like to hear that argument used as some kind of admonition that we have no appreciation of other people's problems just because we happen to live in Alberta.

I have to tell him in conclusion that the minister running the Department of Regional Economic Expansion is going to continue to be the minister in charge of that department. In case my honourable friend is not aware of how cabinet works and how programs are approved, first of all on policy and then on expenditure, following determination of policy, the minister of that department and of every other department will bring his proposals to the Economic Development Committee of cabinet, where all ministers are equal, and it will be considered along those lines. That is the way it is.

• (1450)

Senator Muir: May I ask a supplementary question? I appreciate the comments made by the honourable minister, and I am sure he knows hardship as well as many of us in this chamber do, but will he assure the house—and I am not asking this facetiously—that he will use his considerable strength in the cabinet to assist a very sincere minister, the Honourable Pierre De Bané, whom I know personally, in regard to DREE and other matters affecting the Atlantic provinces?

I am not casting any reflection on the honourable gentleman—I am sure he must have had his difficulties, as many of us have had—but will he continue to press within the cabinet, along with his colleagues sitting on either side of him, to do what he can to assist the Atlantic provinces?

[Senator Olson.]

Senator Olson: The concern of the government of which I am a part to help those who need help most has always been on a much higher level than the concern of any other government that has been in office in Canada. That has been stated over and over again, and it was part of the most recent election campaign, and the level of support we received from a wide range of people from across this country indicates that they believe that that is the policy of this government.

Hon. Richard A. Donahoe: On a point of privilege, honourable senators; in his recent remarks the honourable minister who has just taken his seat saw fit to allude to an expression which he discerned on my face. He chose to give an explanation as to what he thought was the cause of that expression, and he said that I smiled because of my long experience in cabinet and that I knew from it that I was not to expect an answer from him to my question.

I want to assure him that there was a smile on my face, but it did not stem from that reason. It stemmed from my more recent experience in this chamber during Question Period, having come to realize that we can never expect an answer from the honourable minister.

Senator Asselin: Touché!

FOREIGN AFFAIRS

SECURITY OF CANADIAN DIPLOMATS ABROAD

Hon. Peter Bosa: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate concerning an article that appeared in the Toronto *Sunday Star*, in which it is reported that during the past 18 months there have been 41 attacks on diplomats and break-ins at 12 foreign posts.

What is the Department of External Affairs doing to combat possible criminal or terrorist activities against our diplomats?

Senator Asselin: Nothing!

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I believe the newspaper report may overemphasize the problem which in fact exists with respect to these posts abroad. But it can be said that the department and the government are concerned about the rising incidence of terrorism and violence and criminal attacks around the world.

Fortunately, there have been no terrorist attacks on Canadian missions in recent years. We do not think the frequency of criminal incidents is higher than average for the cities concerned, but I assure honourable senators that the government is not complacent about the status of the situation.

Senator Bosa and others may be interested to know that we began a program of additional security measures over three years ago. To date those additional measures to provide security for Canadian diplomats have cost over $5 million.

Canadian foreign service personnel enjoy a high level of security protection, in our offices and also in residences as

required. Additional security measures are continually under consideration.

THE ECONOMY

NATIONAL ANTI-POVERTY ORGANIZATION

Hon. Robert Muir: Honourable senators, I should like to pose a question to the Leader of the Government in the Senate, and I am sure that the Minister of State for Economic Development will agree that the question is to the point.

I noticed in today's issue of the Ottawa *Journal* that federal officials and the National Anti-Poverty Organization are meeting today in a desperate bid to save Canada's largest lobby group for the poor from collapse under a massive debt.

May I ask the honourable gentleman if the government will assure the National Anti-Poverty Organization that it will receive the second phase of its federal grant for 1980, which was due on July 2?

Incidentally, compared with the Minister of State for Economic Development, I do have some slight knowledge of what I am speaking about, having been forced to go into the coal mines at the age of 14 under a Liberal government.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators know, of course—and I realize Honourable Senator Muir is aware of the fact—that Liberal governments have always had a great concern for the less advantaged in society.

A meeting is being held today with that group. It may be possible to provide information on the outcome of that meeting later today. I know the Honourable Senator Muir joins with us on this side in the hope that some useful settlement can be achieved, but information will be provided as soon as it is available.

NOVA SCOTIA

TRANSFER OF FEDERAL GOVERNMENT SERVICES TO SYDNEY

Hon. Raymond J. Perrault (Leader of the Government): I should like to take this opportunity to answer a question Senator Muir posed on May 7 concerning the decentralization of government services to Sydney, Nova Scotia.

Those of us on this side, together with the Minister of Finance, are most sympathetic to the representations made by the honourable senator concerning the movement of government jobs to Sydney which was cancelled by the previous government. The previous government cancelled the movement of those jobs.

Senator Muir: You are right!

Senator Perrault: And I suggest that that was very unfortunate. I am pleased to inform him that the policy is now actively under review by the President of the Treasury Board and it will be discussed soon by cabinet. I will be pleased to inform him of any future announcements as soon as that information is made available to me. There are certain reasons for optimism.

LABOUR

RESTRICTIVE PROVINCIAL EMPLOYMENT LEGISLATION

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on June 25 the Honourable Senator Muir asked a question concerning the extent of restrictive labour legislation in Canada. A cursory search has been conducted of the legislation relative to the oil and gas industries of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick and Prince Edward Island. It has been necessary to restrict the research to these employment sectors for two reasons. The first is that the Newfoundland and Nova Scotia legislation primarily deals with petroleum, natural gas and other like natural resources. The second is that, given the time constraint and the available manpower, it would not have been possible to review comprehensively all of the legislation of the aforementioned provinces, and determine the legislative restrictions placed upon the hiring practices of each employment sector affected by such legislation.

As such, the method of research that has been employed is to canvass briefly only those pieces of legislation that pertain to the oil and gas industries of each of the said provinces and to examine cursorily each piece of such legislation and any regulations that are pertinent to it. No examination has been made of any bills presently being tabled by each of the aforementioned provinces.

Accordingly, based upon the research undertaken in order to answer Senator Muir's question, the Province of Quebec appears to be the only province that has enacted legislation similar to that of Newfoundland and Nova Scotia.

In that regard I should like to refer to the regulation authorizing the Minister of Natural Resources to issue exploration permits to explore for mineral substances in New Quebec, which was Order in Council No. 1497, and which was made pursuant to section 270 of the Mining Act, Statutes of Quebec.

Senator Flynn: What is the date of that?

Senator Perrault: It is S.Q. 1965, Chapter 34.

Senator Flynn: Thank you.

Senator Perrault: The relevant section to consider is section 10. The Quebec regulation differs from that of Newfoundland and Nova Scotia in that it only deals with preferential treatment of local labour and does not extend to the supply of local goods and services, as does the legislation of Newfoundland and Nova Scotia.

I realize that this reply is rather long, honourable senators, but since it is such an important reply I thought the information should be placed on the record.

In addition to the information I have given so far, I should point out that telephone calls have been placed with the applicable governmental departments of each of the said provinces in order to determine whether any restrictive employment legislation pertaining to the oil and gas industries has been enacted or contemplated or tabled before each pertinent provincial legislature. Negative responses have been received from all of them with the exception of Quebec.

Those verbal responses to the inquiries undertaken on Senator Muir's behalf appear to confirm the research of the matter.

I wish to emphasize that the information I have placed before you is not the result of a comprehensive research into the matter of provincial restrictive employment legislation. To do comprehensive research one would have to canvass all of the enacted and tabled legislation of each province, categorize each piece of such legislation according to the employment sector which it affects, and then conduct an in-depth review of each such legislation, to determine the legislative restrictions placed upon the hiring practices of the employment sector affected by such legislation.

● (1500)

That is the research which the department has been able to do since June 25.

Hon. Robert Muir: Honourable senators, I have a supplementary. May I express my sincere thanks to the Leader of the Government for his reply regarding decentralization. It is a matter which has occupied the attention of the present Minister of Finance, Senator Graham and myself for a number of years. I hope that within a few weeks we will have an official announcement that this is going forward.

With regard to the Leader of the Government's reply to the questions that I posed previously, I do not think they were limited to gas and oil exploration. Is it not correct that in the construction industry the residents of Ontario are not allowed to work in the province of Quebec, but residents of Quebec are allowed to work in the province of Ontario on construction. I realize that it is a rather touchy problem, but can he comment on the situation?

Senator Perrault: Honourable senators, I believe that that question should be taken as notice. I am aware of certain reports in that direction, but I would like to obtain up-to-date definitive information for the honourable senator.

ENERGY

LIQUEFIED NATURAL GAS CONVERSION SITES IN EASTERN CANADA

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to reply to two questions asked by Senator Phillips on June 26 relating to the sale of liquefied natural gas from Canada's north into markets on the Atlantic seaboard. Senator Phillips asked why the Saint John site is no longer under consideration as a terminal for LNG tanker shipments from the Arctic Islands.

[Senator Perrault.]

I am pleased to respond by saying that the Saint John site is still very much under consideration, as is also Canso Strait and sites in Quebec. No decision has been taken up to this time.

Further to Senator Phillips' interest in this matter as to whether Petro-Canada plans to have the necessary liquefied natural gas tankers constructed in Canada, this matter is still under review by the sponsors of the Arctic pilot project.

In response to a question by the Honourable Ernest C. Manning, as to market arrangements for Arctic Islands gas, I would make the following comment. Senator Manning, in particular, was interested in knowing whether the gas would be used primarily for export and, if so, whether this might be arranged through offsets of western gas for delivery in American markets while the Arctic LNG was used in eastern Canada.

Honourable senators, I would first like to say that the Arctic pilot project is not tied to the concepts of prebuilding in relation to the Alaska highway gas pipeline. However, it is proposed to export the Arctic LNG by displacement. By this I mean that the Arctic gas would be delivered to eastern Canada and Alberta gas would be exported to U.S. customers.

At this point in time, no decision has been made on what facilities would be used to export the Alberta gas. If prebuild proceeds, those facilities could be used, as could pipeline facilities already in existence.

INDUSTRY

EXTENSION OF SUBSIDIES TO SHIPBUILDING—ATLANTIC PROVINCES

Hon. G. I. Smith: Honourable senators, I have a question for the Minister of State for Economic Development. With reference to the question I asked him yesterday—which he reasonably took as notice—about employment in shipyards in the Atlantic area, will he be able to furnish an answer in the next day or two?

Hon. H. A. Olson (Minister of State for Economic Development): Yes, honourable senators, hopefully by Friday, which many are hoping will be the last day of sitting before the summer recess. I will not make any predictions, but I have heard the hope expressed in one or two places that we will try to put together some kind of compilation of those facts as best we can obtain them.

I can tell the honourable senator that we have quite a large amount of background data. We need to check the information with certain people, but they have not been available since the question was asked.

HUMAN RIGHTS

STATUS OF NATIVE WOMEN

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer regarding the status of women, a question asked by Senator Bielish on July 10.

Senator Bielish asked:

> —would the Leader of the Government bring to the Senate a progress report on discussions which the government is having with native people to arrive at a new policy on the question of human rights for native women?

In reply, the minister and his senior officials have met with Indian representatives on a number of occasions during the past year to discuss this problem. These have included meetings with Indian Rights for Indian Women, the B.C. Native Women's Society, the Indian Homemakers of B.C., as well as with Indian associations from Alberta, British Columbia, Nova Scotia, and the National Indian Brotherhood. Position papers for some of these organizations have been received and reviewed, and have influenced the development of corresponding papers and options within the department.

The Minister of Indian Affairs and Northern Development, the Honourable John C. Munro, is conducting a series of meetings this summer with Indian chiefs and associations across the country. It is hoped that as a result of these meetings, the minister will be able to present to the House of Commons in the fall a proposed bill which will enable Indian governments to take over the administration of affairs within their own communities, in ways and within a time frame of their own choosing. Included within this legislation could be provisions which would deal effectively with the question raised by the honourable senator.

However, as the Prime Minister pointed out on July 7, 1980, in the other place, the government wishes to avoid imposing solutions to this problem which would ride roughshod over Indian traditions. If no large degree of agreement can be reached with Indian leaders on this question within a reasonable time frame, the government would not exclude taking action to bring in satisfactory recommendations.

REQUEST FOR ANSWERS

Hon. Martial Asselin: May I ask the Leader of the Government whether we can expect to receive answers to the questions asked two weeks ago and also yesterday before we commence the summer recess?

Hon. Raymond J. Perrault (Leader of the Government): With respect to the proposed date for the recess?

Senator Asselin: No. Can we expect to receive answers to questions that have been asked within the past two weeks?

Senator Perrault: Every effort is being made to provide as many replies as possible before the summer recess. The research people have been working diligently in an endeavour to gather all of the information. The honourable senator will be aware that some of the questions are very complicated, but it is hoped that a good deal of information can be provided before the end of the week.

Senator Asselin: That is because we have a good opposition team.

Senator Perrault: That is right. There is nothing wrong with that.

NATIONAL FINANCE

NOTICE OF COMMITTEE MEETING

Hon. Douglas D. Everett: Honourable senators, I should like to bring to the attention of honourable senators an interesting meeting of the National Finance Committee tomorrow. The witnesses will be Mr. S. R. Blair, who is the President and Chief Executive Officer of Alberta Gas Trunk Line Company, and Mr. C. William Daniel, who is the President and Chief Executive Officer of Shell Canada.

BRETTON WOODS AGREEMENTS ACT

BILL TO AMEND—THIRD READING

Hon. Louis de G. Giguère moved the third reading of Bill C-5, to amend the Bretton Woods Agreements Act.

Motion agreed to and bill read third time and passed.

BORROWING AUTHORITY BILL, 1980-81

SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Langlois for second reading of Bill C-30, to provide supplementary borrowing authority for the fiscal year 1980-81.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am grateful for the good will of some honourable senators who are willing to listen to a few disjointed remarks on Bill C-30 on such a humid afternoon at the tail end of this part of the session. One would think that with a bill as short as this, the speech could follow suit. I make no promises in that respect, because while it consists of one page alone, and ostensibly all it does, if that is not enough, is to authorize the government to borrow $12 billion, it does encompass and include some important issues of public finance.

• (1510)

This request underlines what I think is one of the basic principles of the parliamentary system; that is, that when the executive asks Parliament for money, as it does in this bill, it is duty bound, I submit, to justify its request on the basis of the financial policies on which the bill rests. Parliament, also, is duty bound to scrutinize with care the explanations that it receives.

In light of that position honourable senators will understand how much I support the complaint made last night by my colleague Senator Doody with respect to the fact that we are being asked to debate this bill in the absence of a budget. With his typical perspicacity Senator Doody went to the heart of the matter with respect to the debate on this bill, namely, that it is exceedingly difficult to discuss this borrowing proposal in

rational and cogent terms without being able to relate it to the budget of the country. We have, of course, been denied a budget.

Even if a budget is denied, it is difficult to discuss the bill unless, in presenting it, the government gives Parliament and the people some idea of the financial policies which gave rise to it, and upon which it is based. Yet the debates in the other place show that the government gave scant recognition, if any, to what I think is an obligation to justify the policy which gives rise to the bill.

Obviously, when it was discussed in the other place, there was an opportunity for the government to take Parliament and the public into its confidence, and to explain the real impact of the debt policy embodied in this bill and relate it to the welfare of Canadians. In my opinion, unfortunately, the Minister of Finance saw fit to dispose of this bill, on its introduction, in 68 lines of *Hansard*, which amounts to scarcely 600 words. I must say, in reference to the sponsor of the bill in the Senate, Senator Langlois, that he treated us to a little better discourse in his presentation than was offered in the other house. There was further explanation of a technical nature offered later, both in the Commons and in the committee, but no analysis was offered of, and no real justification was provided for, the economic policy that lies behind this bill.

That is a pity, because when we have a situation in which, after six months of a new government, we still have no budget; when there has been no serious discussion, that I am aware of at all, of the government's fiscal or economic policies, either in this house or the other, Bill C-30 provided a window through which a beam of light might have been allowed to fall upon the murky interior of the government's fiscal and economic intentions. I think that is a pity, because the country has a right to expect that the government would use this opportunity to provide some of the information which has been withheld since they refuse to present a budget. They could have cleared away some of the uncertainty and hesitation that surround federal economic policy these days, and give a clear signal to the public as to what their policy is intended to be with respect to inflation *versus* unemployment, or with respect to taxes *versus* a deficit, or with respect to the fight against inflation and a public debt policy, all of which, I suggest, are encompassed in the matter contained in this bill.

I think at the very minimum they might have given us their views on the size of the borrowing, because after all, $12 billion, as far as I am aware, is the largest sum that any government in Canada has ever sought to borrow in one bill. Indeed, the size of the borrowing clearly reflects the size of the deficit, and when you come to think of it they are probably two sides of the one coin. Borrowing the $12 billion arises from a deficit of $14 billion—sums that are perhaps almost too huge to be grasped by ordinary folk like me.

The economy closest to ours is, of course, the American one; and to equal ours in proportional terms the United States deficit would have to be $140 billion, and to equal what is proposed in this bill, the borrowing authority of the American administration would have to be $120 billion. I think no one would disagree that if the United States deficit, or the United States borrowing requirement, ever approached these sums the economy of the world would be shaken.

I suggest that it is safe to say that Bill C-30 indicates an enormous deficit for a country of the size of ours, and an enormous demand on the Canadian sources of credit. In all probability it will have a significant effect on inflation in this country.

We have, however, to approach the basic question about the deficit and the size of the deficit. Does it really matter? I, for one, would like to know what the government thinks about it. I know what the Governor of the Bank of Canada thinks about it. I think it is fair to say that he thinks the deficit does matter. He was before the Standing Senate Committee on National Finance, and in a typically restrained and careful manner gave to me a clear warning. He first indicated the nature of the long term and disastrous inflationary trend that we are struggling with in this country, and in respect of that said:

> The role of the federal government is clearly of crucial importance.

He followed that up in the course of the discussion with the statement:

> I believe the people do associate large deficits with inflation. When they see deficits increasing more and more, that tends to feed inflationary expectations.

Of course, we know that is true. In fact, the Consumers Association of Canada the other day, in a survey of their own, identified the fact that 60 per cent of Canadians blamed the deficit for inflation. I would like to add in this connection that government borrowings are the flip side of the government deficits.

I suggest that to some of us, at any rate, the Governor of the Bank of Canada is the only federal authority in sight who is actually proposing and making economic policy in this country today. If I understood him correctly, he expressed the wish that the government also would give a clear signal to the public of this country in the areas for which it is responsible, with respect to its views, and to the future conduct of economic and financial affairs. He called for a signal that the government would no longer feed inflation with increasing deficits and higher borrowings. In connection with this deficit he said, "Let us keep it from increasing, if we can, at a minimum." What does the government think of Governor Bouey's analysis of this situation? The deficit is still increasing, our borrowing requirements still rise, and they will continue to rise.

Before the Senate committee the Deputy Minister of Finance, Mr. Ian Stewart, seemed to think that the current deficit was not contributing to inflation. Is that the government's view today?

Senator Benidickson: Which committee?

Senator Roblin: The National Finance Committee, senator.

In a press conference on April 24, the Prime Minister had some words to say—and this is relevant to the line I am pursuing—which, in my opinion, clearly downgraded deficits

as a national problem. I would like to read his words to the chamber.

[*Translation*]

> We have no hang-ups about the deficit, like the Tories or the Clark government, though we feel that in the long run we must attempt to reduce it. But I have already stated emphatically, and I say it again today, that we will not reduce the deficit by creating more unemployment and hardship for the Canadian people. Creating jobs is more important than, once again, being obsessed by the level of the deficit.

● (1520)

[*English*]

This means to me that, for him, the problem of unemployment comes before the problems of the deficit and inflation.

Deficits and government borrowings are not unrelieved evils—at least, in my opinion, they are not. There certainly may be times when governments should run deficits and when they should borrow money. Those are times of recession; those are times of rising unemployment; those are times of a faltering economy; and those are times like today. The point I put to the Senate is: In 1980, how much leeway do we have? How much room do we have for a bigger deficit and higher borrowings to help the unemployed as the Prime Minister seems to indicate he wants to do?

If in more prosperous times the government had been prudent and run a surplus now and then, and reduced the deficit a little, the government would have leeway and reserves of financial power to help the unemployed and to deal with the recession. However, in my opinion, the government did not do that. It squandered its opportunities in the good times and, as a result today I submit that there is precious little fiscal economic elbow room available to the federal government of this country to do its duty to the unemployed and towards the stimulation of the economy which we would like to see today.

It has no one to blame but itself for boxing itself into this corner. Our deficits have climbed steadily to reach today's record. This did not happen overnight. Our borrowings have climbed steadily to reach the records that are enshrined in this bill.

While this was going on in the past few years, my impression is that the government was telling the people that they could have free lunch today, but it avoided telling them that they would have to pay for it tomorrow. Instead of being able to help unemployment and reinforce the economy, the government has, in my opinion, to a large extent, disarmed itself. It has disarmed itself and rendered itself almost helpless because past policies have lacked the prudence and foresight that we should all expect our government to observe.

The size of the deficit in 1980 has seriously impaired the ability of the federal administration to deal with the pressing economic policies of this country.

How will the government make good on the Prime Minister's statement on April 24 last which I read—"People before deficits"? Does the government intend to run a bigger deficit? That is something I would like to know before I vote for this bill. Will there be a bigger borrowing bill next time? I strongly suggest that if nothing is done, that might well happen. Are there going to be higher taxes in this country in order to support the policy of people before the deficit or in order to support the policy of running the deficit at the rate that it is at now?

I would suggest that before we grant the powers asked for in Bill C-30, Parliament and, what is more important, the people of the country ought to have more information. We are entitled to have something more than these hand-to-mouth economic and financial policies which have been the hallmark of this administration since the present government resumed office.

I say again that, when the executive comes to Parliament with a request for money, it is one of the oldest and most elementary rules of our system that it justifies its monetary policy. The questions which I pose, and which I heard posed last night by my colleague, Senator Doody, deserve to be answered. The public has a right to know, and the government has a duty to explain.

Consider the circumstances. To service the current debt interest, excluding repayments, will cost 22½ cents out of every dollar raised by federal taxes. In the committee, the Minister of Finance stated that this proportion of 22½ cents in the dollar did not alarm him. I think he is a pretty imperturbable fellow because there are some people in this country who will be decidedly alarmed by this situation.

How much higher than 22½ cents on the tax dollar can this interest burden go? My colleague, Senator Doody, fancifully suggested last night that it could go as high as 100 per cent. Fanciful or not, 22½ cents on the tax dollar collected is not fanciful; it is alarming. Yet we have no indication whatsoever that this represents the top of the graph; it will continue to climb.

Why do we require this $12 billion? What will it pay for? I do not know, but I can give a pretty good guess that a large portion of it, $3½-$4 billion, is going to be required to pay the oil subsidy that is in vogue in this country today, and that is a very current expense. To pay the oil subsidy, $3½-$4 billion of this borrowing that is before us will be required. At an interest rate of 11 per cent—and that is pretty good if you are able to get it on Monday or whenever the new borrowing bills are passed—we are going to spend $350 million to $400 million on interest.

Next year, when that interest comes due, where will we get the money from? I can suggest the answer based on the precedent of the last few years, namely, "We are going to borrow it. We are going to raise the principal this year; we are going to borrow for the interest next year." The pyramiding will go on. One asks oneself: Where is the end of this kind of situation in respect to our public debt? We will keep on borrowing next year the very money that we need to pay the

interest on the money we borrow this year, and for current expenses of the government at that.

Between 1975 and 1979 the figures I have seen indicate that the government has borrowed $30 billion for current expenditures—not for public investment but for current expenses like the oil subsidy to which I have referred. We are going to borrow the money to pay the interest on that sum. That is why we will be paying 22½ cents out of each dollar collected in order to support the interest on the public debt.

I ask the house to consider what the pressure is going to be on the money markets with this kind of borrowing requirement hanging over the financial system of our country, not this year alone, but on the basis of the present information, next year and, indeed, beyond that. We will be borrowing $1 billion a month, and that pressure is bound to have some effect on the rate of interest. It will inevitably be higher than it would be otherwise.

Not only will the government be paying a higher rate of interest, but so will everyone else who wants to borrow in the public market. Perhaps the private sector will be crowded out. Some say that it is not crowded out today. We had testimony in the Standing Senate Committee on National Finance from Mr. Stewart that the public sector was not crowding out the private sector today. I say to members of this house, if that is not the case now, it assuredly will be the case because next year we will be borrowing even more than we are today. Next year, if this economy of ours is to make a recovery, the private sector will want to borrow money too, and I think the danger of crowding that out of the money market can by no means be dismissed as easily or as lightly as it seems to me it has been dismissed by those who think about the matter at the present time.

There is a very famous series of sketches by a man called Hogarth. He drew these pictures in the latter half of the eighteenth century to indicate what happens to a man, profligate and irresponsible, let loose in the city of London to do what he likes. He called that series of pictures *A Rake's Progress*. Can anyone think of a better description of the progression that we have seen in connection with the financial management of our Canadian affairs in these last few years than that title of Hogarth's—a rake's progress if ever there was one?

Unfortunately, Bill C-30 does not represent some isolated economic necessity for which we are asked to dig down into our pockets. It is the climax of years of constantly increasing deficits and borrowing and thus, in my opinion, our federal financial powers are being constrained to the extent that today we do not have the elbow room in the federal public fiscal sector to reinforce an ailing economy in the way we would like to do or to help the unemployed in this country who need our help.

A wise policy can contemplate deficits and borrowings to help the unemployed during a recession if you have the financial capacity to do so. In conjunction with this, we all know that what we need in this country is not only a wise public debt policy, but lower taxation, more room in the capital market for the private sector, and a general stimulus of the economy which, I believe, is beyond the power of the government to provide at the present time in view of the way they have clipped their own wings in the sphere of financial and economic management.

• (1530)

What we need most of all, if we were willing to overlook all of that and say, "That is in the past; we cannot do much about it. We have to swallow it and get on with things as best we can"—what the country needs most of all is a clear signal by this administration as to what its priorities are now and how it intends to implement them. Is inflation still to be the priority on our list of objectives? Is it to be "wrestled to the ground" once again, or are there other policies that will have to be considered along with it? Is free lunch still recognized to be the order of the day, and to blazes with the consequences tomorrow? That is what Governor Bouey, in my mind, called for in the Standing Senate Committee on National Finance—a clear expression, a clear signal from the administration of this country as to the direction they wish to go and some solid evidence that they are resolved in spite of the difficulties to carry through along that line.

Honourable senators, I am not a prophet and I am not the son of a prophet, but if things go the way they are, I think there are one or two things that we can very reasonably expect. We can expect to see more inflation. We can expect to see more unemployment. We can expect to see more deficit. We can expect to see more high taxes.

An Hon. Senator: Gloom and doom.

Senator Roblin: I am delighted to have this intervention from both the Leader of the Government and my honourable and very distinguished friend who sits opposite. Gloom and doom, they say. I suggest to them that is not the case. What I am suggesting to this house or placing before this house now is an analysis that has some basis on fact and realism. It can be debated. I do not claim that what I say is one hundred per cent correct, but there is a basis of fact, and as long as people on the other side who are charged with responsibility keep saying "gloom and doom" to any objective analysis of the problems in which we are engaged, so much longer will we wallow in the slough that we are in at the present time.

Some Hon. Senators: Hear, hear.

Senator Roblin: They might save their comments for a more suitable occasion.

In short, we are hardly in the best of all possible worlds. I do not despair. How can one despair?

Some Hon. Senators: Hurray.

Senator Roblin: I despair for my honourable friend, but I don't despair for the country. We have had my honourable friend and the likes of him running the country for some time, and I do not think it is much of a record upon which I would like to make any claim. But I do not despair in the capacity of

our present rulers to decide that they need to strike out on a new course. I do not despair.

I think that the force of events will probably be a more instructive and eloquent leader in this way than any words of mine are likely to be, but I don't despair for either the country or the ability of its leaders to do something about it. I would like to see some evidence that would justify the optimism that I have insofar as the policies of the present government are concerned.

What they have to do is well known to them. They know they have to reduce inflation, they know they have to enhance productivity in this country, and they know they have to reduce the dependence of Canadians on foreign energy sources.

If they would take the opportunity of this bill, or any reasonable opportunity in the near future, to express their views on these matters, show us how they intend to lead us out of the difficulties that we are in, then whether I am in the opposition or the government I would be happy to see Canada advancing on a more constructive course than the one we are on at the present time.

I think that Bill C-30 gave the government the opportunity to give the country the firm signal that I have been asking for. I hope they will give us some evidence in the near future that they are, at last, alert to the danger in which we find ourselves; that they will give us some idea that they know where safety is to be found; and produce some evidence of their resolution to achieve it. But, alas, up to the present time the government has not even put the telescope to the blind eye, so heaven only knows what they are looking at today.

I suggest that the nation itself—outside the charmed circle of Ottawa—continues to grope with no lead and no policy. I think the country deserves a better situation than we have at that time. Under these circumstances, I find it very difficult to support this legislation.

Senator Flynn: Before Senator Langlois closes the debate, I would like him to tell us whether he wants to refer this bill to committee.

Hon. Léopold Langlois: Honourable senators—

The Hon. the Speaker: I should like to draw to the attention of honourable senators that if the Honourable Senator Langlois speaks now his speech will have the effect of closing the debate on the motion for the second reading of this bill.

Senator Langlois: Honourable senators, I wish to open my remarks by expressing my thanks to both my colleagues, Senator Roblin and Senator Doody, for their expression of satisfaction with my efforts in introducing this bill in this house yesterday. It would seem I did it in an acceptable manner.

Senator Asselin: Very brave; very courageous.

Senator Langlois: If I did what they called an acceptable job, it is because I have done quite a bit of research which I hope my honourable friends would have the opportunity to carry on themselves.

First, I went to the very introduction of this bill in the other place, and I read the address of the Minister of Finance on April 21, 1980. I wish to quote some excerpts from this address, and in doing so would remind honourable senators that the minister drew a parallel between his mini budget and the budget that was introduced on December 11, 1979, by the previous government.

As honourable senators will recall, the previous government was elected in May 1979, and we had to wait until December 11 for a budget.

Senator Frith: Shame.

Senator Langlois: And the only reason then offered, if my memory serves me well, was that this was due to the delay in the negotiations of the oil price with the producing Canadian provinces. I venture to suggest to my honourable colleagues opposite that the same situation obtains today. We are still in the midst of negotiations on the same oil price, and, if this was a fair excuse for the previous government to delay their budget, the same excuse exists today.

Senator Perrault: You can call your friends in Alberta and get it settled.

Senator Langlois: I do not want to get into a political debate on this very serious question, but I am trying to refresh the memory of my honourable friends opposite.

In his address on April 21, the Minister of Finance had also this to say, and I quote from page 244 of *House of Commons Debates*:

> Revenues are lower than in the December forecast by some $300 million. The various increases in that budget which were not put into effect would have boosted revenues by close to $600 million. But corporation income tax revenues grew somewhat faster than expected in December and provided a partial offset. The projections for 1980-81 are based on economic assumptions for 1980 to which I shall refer shortly.
>
> Revenues are projected to increase by 13 per cent after taking into account all the tax measures which I have just reintroduced.

● (1540)

On the same day the minister tabled in the House background notes to the notices of ways and means motions reintroduced from the December 11, 1979 budget. This is the document to which I referred yesterday when I said that a projection of the government's budgetary and non-budgetary cash requirements for 1980-81 had been tabled. When I said that, I was referring to those background notes.

The minister went on to state:

> The expenditure projection includes the $35 per month increase in the guaranteed income supplement to needy old age pensioners.
>
> On the basis of these assumptions, total outlays in 1980-81 are projected to increase by 13.7 per cent to $60.4 billion. This high projected growth in expenditures in 1980-81 is largely accounted for by the very high

growth in the cost of two major existing expenditure programs, public debt charges and oil import compensation.

Senator Perrault: And aid to drought-stricken Manitoba.

Senator Langlois: The minister went on to state:

> Financial requirements, excluding foreign exchange transactions, are projected to be $11.7 billion in 1980-81. This represents an increase of more than $1 billion over 1979-80 and is substantially higher than the $8.2 billion forecast in the December, 1979, budget. By far the largest factor in the difference vis-à-vis the December budget is the absence of the massive increase in the gasoline excise tax.

I also read the proceedings of the Standing Committee of the House of Commons on Finance, Trade and Economic Affairs. I should like to mention to my honourable friends opposite the extensive documentation which was tabled before that committee by the Minister of Finance. Table I gave a history of borrowing authority bills in the other place. The Minister of Finance mentioned that borrowing authority used to be sought through an additional clause in supply bills, but that in 1975 this practice was changed following a decision made by the Speaker of the other place that borrowing authorities should be sought in separate bills because, when they were added to a supply bill, it prevented the house, as a whole, from discussing the borrowing authority. Since 1975, the practice has been to present a special bill for borrowing authority with one day's debate provided for in the rules of the other place.

Senator Flynn: We raised the same objection in this place.

Senator Langlois: I agree with the Leader of the Opposition when he says that the same objection was raised in this place.

Table II, which was filed by the Minister of Finance, represents the present status of the borrowing authority.

Table III shows the sources of financing for 1976-77, 1978-79 and 1979-80. Table IV shows the structure of Canada's outstanding debt for 1977-78, 1979-80, and up to June 18, 1980 with percentages of sources of borrowing, such as treasury bills, marketable bonds and Canada Savings Bonds. Table V shows the debt program for the first quarter of the fiscal year—that is, the first quarter of 1980—treasury bills, marketable bonds and the redemptions of Canada Savings Bonds once again.

Table No. VI is an effort to show the details of recent Government of Canada bonds issues, the retirement, the net, the final maturity date, as well as the amounts, the coupon rates, the issue price and the yield at maturity.

This is an important document, and if Senator Doody had read this document yesterday I do not think he would have asked as many questions as he did.

It is clearly indicated in these tables that borrowing in foreign currency is quite an important factor in reducing Canada's borrowing expenditures. I should like to cite the part of that table dealing with borrowing in yen. For example, the first borrowing made was on March 8, 1979. That was the date of the delivery. The amount was 700 million SF. The Canadian equivalent was $493 million. The coupon rate was 2⅜ per cent. The maturity was March 1980-82. This was a bank loan. This was followed by a private loan on March 14, 1979, in the amount of 500 million SF. The Canadian equivalent was $350 million. The rate was 3 per cent and the maturity date was March 14, 1985.

This was followed by a public issue on March 20, 1979, in the amount of 300 million SF. The Canadian equivalent was $208 million. The rate was 3⅝ per cent, and the maturity date was March 20, 1989. Those were pretty low rates, and my honourable friends would have to agree with that. There was a great advantage to Canada in going to that market for additional borrowing.

Senator Doody: Is that the end?

Senator Langlois: Yes.

Senator Doody: Is that Swiss francs or Japanese yen?

Senator Langlois: Swiss francs.

I understand that my friend was trying to get some information on the rate that should be payable if we went on foreign markets for our borrowings, so I quoted this because I think it is a good answer to his question of yesterday.

Senator Doody: What was the term?

Senator Langlois: This information was supplied to the House of Commons Committee on Finance, Trade and Economic Affairs on June 26, 1980.

Senator Asselin: What was the term?

Senator Doody: What was the term? Was it seven years, eight years, or what?

Senator Langlois: I have given you the delivery date and the maturity date. The term is there. I have given the same for the three categories. If my honourable friend wants more information, I will let him have this document, because it is a public document, after all.

Senator Walker: Why don't you table it?

Senator Langlois: Another document which was tabled in the committee of the other place set forth the details on treasury bills and Canada Savings Bonds outstanding by series. There is some interesting detail in this paper on foreign loans undertaken since 1978. The last borrowing was on March 20, 1979, and honourable senators will notice that the interest rate, as I just mentioned, on these borrowings was quite low, and, therefore, it was quite advantageous to Canada to make those borrowings.

Senator Doody also asked a further question relating to the expenditures covered by the amount of $12 billion sought by the borrowing authority bill. Well, this was given quite clearly by the Minister of Finance in the first instance in the other place on April 21, and by myself yesterday when I repeated in substance the statement the minister had made on that occasion. This information is to the effect that the $12 billion of

borrowing authority is to cover financial requirements excluding foreign exchange transactions projected at $11.7 billion in 1980-81. This represents an increase of more than $1 billion over 1979-80, and is substantially higher than the $8.2 billion forecast in the December, 1979 budget. Of course, if honourable senators wished to refer to the background paper to the notices of ways and means motions reintroducing the December 11, 1979, budget, they would have all the information sought by this question yesterday.

• (1550)

I know that Senator Doody and Senator Roblin this afternoon were criticizing the fact that we were asked to pass this borrowing authority bill without a budget. There was a very long, protracted debate in the other place on the same question, and I think the minister in his remarks of April 21, 1980, answered this question. I would like my honourable friends to take the trouble to read his address, and I am sure that if they did so they would have their minds set at rest once and for all.

The Leader of the Opposition asked me if I would be in favour of having this bill referred to a committee. I do not mind which committee it is referred to; possibly it should go to the Standing Senate Committee on National Finance. But I wish to draw the attention of the house to what I said yesterday on second reading when I mentioned that the government intended to launch a borrowing campaign early in August. I think I gave the date as August 1. I also mentioned that the general practice for the launching of such a borrowing campaign at this time of the year is to make a first announcement around July 10 or July 15. We have passed both those dates. But otherwise I have no objection to referral to a committee. I am in the hands of the Senate in this respect, and I would have no objection to having this bill sent to a committee after second reading, if there was some assurance that we could get it back to this house sometime tomorrow, probably tomorrow morning if we sit in the morning. If such an assurance is given, I am quite willing to so move after second reading is passed.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, in order to reply to the question raised by Senator Langlois, I can give him the assurance on behalf of the opposition that if the bill is returned by tomorrow sometime, it can then receive third reading and royal assent tomorrow.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I do not think we are in any procedural difficulty, because the officials are here to meet with the committee this afternoon. I might add that I fully accept the undertaking by the Leader of the Opposition that if the bill is returned from committee sometime tomorrow, it can then receive third reading and royal assent tomorrow. But the problem—I do not think it is a serious one—is that the bill must have third reading tomorrow.

I have discussed a solution with my honourable friend. If the bill receives second reading today with the Senate ordering third reading at the next sitting, namely tomorrow, then we will not need unanimous consent tomorrow. But an undertaking by the Leader of the Opposition, an undertaking by the Leader of the Government, an undertaking by 103 senators, is not unanimous consent, and that is what is required by the rules. It is not a question of undertakings, but a question of unanimous consent.

Senator Flynn: It would be highly irregular, because we are fewer than 103 senators.

Senator Frith: Well, whatever the number is, the only absolutely iron-clad guarantee would be something signed by each and every senator, which, of course, is not possible. But there is a solution. It is that the Senate do now order that the bill receive third reading by not later than, say, 11.30 a.m. or 12 noon tomorrow, July 17, 1980, as has been discussed. If the Senate passes such an order, the committee could proceed with its study this afternoon.

Senator Flynn: At what time?

Senator Frith: As soon as possible. The committee could be given power to sit while the Senate is sitting, and the committee could commence within 10 minutes, if necessary. So if I can have those two routine matters accepted by the Senate, namely, that we sit tomorrow at 11 a.m. and that Bill C-30 will receive third reading by no later than tomorrow morning—and there is a precedent for this incidentally—then we can proceed with the committee study of the bill as requested this afternoon. I therefore ask for such an order.

Senator Flynn: It cannot be done at this time, and I have very grave doubts as to the regularity of the procedure. What I think we could do is to give second reading to the bill and refer it to committee. Then the bill could be reported later today, let us say before 6 o'clock, and be placed on the Orders of the Day for third reading tomorrow. Even if we were to follow the suggestion of the deputy leader, if there was a filibuster on third reading tomorrow, nothing could be done about it. So I think you might as well take my word for it and follow the advice I am giving you.

Senator Frith: Honourable senators, if what we are hearing is an undertaking that this bill will be reported this afternoon—

Senator Flynn: The committee is master of its own deliberations, but I am quite sure the bill will be reported. I think about an hour would be sufficient to study it in committee.

Senator Frith: That is what I understand. If what I am hearing is an undertaking from the Leader of the Government in the Senate, and we know we can get the same undertaking—

Senator Flynn: Former Leader of the Government.

Senator Frith: Yes, the former Leader of the Government in the Senate—and he will no doubt have noticed the extent to which we are prepared to go to act as if he were still the Leader of the Government—then, all we need, in order to meet our exigencies, which is the signing of cabinet approval by shortly after noon tomorrow, is an undertaking that we have leave to sit tomorrow at 11 a.m. We need that according to the rules.

Senator Flynn: Let us deal with that matter when it comes. Let us give the bill second reading, and proceed one step at a time.

Senator Walker: Don't overplay your hand.

Senator Frith: I appreciate that counsel from one of the best card players in the world. But I shall have to try to play my own hand the way I hold it. I take it that the committee is in a position to sit immediately if we give it leave to sit while the Senate is sitting.

• (1600)

Hon. Douglas D. Everett: Honourable senators, as chairman of the committee it is my intention that, as soon as the bill is given second reading and is referred to committee, I will move with leave that the committee have power to sit while the Senate is sitting both today and tomorrow.

Senator Flynn: Very good.

Senator Everett: The meeting tomorrow will be for the examination of government policy and regional disparities, with Messrs. Blair and Daniel as witnesses.

Senator Frith: The undertaking that has been given is on the basis that the bill will be reported back from committee this afternoon.

Senator Everett: I don't think the Deputy Leader of the Government has any worry on that score. I will guarantee it.

The Hon. the Speaker: It is moved by the Honourable Senator Langlois, seconded by the Honourable Senator Goldenberg, that this bill be now read a second time. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Senator Flynn: On division.

Senator Roblin: Honourable senators, I hope that it is being recorded that the bill is being given second reading on division.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

Hon. Léopold Langlois moved that the bill be referred to the Standing Senate Committee on National Finance.

Motion agreed to.

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Leave having been given to revert to Notices of Motions:

Hon. Douglas D. Everett, with leave of the Senate and notwithstanding rule 45(1)(*a*), moved:

> That the Standing Senate Committee on National Finance have power to sit while the Senate is sitting today and tomorrow, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

[Senator Frith.]

NOTICE OF COMMITTEE MEETING

Senator Everett: Honourable senators, if I may have the indulgence of the house, I understand that room 356-S is available, and as soon as we get set up we will be in touch with honourable senators. I understand that the witness is Mr. S. J. Handfield-Jones, Assistant Deputy Minister, Fiscal Policy and Economic Analysis Branch of the Department of Finance.

Senator Flynn: I thought that you would be able to get the parliamentary secretary or Mr. Bussières.

Senator Frith: We can't get Mr. Bussières, because he is otherwise engaged. We will get the parliamentary secretary. The official who will be here has precisely the same name, and I assume it is the same person that Senator Roblin indicated he would like to hear.

Senator Roblin: All I said is that he was the man who appeared in committee of the other house, along with the deputy minister. I did not really intend to endorse or not endorse him. I shall wait and see.

Senator Frith: I did not suggest that there was any endorsement. I asked whom we could get, and that was the name you mentioned.

Senator Roblin: I admit that is true.

Senator Everett: In any event, I gather that we can get the parliamentary secretary.

Senator Frith: My advice is that we can.

Senator Everett: Then I suggest we do so. The meeting may have to be held in room 260-N rather than 356-S, but I will let honourable senators know.

CORPORATIONS AND LABOUR UNIONS RETURNS ACT

BILL TO AMEND—SECOND READING—ORDER STANDS UNTIL LATER THIS DAY

On the Order:

> Second reading of the Bill S-10, intituled: "An Act to amend the Corporations and Labour Unions Returns Act".—(*Honourable Senator Perrault, P.C.*).

Senator Stanbury: Honourable senators, I ask that this order stand until later this day.

Hon. Senators: Agreed.

Order stands.

FORT NELSON INDIAN RESERVE MINERALS REVENUE SHARING BILL

SECOND READING—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-26, to implement an agreement between Her Majesty in right of the Province of

British Columbia and Her Majesty in right of Canada respecting the sharing of revenues from the exploitation of minerals in the Fort Nelson Indian Reserve.

He said: Honourable senators, the long title of Bill C-26 may help to explain the purpose of the bill. It reads:

> An Act to implement an agreement between Her Majesty in right of the Province of British Columbia and Her Majesty in right of Canada respecting the sharing of revenues from the exploitation of minerals in the Fort Nelson Indian Reserve.

My introduction of this bill will cover four headings: First, the purpose of the bill; secondly, some explanatory facts; thirdly, the agreement—I will not read the whole of the agreement—the principle contained in the agreement; and, fourthly, how the agreement will apply.

The purpose of the Fort Nelson agreement is to allow the Fort Nelson band to share with the Province of British Columbia revenues from resources underlying their reserve lands. If honourable senators will refer to the bill, they will see that it is quite short, having only eight clauses: The short title; the interpretation, with reference particularly to the agreement and the minister; the agreement, which says that the agreement is approved and declared to have the force of law; a provision for inconsistency, in clause 4; the power to make regulations, in clause 5; the power to amend, in clauses 6 and 7; and commencement on a day to be fixed by proclamation.

The background facts are as follows: Indian reserve lands were set aside for the Fort Nelson band in 1961. At that time the mineral rights underlying these lands had already been alienated by the province—alienated not in the sense of what we call western alienation, but in the legal sense. It was therefore not possible to transfer them to the band. I suppose I ought to explain that "alienated" in that sense would mean, in effect, transferred—rights given away and the title given away. It was therefore not possible to transfer them to the band. In almost all other cases it had been the practice of the Province of British Columbia to transfer mineral rights along with surface rights to Indian bands in British Columbia when setting aside the land for reserves. The normal procedure, as has been said, was to take the mineral rights and transfer them to the band when other transfers were being made of rights with reference to the land; but they failed to do that in this case.

The Fort Nelson band requested the support of the federal government following that 1961 transfer in attempting to gain ownership of the mineral rights underlying their reserves from the provinces.

The Government of Canada pressed the province for recognition of the band's right to share in the revenues accruing from resources beneath the reserves. The province did not agree to negotiate with the band for those rights until the year 1976. The result of those negotiations is the agreement and the proposed legislation.

● (1610)

That concludes part two of my submission to you, honourable senators, the first part being the purpose of the bill and an explanation, and the second part being the facts and the background.

The Fort Nelson Agreement, which was signed on January 7 of this year between the Government of Canada, on the band's behalf, and the Province of British Columbia, provides for equal revenue-sharing between the band and the province. Honourable senators will therefore recognize that it is essentially an agreement between the band and the province, with the Government of Canada signing on behalf of the band. This equal-sharing applies to all net profits and gross revenues accruing to the province from the exploration and exploitation of minerals, petroleum and natural gas underlying the Fort Nelson Indian Reserve.

This is a brief reprieve since normally the band would keep those. In this case, those rights have been given up so there was an agreement that the province would share the revenue with the band. That is the intention of the agreement. British Columbia says that it will now share the revenue since the band had given away the rights.

This policy of equal-sharing was established in 1943 by Canada and the province, by the signing of the British Columbia Indian Reserves Mineral Resources Agreement. This agreement covered most minerals, but was silent with respect to coal, petroleum and natural gas. The Governments of Canada and British Columbia are required respectively to recommend this legislation to Parliament and the Legislative Assembly of British Columbia, giving effect and declaring valid the provisions of the agreement; and both have done so. It has been done in British Columbia; it has been done here, and we are in the process of the second or third step, namely, the submission to this chamber.

I move now to the fourth branch which is the application of the agreement.

The present concern of the band and the province is equal-sharing from two natural gas fields. The Clarke Lake Field is 7.44 per cent beneath reserve lands and began production in 1961 from off-reverve wells. The Rogers Field is wholly within the 23,000-acre reserve and began production in 1977. The band was required, pursuant to the Indian Act, to surrender all rights in their reserve land which were necessary to implement the provisions of the agreement. They indicated an overwhelming majority in favour of the agreement on February 18, 1980, at a referendum meeting.

An initial payment by the province in the amount of $12 million has been deposited in an account for the band, and future revenues should amount to approximately $50 million. These monies will be held in this special account for the use and benefit of the band until the total process, including passage of this legislation, is completed. If the legislation is not passed within two years from the date of execution of the agreement, all monies in the account will be transferred to the Province of British Columbia, and the agreement shall be declared null and void, and we would be back, to use the vernacular, to square one.

The funds available to the Fort Nelson Band under the terms of this agreement will enable them to elevate the living standards of their community. With two-thirds of the band's population being under the age of 21, acceptance of this legislation by the Senate will provide the necessary resources to improve the life of these young people in that community, not only now but in future years as well.

This legislation, honourable senators, represents a significant opportunity for the Governments of Canada and British Columbia to undertake measures in support of the social and economic development of the Fort Nelson Band. Of the 573 Indian bands across Canada, relatively few have the good fortune or the opportunity to benefit directly from the development of resources on their reserves. The Indian Conditions Report which was released to the public last month serves to underscore the need to provide Indian bands with increased financial resources to improve social and economic conditions in their communities.

I commend passage of this bill to honourable senators for the reasons expounded in my remarks.

Hon. Guy Williams: Honourable senators, I should like to ask a question in regard to this legislation. I understand that an agreement has been reached wherein the Province of British Columbia will take 50 per cent and the Fort Nelson Band will receive the other 50 per cent. However, my understanding is that in Canada Indian bands do not receive the entire amount; one-half of their share goes to the trust fund held in Ottawa by the government. Does this situation apply to the Fort Nelson Agreement?

Senator Frith: Honourable senators, according to the summary that I have, the agreement does not provide for anything except equal-sharing. The summary of the agreement which I have is that there is to be a 50-50 sharing. What happens after the band receives its share is not part of my information: However, I will try to find out if there is any provision requiring anything other than complete control over that 50 per cent. Is that the question?

Senator Williams: I think this will create a problem for other bands in Canada since this may become a precedent whereby they will take all of their share of whatever resources are being acquired by corporations or governments other than Indians. This means that we would be doing away with something that has been in force since Confederation.

Senator Frith: Honourable senators, whatever is contained in the provisions of the Indian Act with reference to monies payable to the band will, of course, apply. I have no information or briefing that would indicate that anything but the usual provisions would apply, namely, that the monies payable to the band would be held by the Government of Canada for the use and benefit of the band pursuant to the Indian Act.

Senator Williams: I can foresee another problem. Nineteen-year-olds in bands can vote both federally and provincially; yet, in their own affairs, they can only vote at age 21. To some extent, I agree with the 21-year-old principle. Very simply, Indians have to amend their own by-laws so they can vote at age 19.

[Senator Frith.]

Hon. John J. Connolly: I should like to ask a question of the honourable senator, and it arises out of the fact that I did not hear everything he said. My first question is a very simple one. Can he tell us what the population on the reserve is? The second question comes from a misunderstanding on my part. I understood the sponsor of the bill to say that the mineral rights under these lands have been alienated by the Province of British Columbia. Presumably this was not Indian territory or reserve territory until a certain date, and prior to that date these resources were the property of the province.

Now, I understood Senator Frith to say that the province alienated these rights, presumably to a third party, but yet the third party does not seem to be party to this agreement so there must be some explanation as to why there is no third party in the agreement.

It would appear from the explanation given that the Province of British Columbia is entitled to all of the revenues, gross and net, from the exploitation of these lands, and that it will be sharing those on a 50-50 basis with the band. But what about the previous alienation made by the province to a third party? Why is that party not involved?

• (1620)

Senator Frith: Honourable senators, I do not know the population of the band. However, I will try to get that information before tomorrow.

Senator Williams: It is 300.

Senator Frith: Senator Williams says it is 300. As he pointed out, and as was pointed out in my speech, two-thirds of them are under the age of 21.

Senator Connolly: They are going to get approximately $60 million?

Senator Frith: Yes. This is held under the provisions of the Indian Act, of course. There are provisions in that act which relate to these funds.

With reference to your second question, my understanding is that the rights have been alienated or transferred in exchange for revenues. The reason the third party is not a party to this agreement is because the province has decided that, since it has alienated those rights to someone else in exchange for revenues received, it is going to share the revenue with the other party. It is similar to someone renting a property out and then saying, "I have rented your property out, so I cannot give you the property, but I have the rent for all time. So, instead of your having the property, I will share the rent with you." In other words, the agreement is to share revenues acquired from those lands. Therefore, no other entity needs to be a party to this agreement since it is simply an agreement by the province to the effect that the revenue it gets from the land will be shared.

Senator Connolly: I take it that implies the revenue the province is now going to share with the band is not the total revenue from the exploitation of the sub-oil resources? There

must be a third party taking a portion of that revenue. Perhaps at the next sitting Senator Frith could tell us how much the third party is getting from the exploitation of the sub-soil resources by way of gross or net revenue.

Senator Frith: I also assume that someone else is getting some benefit from it, but of course there is nothing the province can do about that. It is *Nemo dat qui non habet*. What the province is getting is what it will share.

If I get information on what amount is coming, I shall be glad to give it to you. With reference to this agreement, all the province can agree to do is show the revenue it is getting. If there is other revenue and information available on it, I will find that out for you.

Senator Williams: Honourable senators, I think one of the problems is the fact that, in the northern part of British Columbia, and in the northern part of the other central provinces, in the past there were no designated reserves. The natives were situated there, as they say, from time immemorial. So, this is the problem with Fort Nelson. It became a designated reserve I believe in 1961. The province had already taken it upon itself to own the minerals.

Senator Connolly: The sponsor of the bill said that the province had alienated its rights. However, perhaps we can clear the thing up at the next sitting.

Senator Guay: Honourable senators, in view of the fact that there is a large sum of money that could be divided among the Indians, which will probably come to approximately a quarter of a million dollars for each of them, is there anything which would safeguard the descendents whereby they could benefit from it in the future? Is there anything to ensure that the descendents would not be left out of it?

Senator Frith: Honourable senators, there may be provisions in the Indian Act to which the money payable to the band is subject. I shall try to get that information for you.

On motion of Senator Macdonald, for Senator Nurgitz, debate adjourned

MUNICIPAL GRANTS BILL, 1980

SECOND READING—DEBATE ADJOURNED

Hon. Sidney L. Buckwold moved the second reading of Bill C-4, respecting grants to municipalities, provinces and other bodies exercising functions of local government that levy real property taxes.

He said: Honourable senators, as one who has spent a great many years associated with local government, I am pleased to sponsor this bill. I should say that during the many years I was mayor of my city, I appealed to ministers of the Crown on many occasions. I may have even appeared before the Honourable the Leader of the Opposition in the Senate asking for more assistance for local government.

As we are all aware, grants in lieu of taxes on federal property in municipalities across the country, are important items in the budgets of local governments.

As a matter of interest, one of the men most responsible for the development of this program is our esteemed colleague, the Honourable Senator Goldenberg. Back in the 1940s, long before the governments of Canada recognized that they had some kind of moral obligation, at least, to pay local taxes on their properties to municipalities, Senator Goldenberg appeared as counsel for the Canadian Federation of Mayors and Municipalities and pleaded their case. What we saw beginning in 1950, to a great degree, is due to the representations he made. I believe Senator Goldenberg's contribution should be acknowledged.

Hon. Senators: Hear, hear.

Senator Buckwold: Honourable senators, the purpose of this bill is to provide statutory authority for a rather extensive updating and expansion of the program, whereby the federal government is enabled to pay grants in lieu of real property taxes on its holdings to municipalities and provinces across Canada.

The current program has been in effect virtually unchanged since 1957, with the result that in the intervening years there has not been a revision. As a result of that, a number of the sections in the current act have become inadequate or ambiguous. In response to pressures for change from many sources, the bill before you is intended to relieve much of the criticism and irritation that the current grants program has engendered from provinces and local governments in the past.

I wish to qualify that just a bit, because I do know how much local governments appreciate what the federal government has done by making these grants in lieu of taxes available. I am sure that we will never satisfy all local governments and their current needs, which are great indeed. However, as you will see as I move along in discussing this particular bill, the Government of Canada has made substantial progress in meeting the demands of local governments.

It is apparent that there are a great many positive aspects to this bill, not only in terms of providing additional revenue to those municipalities in which federal property is situated, but also in terms of relieving some of the current difficulties of administering the grants program. Perhaps a brief outline of some of the more important provisions of the bill would be of interest and assistance to honourable senators in the deliberations which will follow this introduction.

First, the bill provides a considerable broadening of the definition of federal property on which grants are paid. Virtually all lands and buildings owned by the Government of Canada will be subject to the grant. Additional federal properties on which grants are proposed to be paid include national parks, the Houses of Parliament, administrative and operational buildings at defence bases in rural areas, museums, libraries, concert halls, historic sites, historic parks, reclaimed lands and water conservation and irrigation projects. These are the kinds of properties that will now qualify for payment to municipalities of grants by the federal government in lieu of taxes, and I think that is a very significant step forward.

● (1630)

I notice the Houses of Parliament will now be paying taxes. I am not sure whether Senator Flynn will want to propose an amendment to say that amusement tax should also be added for the benefit of the local government. There are occasions when that just might qualify.

Second, honourable senators, any tax which qualifies as a real property tax on owners of real property, including the heretofore water tax, will enter into the calculation of the grant if applicable to federal property.

Third, the bill sets out how grants are to be determined, making it clear they are to constitute full tax equivalency in almost all cases.

Fourth, most deductions from grants with respect to local government services not received by federal property will be terminated. Virtually the only deduction which will continue to be made is with reference to school services which the federal government either supplies itself or for which alternative arrangements for financing have been made, namely, for example, the education of dependent children of armed forces personnel at rurally-situated bases.

Fifth, it is proposed that the current policy of applying the lowest or preferred tax rate in a dual or multiple tax rate system to the value of certain types of federal property will be revised in calculating the grant. This refers mainly to various property categories owned by the federal government which are normally not taxed at all if owned by other bodies—for example, hospitals, penitentiaries, fire halls, schools, chapels, pumping stations, sewage disposal and water purification plants. Low rates of tax will be used in calculating grants on such properties only where it is clear that they would be applicable if the property were privately owned. To explain it a little further, that involves those municipalities which have a dual or multiple tax system, which have a different level of taxation, for example, on residential property as against commercial property as against industrial property, et cetera. And certainly the federal government, in my opinion, is being very fair in the application of this particular principle.

Sixth, while Indian reserves will continue to be ineligible for grants, any federal building located on a reserve which does not as its prime purpose serve the native inhabitants of the reserve will be eligible for inclusion in grants. In addition, grants on such properties could be paid to Indian band councils if they levy a real property tax.

Seventh, the bill makes provision for regulation by the Minister of Public Works respecting substantial interim grant payments in instances where it may not be possible to finalize a grant promptly, thus assisting in relieving short-term borrowing costs for municipalities. And again I think this will be most welcome by local governments.

Eighth is the provision which is being made for the option of paying local improvement charges on federal property in annual installments, which include blended amounts of principal and interest as an alternative to the present system of paying commuted lump sum amounts which exclude interest. This option will be exercised in cases where it would simplify the administrative work of municipalities.

[Senator Buckwold.]

Ninth, the bill provides for the establishment of guidelines to govern grants by crown corporations on their properties. While the guidelines will apply with a one-year lag—that is that they will not come into effect until 1981—they will ensure that the principles set out in the act for departmental property constitute a minimum to be followed by all crown corporations. And again, honourable senators, I suggest that that is an important improvement.

Honourable senators, the foregoing sets out some of the major highlights of the bill which will benefit taxing authorities by an estimated $25 million annually on federal departmental property alone, when certain changes to be phased in over a four-year period are completed. It will be apparent that the proposed changes in the federal grants program which I have outlined have necessitated that a completely revised statute be drafted rather than attempting to accomplish the same results by amending procedure. That is the reason for this bill. The expanded system of grants which has been brought forward notwithstanding considerable financial strains on the federal government provides cogent evidence that the government recognizes the continuing importance of the grant-in-lieu program.

Honourable senators, I am pleased to recommend that the Senate pass Bill C-4 on second reading.

Hon. G. I. Smith: Honourable senators, I wish to thank Senator Buckwold for the enumeration of the items which will be covered by this bill when it becomes law in respect of grants in lieu of taxes. I must say he enumerated some that had not occurred to me as I read the bill, but I do not dispute that in fact they are covered.

I join in his congratulatory comment about our esteemed colleague, Senator Goldenberg. I do have to say though that if I had retained him I would ordinarily have hoped that the results would be noticed more quickly than has been the case in this instance. However, I do not wish to detract in the slightest from the influence he has had on this program, because after all, these bodies with which we are accustomed to deal in legislation of this kind do not move very quickly, and perhaps the fact that they moved at all is a very high indication of the quality of his representation.

There are, of course, and there have been, a great many sources of irritation felt by municipalities in relation to the presence within their boundaries of federal properties which require services, sometimes of a very extensive kind, and thus impose a financial burden upon those municipal units. I agree with him as I read this bill that it will go a long way to eliminate those sources of irritation. I hasten to say to him, however, that I also share his feeling that there will still be cause for objection and complaint, and perhaps even irritation, as time goes by and some of these causes will in fact be due to provisions of the bill, or provisions of regulations made under the bill, or the way in which the statute and regulations are administered by those responsible for them.

I am concerned, however, at the great amount of discretion and power to make regulations apparently given to the minister. As I read the provisions about the regulations there is power in the Governor in Council to add to or delete from any of the schedules to the act any piece of federal property which occurs to them to be desirable to include or take out. I would have thought that this is a wide discretion. While I understand the desirability of making the administration of the bill as flexible as possible, it seems to me that this really is going a bit further than is necessary for that purpose.

If honourable senators look at clause 8 dealing with the power to make regulations they will see exactly what I mean. For instance there is the provision in paragraph 8(1)(a) as follows:

> (a) adding to or deleting from Schedule I any corporation established by or under an Act of Parliament or performing a function on behalf of the Government of Canada that is included in Schedule III and prescribing the real property of such corporation that is to be included in Schedule I;

And then there is paragraph 8(1)(b), which says:

> (b) prescribing criteria for the purposes of paragraph (b) of the definition "other attribute" in subsection 2(1);

• (1640)

Paragraph 8(1)(b) prescribes criteria for the purposes of paragraph (b) of the definition "other attribute," and at first reading "other attribute" becomes a very difficult sort of thing to understand. It may not be as wide in scope as it now seems to be. But, certainly, however honourable senators may eventually interpret that particular provision, it gives very wide power to the Governor in Council. And so it goes up to paragraph (h) of that particular section.

I am not clear, but Senator Buckwold might be able to explain later why it is that the first three sections of the present Municipal Grants Act are left in being, whereas the remaining sections of that statute are not. I have no doubt that there is some administrative reason for it, but it is not apparent from a perusal of the bill. One would have thought that perhaps the transitional provisions from the existing act to the new act might have dealt with all sections of the old act.

I presume also that there was good reason for enumerating certain kinds of federal property set out in schedule III on pages 16, 17 and 18 of the bill, and others in schedule IV. It would appear that those in schedule IV had some commercial connotation in the sense of operating for profit, while the others may not. I am sure there is a simple explanation, and perhaps Senator Buckwold will be able to provide that explanation when he next speaks in the debate.

There are some things included in schedule II on page 15 of the bill, listing things in respect of which grants are not to be made in lieu of taxes, which to me do not seem logically to fall under that classification. It refers to gasoline pumps, pole lines, transmission lines, conveyor belts and conveyor systems. Again there may be some characteristic that separates them from the other items listed in the schedules to which I have referred, but it is not apparent from the bill.

There is not a great deal more that I wish to say, except to draw attention to the fact that the development of this legislation has proceeded under two predecessor administrations. It is certainly a source of some satisfaction to know that the bill, based in large measure upon previous preparation, now seems to be reaching the end of its legislative journey, reaching the point where it will be of real benefit to the municipalities of our country.

Senator Connolly: Honourable senators, may I ask a question? I was wondering whether, when the federal authority determines the level or the amount of the grant, it is based upon the assessed value of the property at the level fixed by the local municipality. The honourable senator may not have the information now, but perhaps he can provide it at the next sitting.

Senator Buckwold: I can provide the information. The level of the assessment and the tax rate is set by the local government. In other words, when a building is valued by an assessor in the City of Ottawa, that assessment is accepted by the government and grants in lieu of taxes are paid at that rate. The municipality collects the full taxes. The government, with very rare exceptions, would accept the assessment of the local municipality.

Senator Marshall: May I ask Senator Buckwold a question concerning the designation of the municipality? In some provinces, and I refer particularly to Newfoundland, there are small fishing villages known as local improvement districts or community councils, which have the full authority of the provincial government. In those communities there are federal fish plants. Would those local improvement districts and community councils fall within the definition of "a municipality"?

Senator Buckwold: I am not sure if I can give the honourable senator a complete answer. I can only read the explanation of the bill on the front cover, which says:

> An Act respecting grants to municipalities, provinces and other bodies exercising functions of local government that levy real property taxes.

On the basis of that, if those particular localities levy real property taxes, in my opinion they would be able to receive payments from the federal government in lieu of taxes. If by chance they do not, certainly the province would.

Senator Marshall: Would the honourable senator verify that?

Senator Buckwold: Yes; I will confirm that with the department for the next sitting.

Senator Muir: May I direct a question to Senator Buckwold, following what Senator Connolly has said so eloquently? I may have missed something in the exchange. Are the grants in lieu available to the municipality on the assessment? I think the honourable senator quoted the situation in Ottawa.

Senator Buckwold: I did refer to the City of Ottawa's assessment. I could have used Halifax. I am talking of the assessment of the local government.

Senator Muir: So it would be based on whatever assessment the local assessor in that local area put on the property.

Senator Buckwold: Yes, on the basis of the fact that all buildings in that municipality, city, town, village or hamlet, are assessed on the same basis. In other words, everyone would pay an equal share.

Senator Muir: I was thinking about the Cape Breton Development Corporation.

Senator Flynn: I have a question for the honourable senator. With regard to schedule IV, do I understand that Air Canada, falls under this legislation, that it receives treatment which would be different from that applying to CP Air, for instance, in a given municipality, or that the Bank of Canada would be different from another bank, and so on?

Senator Buckwold: Again, I shall clarify that. From my preliminary study of the bill, and discussion with some of the officials of the department, I am led to understand that Air Canada would pay the same as anyone else, as would the Bank of Canada. I will have that clarified before concluding the debate.

Senator Smith: May I be permitted to ask a question that I should have asked when I spoke before? It relates to schedule I, where the only organization enumerated is the National Research Council of Canada. It should be noted that the schedule prescribes certain property in respect of which grants will be paid if the property is described in this particular schedule, but only if it is described in this schedule. The schedule reads:

● (1650)

> National Research Council of Canada, with respect to real property owned by Her Majesty in right of Canada and situated within the City of Ottawa.

Offhand, at least this seems to have the effect of restricting grants which may be paid in lieu of any taxation on the property of this organization to that property which is situated in this city.

Senator Buckwold: Is the honourable senator suggesting that it might be unfair to municipalities outside the city of Ottawa which have National Research Council facilities? I think this makes it clear that Ottawa will receive taxes. Again, I will respond to that after discussion with the officials.

Senator Smith: I am not sure I put my question clearly, so perhaps I might start again. This, I think, would make grants in lieu of taxes applicable to property owned by the National Research Council of Canada which property is situate within the boundaries of the city of Ottawa, but it seems to me, taken in conjunction with the rest of the act, that property of the National Research Council of Canada situate in Halifax, for instance, is exempted from the provisions of this act.

Again, I may have missed something since some of the provisions are a little difficult to visualize precisely.

Senator Buckwold: I think we are on the same wave-length. I will be able to respond to your question tomorrow.

[Senator Buckwold.]

Senator Connolly: The answer may be found in clause 9 which seems to imply that certain crown corporations—and those in schedules III and IV seem to be covered—can make grants in lieu of taxes to municipalities. It may very well be that that clause is creating the problem.

On motion of Senator Flynn, debate adjourned.

UNEMPLOYMENT INSURANCE ACT, 1971

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Andrew Thompson moved the second reading of Bill C-3, to amend the Unemployment Insurance Act, 1971.

He said: Honourable senators, Bill C-3 makes two amendments to the Unemployment Insurance Act. Both amendments are in response to some very immediate problems, and their implementation will permit continuity of the present act.

I believe all honourable senators recognize the relevance and the importance of the Unemployment Insurance Act to the Canadian worker and to the nation. As in all industrial countries, such legislation is part of that which builds the fabric of a nation. I would hope that mobility, opportunity and access to jobs will never be impeded in any way across Canada. The purpose of this bill is to facilitate the opportunity and also to provide the necessary financing to help workers who, for some reason or another, find themselves unemployed.

I believe that most of us who are acquainted with this statute think back to the original act of the forties. That act certainly emphasized the social insurance aspect of the principle. The approach taken at that time was that benefits would be limited to instances of unforeseen and unavoidable risks. Since the 1940s we have seen changes to this act. In my opinion, we have seen contortions and expansions and, indeed, some of us may feel that we are in a situation where the act has become so entangled and complex that the basic principles are somewhat confused.

Senator Flynn: Lost.

Senator Thompson: As we head into the eighties, we should have a hard and full review of this act and take into account changing employment conditions and the changing work force. Even since the 1940s there have been many changes in the work force. There is now fuller participation of young people and women, and there is the emergence of the multiple earner.

The draftsmen of this act must consider measures enacted and approaches taken by all levels of government across Canada since they can complement and influence the federal approach. We know that the federal government is contemplating a pension conference, and that it is going to take a look at the social security programs. Therefore, it is wise to take a hard and full look at the Unemployment Insurance Act.

I should add that not only has the present minister decided to take this action, but his two predecessors, the Honourable Bud Cullen and the Honourable Ron Atkey, started a full in-depth review and, indeed, many of the suggestions made by both have been implemented in the review which the present minister is undertaking.

When Bill C-14 in 1979 was introduced, there was a general feeling that a review rather than a band-aid approach was needed. I am sure all senators welcome the announcement by the minister that he intends to complete the review which was started by his two predecessors. He intends to produce a white paper in several months' time, at which time all segments of society concerned and interested in this act will be encouraged to make their representations. The minister's findings will then be presented to a parliamentary committee. After full consultation with all affected persons, agencies and governments, it is hoped it will be possible to draft appropriate legislation which will be introduced in 1982.

When I consider the reaction in the other place to these two amendments, it seems to me that, as always, the Unemployment Insurance Act touches the sensitivity of those who represent people in various parts of Canada. Sometimes one hears remarks that the Canadian Parliament, in some way, does not represent the people across the country and that perhaps some regions are ignored. When one reads the proceedings of the Manpower and Immigration Committee of the House of Commons one recognizes that all regions of Canada are represented. One realizes that this Parliament is representative of people all across Canada.

• (1700)

We are all interested in seeing the terms of reference of the review the minister has undertaken to make. He has assured us that the terms of reference will be broad and comprehensive. I would urge him, when he produces the terms of reference, to follow through on that objective. The review is going to look at such areas as:

—streamlining and simplifying the benefit entitlement provisions;

—special benefits for sickness, maternity and retirement;

—the role and impact of regional extended benefits;

—the use of unemployment rates in setting new unemployment insurance benefit entitlements;

—the treatment of persons who voluntarily quit their jobs without just cause;

—coverage of persons in highly seasonable occupations; and

—the impact of the unemployment insurance program on income distribution and redistribution.

In my introduction, I have gone into detail in respect of what the minister has undertaken in the way of a full review of the Unemployment Insurance Act. This bill now before the Senate focuses on two amendments, and two amendments only, but they are both important amendments. One amendment proposes to refinance the unemployment insurance program, while the other extends the variable entrance requirement which is due to expire in December 1980. Refinancing will reinforce the insurance character of the unemployment insurance program. This desire was expressed not only by the current minister, but also by his two predecessors. Extension of the variable entrance requirements allows more time for a thorough and considered examination of the kind of unemployment insurance program Canada should have in the 1980s.

As I said, these are important amendments. One involves a change to the financial arrangement of the program, and the other provides an 18-month extension of the existing provision for the variable entrance requirement that is due to expire in 1980. The minister's approach is that he would continue the latter even though he recognizes that he should be taking a hard look at it. He is going to continue the variable entrance requirement because he wants to see the total picture before he makes further changes. He wants to undertake this comprehensive review rather than give the matter a band-aid treatment.

As to the proposed changes to the financing of the first two phases of unemployment insurance benefits, the amendment would shift to the private sector premium account the total cost of the initial and labour force extended phases of benefits. Let me put this in perspective as it relates to the recent history of the unemployment insurance program.

Before 1971, the unemployment insurance program was financed by equal employer and employee contributions of approximately 40 per cent of program costs. The federal government contributed 20 per cent.

In 1971, the benefit structure was revised and these financial provisions were modified. The 1971 legislation provided that the private sector would finance a share of initial and re-established initial benefits up to the point where the unemployment rate reached 4 per cent. The cost of initial benefits beyond the 4 per cent rate was paid by the government. In addition, the government assumed full responsibility for financing the extended phases of unemployment insurance benefits, which included labour force benefits and other extended benefits based on regional and national rates of unemployment. The cost of sickness, maternity and retirement benefits, and the cost of administration, were paid by the private sector premium account.

In 1976, the financing formula was changed from the 4 per cent unemployment rate. The benefit structure was simplified. A three-phase benefit structure replaced the then existing five-phase structure. The financing threshold of the 4 per cent unemployment rate was replaced by a threshold rate determined by an eight-year moving average of national unemployment rates.

Further changes were made in 1978. Bill C-14 led to the current situation whereby the government pays the full cost of regional extended benefits and the part of the cost of both initial benefits and labour force extended benefits attributable to an unemployment rate exceeding the threshold rate. This worked out in 1979 to a government share of 31 per cent of the unemployment insurance program costs.

Under the financing amendment of Bill C-3, the government will continue to bear the full costs of regional extended benefits. What changes is that the private sector, through its premium contributions, will now pay the costs of all initial benefits and labour force extended benefits. These changes in

financing would shift $378 million from government to the private sector in 1980-81. As a result, the government's share of the cost of unemployment insurance benefits will be reduced to about 20 per cent, the same proportion as in the early 1970s.

By allocating all the costs of benefits based on weeks worked to the private sector, the unemployment insurance program would be made more self-financing and, therefore, more insurance-oriented. The government would continue—and I want to stress this—would continue to pay the costs of benefits attributable to regional unemployment levels.

These proposals for changing the financing of the unemployment insurance program will not mean an increase in premium rates paid by employers and employees for 1980. Even with the changes proposed, the unemployment insurance premium account is expected to show a surplus at the end of 1980. As I understand it, the surplus will be in the area of $240 million. I might add, as well, that this particular measure was part of the December 1979 budget proposals of the previous government.

The second substantive amendment proposed by Bill C-3 would extend until June 1982 the existing 10- to 14-week variable entrance requirement. If no extension is approved, the entrance requirement, as I stated before, would revert to a flat 14 weeks of insurable work across Canada. As I said, the minister is intending to undertake a full review of the procedure.

Honourable senators, that really covers the two main amendments to the bill.

On motion of Senator Donahoe, debate adjourned.

CORPORATIONS AND LABOUR UNIONS RETURNS ACT

BILL TO AMEND –ORDER STANDS UNTIL LATER THIS DAY

On the Order:

Second reading of the Bill S-10, intituled: "An act to amend the Corporations and Labour Unions Returns Act".—(*Honourable Senator Perrault, P.C.*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I ask that this order again stand until later this day.

Hon. Senators: Agreed.

Order stands.

• (1710)

CANADA AND THE COMMONWEALTH CARIBBEAN AREA

DESIRABILITY OF CLOSER COMMERCIAL AND CULTURAL RELATIONS—DEBATE ADJOURNED

Hon. Heath Macquarrie rose pursuant to notice of Wednesday, May 28, 1980:

That he will call the attention of the Senate to the desirability of promoting closer commercial and cultural relations between Canada and, in particular, to the desirability of recommending to the government that steps be taken to provide for

(a) subsidization of ocean transport between Canada and the Commonwealth Caribbean area;

(b) assistance in the upgrading of the seaports of Atlantic Canada;

(c) tariff changes to facilitate the exchange of commodities between the two areas;

(d) greater exchange of students between the two areas; and

(e) assistance to encourage meetings of political, business and educational leaders of the two areas with a view to stimulating a mutually advantageous North-South exchange of goods, people, services and technology.

[Senator Thompson.]

He said: Honourable senators, I am sure it is to your great delight that I am prepared to announce that I am making no substantive remarks today. I am no clockwatcher, but I can tell the time. I would like in a procedural way to thank Senator Frith for his procedural co-operation in the arrangement of this period. It did not work, but I thank him for his courtesy. This was to have been the best day. I thank Senator Macdonald for waiving his time, but I am not certain as to how I should proceed. I was happy that the high commissioners from the six Commonwealth Caribbean states were in the gallery today, but as time went by one by one they have gone. I do not like to give them the impression that I am not interested in speaking to the measure if they are not here, nor do I have the presumption to ask them to come again some other day. So I would like to reflect as to whether or not I shall resume remarks on this inquiry on another occasion or request that it be allowed to drop.

This inquiry deals with a very serious part of the world, a de-stabilizing area. It is a vehicle I have used in the House of Commons for many years, and an identical one is proceeding there under the name of Mr. Forrestall, and I thought it might be a valuable communication for Parliament to make to our neighbours in the south.

There is here a procedural situation which I thought was prevalent in the House of Commons but not so much here, that is the role of the private member or the private senator. It is very easy for an ordinary senator to put down a notice of inquiry, but it is not so easy for him to proceed with it, because bills that are emanations of government come before him and then people yawn and look at their watches and say, "Merciful heavens, it is late." There must be some more accessible procedural avenue for those who are not emanations of the government, and some day in the future I hope we will have a chance to discuss that. So I would like to adjourn the debate and reflect upon my future intentions.

On motion of Senator Macquarrie, debate adjourned.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators will recall that we hoped to have a report from the Standing Senate Committee on National Finance on Bill C-30 before 6 o'clock. For that reason I am now asking honourable senators whether, rather than adjourning to the call of the bell, we should use the time until receiving that report by reviving Bill S-10, which we buried a moment or two ago, and allow Senator Stanbury to make his comments on the motion for second reading. Then we can wait and see what transpires.

Senator Smith: May I interject here to mention another matter for consideration. It will be recalled by members of the Transport and Communications Committee that a meeting of that committee was called for when the Senate rises today. The witnesses from the Department of Transport and from the Department of External Affairs have been waiting for some time. I wonder if it would be satisfactory to honourable senators if I were to move with leave that the committee have power to sit while the Senate is sitting to allow the committee to deal with that matter.

Senator Frith: As long as we can maintain a quorum, I think that is an excellent idea. This is to deal with the bill concerning the hijacking of aircraft. May I suggest that we put both proposals before honourable senators, that is to deal with Bill S-10 and that Senator Smith's committee have leave to sit while the Senate is sitting.

Senator Flynn: If Senator Stanbury's pride is not too hurt, I do not mind, but if it is we could very well adjourn to the call of the bell and probably facilitate the sitting of Senator Smith's committee.

Senator Macquarrie: Honourable senators, may I put forward what could be a lucid or perhaps a fluid suggestion. I had planned to have a reception for the high commissioners in Room 601 so that they might meet some honourable senators. The room has been hired and the booze has been bought and I am going there now. I welcome anybody who wishes to chat about the Caribbean.

[*Translation*]

Senator Frith: Honourable senators, what with all the invitations we are getting, our agenda is quite full, is it not?

[*English*]

In any event, I would like to have Senator Stanbury deal with Bill S-10, if that is possible, and still allow Senator Smith's committee to meet. I suspect that it is going to be a fairly short meeting. Then, with our thirsts thus whetted, if one whets thirst, we could move on to the third invitation, the one we have just received from Senator Macquarrie.

Senator Smith: Would it be appropriate to move with leave that the committee on Transport and Communications be given permission to sit while the Senate is sitting today?

Hon. Senators: Agreed.

TRANSPORT AND COMMUNICATIONS

COMMITTEE AUTHORIZED TO MEET WHILE THE SENATE IS SITTING

Leave having been given to revert to Notices of Motions:

Hon. G. I. Smith, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Standing Senate Committee on Transport and Communications have power to sit while the Senate is sitting today, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, contrary to what the magicians sometimes say, I have something else up my sleeve, and that is the possibility of adopting the report of the Legal and Constitutional Affairs Committee on Senator Choquette's private bill. That, I think I can guarantee, will be very short. Senator Goldenberg could report and then we could have third reading; otherwise, we could get caught with the bill not being dealt with until next fall, and I am sure that we would all like to co-operate in seeing to it that that does not happen.

PRIVATE BILL

PYRAMID COMMUNICATIONS LIMITED—REPORT OF COMMITTEE

Leave having been given to revert to Reports of Committees:

Hon. H. Carl Goldenberg, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, reported that the committee had considered Bill S-8, to revive Pyramid Communications Limited, and had directed that the bill be reported without amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Lionel Choquette: With leave, now.

Motion agreed to and bill read third time and passed.

• (1720)

CORPORATIONS AND LABOUR UNIONS RETURNS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Richard J. Stanbury moved the second reading of Bill S-10, to amend the Corporations and Labour Unions Returns Act.

He said: Honourable senators, under the circumstances, I am quite happy to be the pinch hitter or gap filler—whatever

you want to call me—but it is a pleasure for me to have the opportunity of presenting Bill S-10.

[*Translation*]

Honourable senators, I rise today to discuss Bill S-10, an Act to amend the Corporations and Labour Unions Returns Act, commonly known as CALURA. As you know, this bill was brought before the Senate last Monday, July 14.

[*English*]

This is the fourth in a succession of bills similarly entitled, and with only slight variations to take account of the concerns of the business and labour communities.

Bill C-7 received first reading in the House of Commons on October 26, 1977; it received second reading on March 3, 1978; it was considered by the Standing Committee on Finance, Trade and Economic Affairs in the other place at meetings held on June 8, 16, 20 and 22; and the bill died on the order paper on June 30, 1978. However, it had received the support of all parties in the committee of the other place.

Amendments were reintroduced in Bill C-3, which received first reading on November 16, 1978. That bill also died on the order paper, on March 26, 1979. Amendments were reintroduced in Bill C-12, which received first reading on November 19, 1979 and died on the order paper on December 18, 1979. The measure has been given to the Senate, and it now appears as Bill S-10.

[*Translation*]

Honourable senators, we must study the provisions of Bill S-10 with dispatch as they have been long awaited by tens of thousands of relatively small businesses. The amendments are chiefly designed to reduce the paper work and the time required for filling in returns and the related costs.

Because its measures are aimed at standardizing the collection of data, Bill S-10 is truly apropos and well in line with the current government's stated intention to provide more efficient working methods.

The act has been in force for 17 years against an economic backdrop which has changed in many ways. The economy has become much more complex and, to define the national policy, more data was needed in order to follow its development. The proposed amendments in Bill S-10 will reflect the current situation and simplify the methods for collecting data on businesses.

At the moment, more than 90,000 corporations fill in questionnaires on ownership in compliance with this act. Most of these respondents are small Canadian businesses which, originally, did not fall within the purview of the act.

Bill S-10 should dispense more than 70,000 such businesses from having to send in a return pursuant to the act.

At this time, a corporation must file a return if its assets exceed $250,000 or if its sales amount to more than $500,000. According to the bill, the threshold will be multiplied by 20. Only those companies with assets of $5 million or more or whose sales figures exceed $10 million will be required to send in a return. Companies whose shares are partly owned by non residents will also be required to produce returns.

To avoid overlapping of data, the eight existing questionnaires will be amalgamated into one. These questionnaires include those which were used in accordance with the Statistics Act and the Corporations and Labour Unions Returns Act as well as those used by the Department of Industry, Trade and Commerce according to guidelines of sound business practices.

To allow government to have a better understanding of foreign technological aid, the bill provides for the collection of certain data on technology transfers.

The data derived from corporate returns concerning transfers of technology will be available for study within the federal government. Access to this data will be severely regulated just like the access to financial data. Information will be provided to analysts only on the request of a minister and subject to the approval of the Chief Statistician who will prescribe under what conditions this information will be released.

The information on ownership being gathered under the act at this time is not confidential; the public may gain access to it by contacting the Department of Consumer and Corporate Affairs. To that end, Bill S-10 proposes the following improvements.

Corporations with 50 shareholders or less will be required to declare their actual shareholders. All other corporations can use their shareholders' registers to declare the shares being held. On the other hand, all corporations must declare the options and voting rights held by directors and the name of any corporation holding 10 per cent or more of the voting rights.

These measures are intended to provide Parliament and the public with specific and current information on the ownership and control of corporations. Together with the financial information, they will also enable us to make a more accurate assessment of foreign control and corporate concentration in the hands of large corporations and thus help carry out the terms of reference set out in the act.

The changes dealing with labour unions will lead to significant improvements in the enforcement of the law, the quality of data and the timeliness of statements.

To give a more complete picture of union activities in Canada, the bill proposes to broaden the definition of labour unions to include independent unions without affiliation and locals.

To allow a more exhaustive examination of the financial operations of unions in Canada, the bill forces international unions to declare all direct receipts from their affiliated unions in Canada and all expenses directly related to their activities in Canada. In addition, unions will be required to declare financial information relating to special funds such as retirement and strike funds separately from general revenues and expenditures. Consequently, the quality of financial data published in the annual report on unions will be considerably improved,

and this will facilitate the comparative analysis which is one of the purposes of the act.

Finally, to shorten delays in tabling the annual report before Parliament labour unions will be required to produce their returns within 90 days following the end of the year for which the data is required.

In my presentation, honourable senators, I pointed out the main aspects of Bill S-10. I also stressed the importance of that legislation for the country and the way in which the proposed amendments are to simplify administration of the act. This is a timely piece of legislation. I do hope the bill can be given rapid, but serious, consideration so we can all have the satisfaction of seeing it passed by Parliament.

Hon. Royce Frith (Deputy Leader of the Government): Would Senator Stanbury allow me a question?

Senator Stanbury: In English, please.

Senator Frith: Of course.

• (1730)

[*English*]

On the question of whether this bill should be referred to a committee, could Senator Stanbury tell us if he has had an opportunity to study the history of the bill so far as its consideration by previous committees is concerned? He made reference to that fact, and I am wondering whether the reports of those committees are available, because they might save us the trouble of referring the bill to committee. Is it his feeling that a Senate bill requires reference to a committee of the Senate, and, if so, which committee? Perhaps he could tell us a little about the background of the bill.

Senator Stanbury: Honourable senators, I can give you a résumé of what has happened in committees of the other place and what changes were made. That may assist in answering the question.

There was a great deal of consultation with both business and labour in coming to a conclusion on this bill. As I mentioned earlier, this is the fourth emanation of this bill. It has had a lot of study, and there have been many amendments, and I feel it might be difficult to come up with further amendments which would not immediately cause difficulty for those with whom there has been a great deal of consultation in the past under three governments.

It might be helpful if I read a couple of paragraphs of this summary which say that the present bill differs from predecessors in that the Minister of Supply and Services is named as the minister responsible for the act. Otherwise, the bill under consideration is the same as Bill C-12 introduced in the last Parliament.

Bill C-12 differed from its predecessor, Bill C-3, in that Bill C-12 provided for more control of access to financial data collected under the act in the same manner that access to information concerning technology transfers is to be controlled. The purpose of this change was to accommodate certain business concerns related to the sharing of identifiable data.

Under Bill C-3, access to financial data by federal government officials was more open. Bill C-3, which received first reading on November 16, 1978, succeeded Bill C-7 which received first reading in the House of Commons on October 26, 1977, and second reading on March 3, 1978, and was considered by the Standing Senate Committee on National Finance in June 1978. The bill was supported by all political parties in the standing committee. Bill C-3 incorporated changes made to its predecessor to accommodate certain proposals made by business and labour, and to meet some of the concerns expressed during the proceedings of the standing committee.

Honourable senators, that is a relatively brief summary of the changes.

On motion of Senator Macdonald, debate adjourned.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have just received a report from the Standing Senate Committee on National Finance that its progress is satisfactory, and that it expects to report to us by six o'clock this evening. I would therefore suggest that we adjourn, to resume at the call of the bell. When we return, we will hear the committee's report.

• (1740)

I do want to talk to Senator Flynn during the interim about something which has developed in the meantime. Then I would ask that we revert to Notices of Motions so that I can move that we sit at 11 o'clock tomorrow morning, and I want to discuss that with Senator Flynn also. So that is what is before us.

I wish to thank honourable senators for sitting through this difficult but at times interesting afternoon.

I propose, therefore, that we adjourn now to resume at the call of the bell at approximately 6 o'clock.

The Senate adjourned during pleasure.

At 6 p.m. the sitting was resumed.

BORROWING AUTHORITY BILL, 1980-81

REPORT OF COMMITTEE

Leave having been given to revert to Reports of Committees:

Hon. Douglas D. Everett, Chairman of the Standing Senate Committee on National Finance, reported that the committee had considered Bill C-30, to provide supplementary borrowing authority for the fiscal year 1980-81, and had directed that the bill be reported without amendment.

Hon. Léopold Langlois moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

TRANSPORT AND COMMUNICATIONS

NOTICE OF COMMITTEE MEETING

Hon. G. I. Smith: Honourable senators, perhaps I could make a comment at this time about Bill S-7. Honourable senators were good enough to give leave to the Standing Senate Committee on Transport and Communications to sit while the Senate was sitting this afternoon. The committee sat and dealt with the business that was before it, but it was requested by certain officials to consider a further amendment. So we are not yet ready to report the bill, but we are meeting again tomorrow at 9.30 a.m. Perhaps members of the committee who are here now would take this as notice. We are getting out written notices, but they may or may not arrive as quickly as my voice does now.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I ask leave to revert to notices of motion so that I can move that when the Senate adjourns today it do stand adjourned until tomorrow morning at 11 o'clock. The hope, pursuant to our earlier discussions, is that we can have royal assent for Bill C-30 at about noon.

The Hon. the Speaker: Is leave granted?

Hon. Senators: Granted.

Senator Frith: Then, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until tomorrow at 11 o'clock in the forenoon.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, what about all the committees scheduled to sit tomorrow morning? I understand there is a total of seven. There is one committee sitting to deal with the official languages report and then at 11.30 there is the Senate Committee on Internal Economy, Budgets and Administration. Are they going to meet later in the day?

Senator Frith: There is no question that the arrangements for Senate committees tomorrow morning create a problem for us, one we inherit from the problems we tried to solve today. One committee is scheduled to sit at 11.30 a.m., but most of the others are sitting at 9.30 a.m. I think we will just have to do our best, and I shall consult with the Leader of the Opposition to see if there is a way that we can deal with that portion of our orders for tomorrow that needs to be dealt with for the royal assent. Then we can continue with our work in the afternoon at 2 o'clock. I think the point is well taken and we will try to work it out so that we will be able to continue with legislation and other items in the afternoon. It may mean that we will have to leave our committees for a while in the morning.

Senator Muir: Honourable senators, my leader raised the point I was going to mention. I hate to be "small" about these things, but some members of the media often say that we in this chamber never do anything and that we are not very active. I would like note taken of the fact that we were running from one committee to another, from one session to another, and now we are at a point where we don't know if we are having committee meetings tomorrow. The Internal Economy Committee is scheduled to sit at 11.30 and other committees are also scheduled to sit. I hope the situation will be clarified tomorrow if this motion goes through, as I know it will. I hope that note will be taken by the electronic and written media that so many people in this chamber are extremely busy at all times, and that they are not just sitting around here doing nothing.

Senator Perrault: The universe will unfold.

Motion agreed to.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Thursday, July 17, 1980

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers.

TRANSPORTATION OF DANGEROUS GOODS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-18, to promote public safety in the transportation of dangerous goods.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government), with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

IRANIAN ECONOMIC SANCTIONS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-31, to provide for the imposition of certain economic sanctions against the Islamic Republic of Iran.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government), with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Copies of a discussion paper proposing changes to Canadian import legislation entitled "Proposals on Import Policy", dated July 1980, issued by the Department of Finance.

Report of the President of the Medical Research Council of Canada, including accounts and financial statement certified by the Auditor General, for the fiscal year ended March 31, 1980, pursuant to section 17 of the *Medical Research Council Act*, Chapter M-9, R.S.C., 1970.

Report of the National Arts Centre, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1980, pursuant to section 17 of the *National Arts Centre Act*, Chapter N-2, R.S.C., 1970.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board) tabled:

Copies of document entitled "The Review of the Western Grain Stabilization Program 1976-1978".

BANKS AND BANKING LAW REVISION

REPORT OF COMMITTEE TABLED AND PRINTED AS AN APPENDIX

Hon. Salter A. Hayden: Honourable senators, I desire to table the report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of Bill C-6, to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other Acts in consequence thereof. I would ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report see Appendix "A", p. 740*)

NOTICE OF INQUIRY

Senator Hayden: Honourable senators, this notice of inquiry which I wish to give today may provoke a little humour. I give notice that on Tuesday next, July 22, I will call the attention of the Senate to the Report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of Bill C-6, to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other Acts in consequence thereof, tabled in the Senate today.

• (1105)

BANKRUPTCY AND INSOLVENCY

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO PUBLISH AND DISTRIBUTE REPORT

Hon. Salter A. Hayden, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to publish and distribute its report on the subject matter of the Bill C-12, intituled: "An Act respecting bankruptcy and insolvency,"

as soon as it becomes available, even though the Senate may not be sitting.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. W. M. Benidickson: Honourable senators, I have no self-interest because I am not a member of the hard-working Standing Senate Committee on Banking, Trade and Commerce, but I do know as a senator from Ontario that a great deal of good work is done by committees of the Legislature of Ontario when it has permission to sit in a recess, and I think a modest compensation is given to those members who attend.

I notice that the motion before us does not contain any reference to sittings during the recess, which may be fairly long, but it should be kept in mind by the new chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration that a lot of our good work is done in committees. We are a little hard pressed to do the work that we have when we are sitting. In any event, I think that some consideration should be given to occasionally granting permission for a committee to sit during a recess, and authorizing a modest compensation for those senators who attend such sittings.

Senator Hayden: Honourable senators, I should point out to you that my motion does not in any way refer to further sittings of this committee. The committee has concluded its sittings. It has prepared and approved its report. That report is completed in English and it will be some time tomorrow, most likely, before the French translation will be completed. So there is no problem of further sittings. It is simply that we are required to table the report both in English and French, and that is not possible today having regard to the present plans for adjourning for the summer recess.

That is the reason for the motion. One hates to have it sit around all summer. The matter may become old news by then, and a substantial number of people have been in communication with me and with other members of the committee, wishing to get this report as soon as possible, because the legislation has been on the go in the form of one bill or another since 1975.

Senator Benidickson: Honourable senators, I heard distinctly the words of the motion and I know that it did not involve the proposition that I advanced. However, generally speaking I am opposed to committee reports being delivered to press conferences and the media and otherwise after senators have done a lot of hard work, and are not assembled. I normally regret that, but I know this is an exceptional circumstance. I simply raise the proposition that there are some hard-working senators—I have not been one this session—who occasionally could be called on urgent matters to sit in committee in recess.

● (1110)

Motion agreed to.

[Senator Hayden.]

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the program we propose for today is as follows: This morning we will proceed with the third reading stage of Bill C-30, the supplementary borrowing authority bill, which was sponsored by Senator Langlois and given second reading yesterday. We will ask that we proceed with that item now, ahead of Question Period. If the bill is given third reading, we look forward to it being given royal assent at noon today, along with other bills that have received third reading. In the interim between the third reading of Bill C-30 and royal assent, we will proceed with the Question Period.

Then we propose to adjourn until 3 o'clock this afternoon to give some committees an opportunity to work in the meantime. In that regard I might announce that the meeting of the Internal Economy Committee, which was scheduled for 11.30 this morning, will take place instead at 2.15 this afternoon in room 263-S.

After resuming at 3 o'clock, we propose to deal with the bills that we have received from the other place. Some committees may sit this afternoon on some of those bills in the hope that they can be dealt with and reported later in the day, all with a view to having royal assent tonight at about 10 o'clock. By that time we should have cleaned up all the business we will have received from the other place, and our own business on the order paper not connected directly with bills. If that plan is successful, we will complete our work tonight at 10 o'clock and we will be able to adjourn until the fall.

Our work during the day will be what is on the order paper now, plus the two bills that were given first reading this morning.

I thank honourable senators for their attendance during the lengthy sitting yesterday, and I thank them in advance for the work we will get done here today with a view to finishing our business before the adjournment. The other house will not be sending us any more business before their own adjournment. The motion for adjournment in the other place will take up all of their business tomorrow.

Accordingly, honourable senators, might I ask leave to have Order No. 1 appearing on the Orders of the Day brought forward for consideration at this time?

The Hon. the Speaker: Is it agreed, honourable senators?

Senator Benidickson: Honourable senators, I apologize for rising again this morning, but apropos the business of the day, could I ask the Deputy Leader of the Government whether the House of Commons is unusually sitting, as we are unusually sitting on a Thursday morning at 11 o'clock, and whether in the other place they will receive any report from the cabinet meeting, which is usually held on Thursday, relative to the prebuild part of the pipeline, which was so well dealt with this morning and at other meetings of the Senate Finance Committee?

● (1115)

Senator Frith: Honourable senators, with reference to the first question, the answer is yes, the other place is sitting at 11

o'clock this morning. On the question concerning a report on what is commonly called the prebuild, I shall have to defer to my colleagues, either the Minister of State for Economic Development or the Leader of the Government.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, it is not anticipated that there will be a statement on the so-called prebuild during the course of our activities this afternoon. I defer to my colleague, Senator Olson, who has the responsibility for that important matter.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, another meeting of cabinet is called for 5 o'clock this afternoon. I think that most senators know better than to anticipate what the results may be.

BORROWING AUTHORITY BILL, 1980-81

THIRD READING

Hon. Léopold Langlois moved the third reading of Bill C-30, to provide supplementary borrowing authority for the fiscal year 1980-81.

Hon. C. William Doody: Honourable senators, may I be permitted to say a few words on third reading of Bill C-30? As honourable senators are aware, yesterday the bill was referred to the Standing Senate Committee on National Finance. The government was represented by the parliamentary assistant to the Minister of Finance and the Assistant Deputy Minister of that department.

I must say that there was a spirit of great co-operation at the meeting. The witnesses were most forthcoming and provided the committee with some valuable information. The witnesses tabled, for the information of the committee, background information, which I regret we did not have in time for the debate in this chamber. Had we received the information earlier, the debate would have been much more informative, certainly from my own point of view, and perhaps we would not have had cause to send the bill to committee.

In any event, many of the questions that were asked in the house were answered in committee, and it was a very useful exercise.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

July 17, 1980

Sir,

I have the honour to inform you that the Honourable Robert George Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 17th day of July, at 12.00 noon, for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

• (1120)

QUESTION PERIOD

[*English*]

TRANSPORT

MISSISSAUGA DERAILMENT—CONDITION OF CNR TRACKAGE

Hon. Jack Marshall: Honourable senators, my question is to the Leader of the Government and has to do with the report of the rail damage in Mississauga and items arising therefrom.

In view of the fact that a Carleton University professor indicates that the rail system of CNR is absolutely deplorable, can the Leader of the Government indicate what action the Department of Transport is going to take to bring CN to task to ensure that work will be continued to improve the trackage rather than concentrating on policies and regulations that do nothing to alleviate the present deplorable situation? There are so many accidents that they are being treated as commonplace.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Roblin and other representatives in this chamber from Manitoba have made a number of representations regarding the Garrison Dam project. I have been asked to provide the house with a copy of a communication from the Government of the United States in respect to this matter.

As I already indicated earlier this month, the government, through our embassy in Washington, secured confirmation from the United States that the new Garrison appropriation

will not be spent on aspects of the project affecting Canada. This assurance, which was not conveyed in writing but rather was made orally by senior administration representatives, is however fully consistent with earlier formal U.S. government assurances to Canada regarding the transboundary implications of the Garrison project. These assurances were contained in several diplomatic notes, copies of which are being made available to Senator Roblin for his information.

I have here much of the material requested by Senator Roblin. I have the text of the notes exchanged between the U.S. Department of State and the Canadian embassy in Washington, D.C. If honourable senators would like to have this material incorporated in the *Debates of the Senate* of today's date, I would be pleased to make that suggestion because of the importance of the issue. The documentation is too long to read in its entirety at the present moment.

Hon. Senators: Agreed.

(*The Notes follow:*)

Note from Canadian Embassy to U.S. Department of State, October 23, 1973

The Canadian Embassy presents its compliments to the Department of State and has the honour to refer its Notes No. 313 of October 19, 1971 and No. 35 of January 25, 1973, concerning the effect on water quality in the Souris River of the proposed Garrison Diversion Project in the State of North Dakota.

The Embassy reaffirms that the Government of Canada continues to be gravely concerned that return flows from the irrigation of land in the Souris Loop and areas adjacent to tributaries of the Red River will significantly and seriously degrade water quality in these two Rivers. The Government of Canada has concluded that based on studies conducted in both countries the proposal would run counter to the obligations assumed by the United States under Article IV of the Boundary Waters Treaty of 1909 that:

"... waters herein defined as boundary waters and waters flowing across the boundary shall not be polluted on either side to the injury of health or property on the other."

Studies have been undertaken in Canada that indicate that communities, such as Souris and Portage La Prairie, would be required either to seek alternative sources of water supply or undertake additional treatment of present water supplies drawn from the Souris and Assiniboine Rivers. The attachments to this Note contain more detailed explanations of the injury to property resulting from transboundary pollution likely to be incurred by these two Canadian municipalities. The Department of State will understand that the property damage values listed are indicative and minimum values and do not represent other injury to health or property that might be incurred. Such other injury by way of example would include: the unsuitability of the Souris return flows for irrigation purposes, and for various industrial uses including food processing; and adverse effects that may accrue to other downstream interests on both rivers from the Boundary to Lake Winnipeg. In short, options available to Canada for the use of the flows of these Rivers will be severely limited by the Garrison Diversion.

The Government of Canada is also mindful that on July 13, 1972 the Canadian Minister of Environment and the Chairman of the United States President's Council on Environmental Quality jointly reaffirmed their support for Principle 21 of the Declaration on Human Environment that:

"States have, in accordance with the charter of the United Nations and the principles of international law, responsibility to ensure that activities within their jurisdiction or control do not cause damage to the environment of other States or of areas beyond national jurisdiction."

The Department of State will recall that the group of Canadian and U.S. officials which was to consider alternatives to the present plans for the Garrison Diversion so as to protect Canadian interests, has met only once. No agreement could be reached as to the terms of reference for the group and thus no progress has been achieved through this mechanism.

The Government of Canada is confident the United States Government will recognize the need to avoid degradation of the water of the Souris River passing into Canada. Accordingly, the Government of Canada requests urgently that the Government of the United States establish a moratorium on all further construction of the Garrison Diversion Unit until such time as the United States and Canadian Governments can reach an understanding that Canadian rights and interests have been fully protected in accordance with the provisions of the Boundary Waters Treaty.

The Government of Canada looks forward to an early reply to this request. Further, the Government of Canada suggests that senior officials from both sides representing all interests meet quickly, following the establishment of a moratorium, to reach the understanding described above.

The Canadian Embassy avails itself of this opportunity to renew to the Department of State the assurances of its highest considerations.

Note from U.S. State Department to Canadian Embassy, Washington, February 5, 1974

The Department of State refers to the Canadian Embassy's Note 432 dated October 23, 1973, concerning the possible effects of the proposed Garrison Diversion Unit in the State of North Dakota on the quality of waters flowing into Canada.

The United States notes Canada's concern that its waters may be adversely affected by the projected future development of the Garrison Diversion Unit, Canada's views regarding the relevance of Article IV of the Boundary Waters Treaty to the continued development of the project, and Canada's request for a moratorium on fur-

ther construction. The United States wishes to point out that construction work presently underway on the Garrison Diversion Unit will itself not affect waters flowing into Canada. In any development of features of the Garrison Diversion Unit that will affect Canada, specifically works in the Red River Basin and the Souris Loop, the U.S. will comply with its obligation to Canada not to pollute water crossing the boundary "to the injury of health or property" within Canada. No construction potentially affecting waters flowing into Canada will be undertaken unless it is clear that this obligation will be met.

To this end, the Department of the Interior has underway studies to identify and quantify the beneficial and adverse effects of further development of the Garrison Diversion Unit including possible effects on Canadian interests. Many of the effects of water quality and flows have not been fully evaluated by either country. Initial phases of the studies will be completed in March. At that time, the U.S. will further review the future development of the Garrison Diversion Unit in light of all relevant factors, including Canada's concerns and the U.S. obligations under the Boundary Waters Treaty. The U.S. also notes Canada's suggestion that senior officials of both countries meet quickly to reach an understanding regarding Canadian rights and interests. The United States is equally desirous of holding such a meeting in order to assess fully the potential impact of the project on Canada, to consider possible solutions to the problem, and to resolve outstanding policy issues. Such a meeting could be most beneficially conducted after the completion of the initial phases of the studies referred to above, and after Canada has had an opportunity to review these studies and to evaluate the information pertaining to the effects of return flows on Canada.

Note from U.S. Department of State to Canadian Embassy, Washington, February 18, 1977

Garrison Diversion Unit

The Department of State refers to the Canadian Embassy's Note No. 495 covering the construction of the Garrison Diversion Unit of the Pick Sloan Missouri Basin program and requesting that further construction and decisions on construction of the Lonetree Reservoir be deferred, in view of potential transfer of biota from the Missouri River Basin into Canadian waters, until such time as the report of the International Joint Commission on the Transboundary aspects of the Garrison Diversion Unit has been received and been the subject of bilateral consultations.

The Department of State has been informed by the Department of the Interior that the construction of the Lonetree Reservoir would not be completed under the present construction schedule until August 1979. Filling of the reservoir with waters from the Missouri River system is not scheduled to begin until after the construction has been completed, i.e., until May 1981 at the earliest. Thus a considerable period of time would elapse between the scheduled publication in June 1977 of the International Joint Commission report on the Transboundary impacts of the Garrison Diversion Unit and the 1981 date for the commencement of filling of the Lonetree Reservoir with Missouri River Basin waters.

Nonetheless, in order to meet the concerns expressed in the Embassy's Note regarding the potential transfer of foreign biota from the Missouri River into waters flowing into Canada, the United States Government wishes to advise the Government of Canada that a contract of the construction of the Lonetree Dam will not be let until after the report to Governments of the International Joint Commission has been received and subsequent consultations between the two governments have taken place.

The Embassy will recall that the joint reference from Governments to the International Joint Commission specifically calls upon the Commission to examine the issue of the potential transmission of foreign biota from the area of the Garrison Diversion Unit into Canada.

The United States Government reiterates its commitment of February 5, 1974, to undertake no construction of works in the Garrison Diversion Unit potentially affecting waters flowing into Canada until it is clear that its obligations under the Boundary Waters Treaty of 1909 will be met.

These undertakings are in keeping with the spirit of mutual understanding and forebearance which has characterized and will continue to characterize the efforts of the two governments in addressing transfrontier pollution matters.

The United States Government looks forward to early discussions with the Government of Canada following the report to Government of the International Joint Commission.

Senator Perrault: In connection with the Garrison Dam project, on June 26, Senator Roblin asked the following question:

> I believe the minister in question met with the Secretary of the Interior, Mr. Cecil Andrus, to ask the Government of the United States, the executive branch, what they would do in the event of the bill's passing in its present form with the money for the Garrison in the appropriation. Is it true that he met with the secretary and, if so, what answer did he get to his inquiries?

Honourable senators, I am informed that during his recent visit to Washington, D.C., the Minister for Employment and Immigration, the Honourable Lloyd Axworthy, did indeed meet United States Secretary of the Interior, Mr. Cecil Andrus. At that time he reiterated Canada's concerns over the provision of any new funding by Congress for the Garrison Diversion project in North Dakota. Secretary Andrus reaffirmed that, in the event the additional appropriation of $9.7

million received subsequent Congressional approval—as it has since done—this funding would only be spent on aspects of the project providing for no drainage into, or effect on, Canada's waters.

Hon. Joseph-Philippe Guay: Honourable senators, I should like to see this matter followed very closely by those responsible on our behalf. The fact is that every year we seem to be in the same predicament. The Government of the United States of America is always allotting a sum of money to the area of the Garrison Dam, and every year there is an addition to the project, and every year we come closer to the point where Manitoba will be receiving water which we do not want.

This is of real concern to Manitobans, and representations have been made on their behalf.

The Leader of the Government has tabled some documents which I should like to read before I make any further comment on this matter. However, the fact remains that, to my knowledge, over the last few years the Americans have substantially added to that project. Some people may think that $9 million this year is not a large amount, but the project is moving closer to a point where we do not want it.

For those reasons I would request the Leader of the Government to make representations on behalf of Manitobans to the cabinet that this matter be followed very closely, not only with the government in Washington but also with the International Joint Commission that is involved.

Senator Perrault: The Garrison issue, of course, is regarded by the government as an extremely important one for all Canadians wherever they live. Certainly a commitment can be given that this will be at the top of the priority list in the weeks to come.

Hon. W. M. Benidickson: Honourable senators, I intended to rise before the Leader of the Government made that statement. With complete enthusiasm as an ex-Manitoban, I join with Senator Guay in his remarks. As a senator from Ontario which immediately adjoins Manitoba, I believe it is a matter of great concern in the area I represent west of the Lakehead. I also hope that all honourable senators will, as they did before, continue to support Manitoba's great concern.

ENERGY

DOMESTIC OIL—FEDERAL-PROVINCIAL NEGOTIATIONS—PROPOSED ENERGY DEVELOPMENT FUND

Hon. Cyril B. Sherwood: Honourable senators, I have a question for Senator Olson, but I see that he has left the chamber and, therefore, will direct it to the Leader of the Government.

The Prime Minister said yesterday that he intends to ask Alberta to share its windfall in energy prices. Would the Leader of the Government indicate what portion of the provincial revenues the Prime Minister wishes Alberta to share?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, negotiations have been proceeding with the Government of Alberta for some considerable period of time. Indeed, I believe negotiations were begun by the previous government. These negotiations have not been easy. The Premier of Alberta, naturally, hopes to bargain successfully on behalf of the Province of Alberta. However, I believe that all Canadians, wherever they live, realize that Confederation requires sharing in all forms, not merely in terms of natural resources, but it involves sharing of industrial opportunities, an equitable sharing of transportation opportunities and economic development. The Right Honourable the Prime Minister has expressed this philosophy on many occasions.

It is not possible to give the honourable senator a specific dollar amount at this time since a number of figures relating to energy costs and revenue are on the table, and it is expected that when the Prime Minister meets the Premier of Alberta in a few days, there will be further bargaining positions discussed. Indeed, additional figures may be placed on the table. The hope is that an agreement can be achieved in the spirit of Canadian unity and in the spirit of sharing which, at the same time, does not work inequitable hardship on the people of Alberta or any one province.

Senator Sherwood: Is the Leader of the Government able to provide any details of the energy development fund which it is apparently the intention of the government to create?

Senator Perrault: Honourable senators, when the government approached the task of developing an energy policy and plan, it was felt that the policy must be multi-faceted and designed to encourage conservation and to provide adequate incentives for those involved in the development of new energy resources, both in the traditional fossil fuel areas and in other energy development areas such as tidal energy on the Atlantic coast, geo-thermal energy, and other innovative energy forms. Of fundamental importance, at a time when the rate of growth of the economy has slowed, is the need to ensure that the consumer of energy is not burdened with an inordinate weight of cost and taxation. Consistent with its campaign pledges, I assure honourable senators that a great deal of work is being invested by the government in a comprehensive national energy plan, and it is hoped that the details of that plan can be made known in the near future.

• (1120)

AIRLINES

SASKATCHEWAN—FRONTIER AIRLINES SERVICE CONNECTING PROVINCE WITH U.S.A.

Hon. Sidney L. Buckwold: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board in his capacity as the representative in the cabinet of the Province of Saskatchewan. The people of Saskatchewan were delighted to learn recently that the application of Frontier Airlines to provide an air service connecting Saskatoon, Regina, and Minot, with connecting flights to Denver and other parts of the United States, had been approved by the Canadian Transport Commission. However, there is considerable concern that this approval is for the relatively short period

of two years and that, in fact, it is not a bilateral air agreement.

My question of the minister is: What assurance can he give that would ease our concern about this important air connection which, by the way, is the only direct route from Saskatchewan to the United States? Can he assure us that this connecting service will be placed on a more permanent basis?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, in reply to Senator Buckwold I can say the decision was made by the regional office of the Canadian Transport Commission located in Saskatoon. I visited some of their officers, and I was in Saskatoon immediately after the decision was made known. As I understand it, their decision was a favourable one. They did everything they could under their authority to make this service available to Saskatchewan residents. They approved a Saskatoon-Regina-Minot route to be served by Frontier Airlines, but on the understanding and with the assurance that later on the route would be extended to Denver. This route is to be served by jet aircraft of the type that Frontier uses throughout the continental United States.

It is clear that for it to be a permanent service it has to be part of a bilateral agreement between Canada and the United States. My understanding is that Canada is supportive of such a bilateral agreement. This decision by the regional office of the Canadian Transport Commission makes it possible for this service to be provided by Frontier Airlines for Saskatchewan and American residents on a start-up basis this fall, and for a period of two years.

I am optimistic myself that this is the beginning of a permanent international service to the United States for residents of Saskatchewan. It is important to our tourist trade, particularly the tourist trade development of northern Saskatchewan, and it is an essential service for Saskatchewan because up until now Saskatchewan residents who wanted to travel by air to the United States had to go either through Calgary or Winnipeg.

I can appreciate the concern of Senator Buckwold and others in Saskatchewan that a two-year interim permit only has been granted, but I am optimistic that it will be made permanent. My advice—if I may be so bold as to give it—would be for all those concerned to take an optimistic view, to get the service under way as soon as possible, and make the best opportunity they can of this decision which is very much to the credit of the regional office of the Canadian Transport Commission.

ENERGY

EXTENSION OF Q & M PIPELINE TO HALIFAX, NOVA SCOTIA

Hon. L. Norbert Thériault: Honourable senators, I have a question for the Minister of State for Economic Development, but in his absence perhaps the Leader of the Government can take it as notice.

I have been concerned that the decision of the National Energy Board to extend the gas pipeline from Montreal to Quebec City did not include an extension to Halifax, which I feel the present government was committed to.

I hope the minister responsible, and the government as a whole, will seriously consider the application made by Q & M Pipeline. According to their statement of fact, an environmental study was made from Montreal to Quebec City, and exactly the same kind of study was made from Quebec City to Halifax. Taking into consideration the fact that the maritime provinces are so heavily dependent upon oil for the generation of electric power, and the abundance of western gas that is available, the Government of Canada should encourage Q & M to re-apply, or find some other way to proceed immediately with the construction of the gas pipeline to the maritimes.

Hon. Raymond J. Perrault (Leader of the Government): I can assure honourable senators that as we develop a comprehensive energy policy for the nation, the natural gas requirements of the maritimes will be very much in the minds of all of those who are engaged in the planning process. Consideration is being given to the feasibility and practicability of such an extension.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, we have planned, as you know, to have royal assent at 12 noon. The Leader of the Government is now on his way to meet His Honour, the Deputy of His Excellency, and I propose in a moment to move that we adjourn during pleasure to await the arrival of the Deputy of His Excellency.

After royal assent we will adjourn until 3 o'clock this afternoon, at which time we will continue the Question Period and then proceed to Orders of the Day.

The Senate adjourned during pleasure.

• (1140)

ROYAL ASSENT

The Honourable Robert George Brian Dickson, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to provide supplementary borrowing authority for the fiscal year 1980-81.

An Act to amend the Pension Act, the Compensation for Former Prisoners of War Act, the War Veterans

Allowances Act and the Civilian War Pensions and Allowances Act.

An Act to amend the Bretton Woods Agreements Act.

An Act to change the name of the electoral district of Saint-Hyacinthe.

An Act to change the name of the electoral district of Sarnia.

An Act to change the name of the electoral district of Rimouski.

An Act to change the name of the electoral district of Hastings-Frontenac.

An Act to change the name of the electoral district of Notre-Dame-de-Grâce.

An Act to change the name of the electoral district of Berthier-Maskinongé.

An Act to change the name of the electoral district of Cochrane.

An Act to change the name of the electoral district of Argenteuil.

An Act to change the name of the electoral district of Verdun.

An Act to change the name of the electoral district of Sainte-Marie.

An Act to change the name of the electoral district of Mercier.

An Act to change the name of the electoral district of Richmond.

An Act to change the name of the electoral district of Montmorency.

An Act to change the name of the electoral district of Laprairie.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

PROHIBITION OF INTERNATIONAL AIR SERVICES BILL

REPORT OF COMMITTEE ADOPTED

Leave having been given to revert to Reports of Committees:

Hon. G. I. Smith, Chairman of the Standing Senate Committee on Transport and Communications, presented the following report:

Thursday, July 17, 1980

The Standing Senate Committee on Transport and Communications to which was referred Bill S-7, intituled: "An Act to provide for the prohibition of certain international air services", has, in obedience to the order of reference of Thursday, June 26, 1980, examined the said Bill and now reports the same with the following amendments:

1. *Page 2, Clause 3(1):* Strike out line 13 in the English version and substitute the following:

"an territory; and"

2. *Page 2, Clause 3(2):* Strike out line 19 and substitute the following:

"unlawful act or has not permitted the continuation of the journey of the passengers and crew of an aircraft in respect of which an unlawful act has been committed or has not returned an aircraft in"

3. *Page 2, Clause 5:* Strike out line 42 and substitute the following:

"conviction to a fine not exceeding twenty-five thou-"

Respectfully submitted,

G. I. Smith,
Chairman.

● (1150)

He said: Honourable senators, it will take me just a moment to explain the amendments. The first is merely a drafting change, in that it changes the word "or" to the word "and" in line 13 on page 2.

The second amendment is one of some substance. It will be recalled that clause 3(2) provides that a state is in default, under the provisions of the act, if it has not extradited or prosecuted any of the parties or has not returned an aircraft in respect of which an unlawful act has been committed. This amendment is simply to add the words "or has not permitted the continuation of the journey of the passengers and crew of an aircraft" in respect of which an unlawful act has been committed. If the amendment is adopted, the state would be in default if it did not permit the continuation of the journey of the passengers and the aircraft.

The third and last amendment increases the maximum penalty to a fine not exceeding $25,000, whereas in the original draft of the bill the amount was $10,000.

Motion agreed to and report adopted.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill, as amended, be read the third time?

Hon. Royce Frith (Deputy Leader of the Government): With leave, now.

Senator Flynn: Is it anticipated that the Commons might pass this bill before the adjournment?

Senator Frith: I simply do not know.

Senator Flynn: So long as it does not disrupt our own schedule.

Senator Frith: Quite.

Motion agreed to and bill, as amended, read third time and passed.

Senator Frith: Honourable senators, I move that we do now rise to resume at the call of the bell at approximately 3 o'clock this afternoon.

Motion agreed to.

The Senate adjourned during pleasure.

● (1500)

At 3 p.m. the sitting was resumed.

QUESTION PERIOD

[*English*]

ENERGY

EXTENSION OF Q & M PIPELINE TO HALIFAX, NOVA SCOTIA

Hon. Orville H. Phillips: Honourable senators, before we were interrupted for a rather unusual royal assent, I was about to follow up with a supplementary to a question raised by the Honourable Senator Thériault. Perhaps I could say that I support the viewpoint put forward by the Honourable Senator Thériault, and would like to remind the Minister of State for Economic Development that we in the maritime provinces still think of ourselves as Canadians, though sometimes I wonder if he does. The Liberal platform in the last election was sort of a "Canadian first" platform, and I hope the honourable the minister will review that.

FEDERAL BUILDINGS

CONCESSION AT PLACE DU PORTAGE, HULL, QUEBEC

Hon. Orville H. Phillips: Honourable senators, may I direct a question to the Leader of the Government in the Senate? I think we on this side have been accommodating enough today. Perhaps you will put up with us for a minute or two.

Media reports last evening, particularly in the Ottawa *Citizen*, indicated that the government has been forced to turn the Canadian National Institute for the Blind into a corrective patronage project in Place du Portage in Hull. I really have no objection to the government's appealing to the Canadian National Institute for the Blind, since I have a high regard for that organization. They work at a high level of efficiency, as opposed to this government, and when they agree to undertake a project they complete it—something that is foreign to this government.

Having consideration for the efficiency of the CNIB, would the government consider using that organization to replace the staff of the Prime Minister's Office and the majority of the cabinet?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I may be wrong, but I thought I detected a partisan aspect to the question asked by the honourable senator. I want to say that there are none so blind as those who will not see.

Senator Flynn: You can say that again.

Senator Perrault: In my view, the honourable senator in his remarks has really been most unfair. He has made his judgments on the basis of fragmentary newspaper accounts. He should not wish for the worst, but the best, in matters of this kind.

Senator Phillips: Honourable senators, naturally I always wish the Leader of the Government the best. He needs it. I do not think, however, that the reports were as fragmentary as the honourable leader seems to believe them to be. I would hope that the government would have a look at the patronage pattern developed by certain cabinet ministers and the Honourable Minister for Hull. Before he departs for the summer vacation, without a private railway car, because the Canadian National cannot provide one to the Olympics, I hope the honourable the minister will agree to having a look at this situation.

Senator Perrault: The question will be taken as notice, but I am sure that in the ultimate, when the facts have become known, even the honourable senator will be reassured by the position of the government.

Senator Phillips: If so, it will be for the first time.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I ask what is really a supplementary question respecting the Garrison diversion? I apologize to my honourable friend the Leader of the Government in the Senate for being absent on other Senate business this morning, and I hope I may be allowed to ask him this question.

● (1505)

In the statement he made this morning with respect to the question of whether or not this new appropriation of funds for the dam would result in any harm to the ecology of the Manitoba water system, the honourable leader said that that would not be the case. He told us that an assurance to this effect, which was not conveyed in writing but, rather, was made orally by senior administrative representatives, was fully consistent with American policy, et cetera.

My problem is that I have every reason to believe that the supporters of the Garrison project in North Dakota do not know this and do not believe it. I would feel more comfortable if my honourable friend could tell me whether the minister who obtained this assurance orally was able to follow it up in a written fashion later on in order to make sure that there was a

complete meeting of minds and understanding of the matter. Would the Leader of the Government inform this chamber as to whether such a confirmation of this written assurance was sought, and procured, by means of a letter from our government to the American government?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that inquiry will go forward and an attempt will be made to obtain additional information.

In relation to many issues affecting Canada and the United States, many of the attitudes in the United States, quite understandably, and many of the statements may be conditioned by the events which will transpire in November of this year. This has been the historical pattern in the past and perhaps this is the situation again this year.

The honourable senator has made a legitimate request, and an earnest effort will be made to obtain the facts.

Senator Roblin: I thank my honourable friend because he has raised precisely the point that is bothering me. I agree with what he says and, therefore, I am all the more keen to make sure that we nail this thing down as closely as we possibly can.

Hon. Joseph-Philippe Guay: I have a supplementary question in connection with Senator Roblin's question of the leader a moment ago. This morning I asked a question pertaining to the Garrison project, and I appreciate the reply that was given.

I am not aware whether the International Joint Commission has made a report about this whole problem. I am sure that if such a report is available the leader could make it available to this chamber. Would he also make representations once again regarding the concern of Manitobans in this particular regard?

Senator Perrault: The honourable senator makes an excellent point as usual. I will attempt to obtain that additional information.

Senator Flynn: The "as usual" was unnecessary.

REQUEST FOR ANSWERS

Hon. Heath Macquarrie: Honourable senators, I am sorry I was momentarily out of the chamber on national and international business when the house leader answered my question about the establishment of a carrageen plant in Prince Edward Island. I want to thank him for that very concise answer; it is the best one he has given me since this session began.

I also want to commend the government for responding to a suggestion that I have been making for over 14 years. They have responded almost 100 per cent except that I did not want the plant to be established in Tignish; I wanted it to be located in the centre of Prince Edward Island, perhaps in Victoria.

Since one good turn deserves another, I would ask my honourable friend if he would give me an undertaking that when we return in September or October, he will give answers to my question of June 5 regarding disarmament; my question of June 10 regarding Haitian refugees; and my question of June 17 regarding aerospace.

[Senator Roblin.]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I can advise that researchers are busy at the present time gathering the information requested by Senator Macquarrie.

In relation to moss, may I say that this busy government gathers no moss, while, happily, the people of Prince Edward Island will shortly be able to gather Irish moss profitably.

ENERGY

ALASKA HIGHWAY GAS PIPELINE—GOVERNMENT DECISION ON PREBUILD

Hon. W. M. Benidickson: Honourable senators, this morning, at perhaps an inappropriate point in the proceedings, I asked a question concerning the southern portion of the Alaska Highway gas pipeline.

Both Mr. Blair and Mr. Daniel denied themselves vacations to appear before the National Finance Committee this morning. I might say, I have no interest in this matter. I merely feel we should walk in company with the House of Commons with respect to information on this matter. I am wondering whether there will be anything said in the House of Commons about the southern section of this project before the summer recess. Perhaps Senator Olson has something to say.

Hon. H. A. Olson (Minister of State for Economic Development): The honourable senator's question relates, as I understand it, to the so-called prebuild or the southern section of the Alaska Highway gas pipeline. I am not sure that I can answer that part of the question related to whether or not any member of the House of Commons will have anything to say about it. What I said earlier today was that there will be another cabinet meeting at 5 o'clock this afternoon. Whether there is an announcement, either in this chamber—and this is where the minister responsible for the pipeline is—and/or in the House of Commons, will obviously depend on a decision being made by the cabinet.

TRANSPORT

ATLANTIC CANADA—PASSENGER AND FREIGHT FACILITIES

Hon. Robert Muir: Honourable senators, on July 9 I posed a question to the Minister of State for Economic Development regarding the terrible service that was being provided by VIA Rail and by CN Marine on the east coast. The minister at that time asked me to provide him with some information on the matter, and I have to date provided him with a small amount. Indeed, in a co-operative manner his office has phoned my office since, requesting further information on the matter. That information is being prepared at the moment and will follow to the minister as soon as possible.

As I am anxious to receive a reply to my question, I would ask the minister, once he has received that additional information, to forward any answers he has to me by mail.

On occasion, many people have been left waiting on platforms because they could not be accommodated on the trains,

particularly when there have been large numbers going to the shrine of Ste. Anne de Beaupré.

So, I would ask the minister, once he has received that information, to send it to me in his usual kindly manner.

Hon. H. A. Olson (Minister of State for Economic Development): Yes, I shall, in my usual kindly manner and with dispatch, see that the honourable senator gets a letter on this matter, and perhaps it could be delivered by hand to his office here. If he is not here and we are so advised, we will send him a communication to make sure that he gets the information as expeditiously as possible.

INDUSTRY

EXTENSION OF SUBSIDIES TO SHIPBUILDING—ATLANTIC PROVINCES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wish to reply to Senator Smith's question of July 15 regarding specific information relating to the shipyard order books in Atlantic Canada.

According to officials of the Department of Industry, Trade and Commerce, as of early June 1980, the last delivery dates on order books in Atlantic Canada shipyards are as follows:

Saint John Shipyards—July, 1981

Halifax Industries—November, 1981

Fergusson Industries—May, 1982

Georgetown Shipyards—October, 1980

Marystown Shipyards—Early 1982.

Honourable senators will note that I have not included a date for the St. John's shipyard, the reason being that the St. John's shipyard is involved in ship repair work rather than new vessel construction. Ship repair work is not affected by the rate of any subsidy for any new vessel construction. However, by way of assurance to Senator Smith, I am advised that the St. John's shipyard is operating at full capacity in ship repair and the outlook appears to be for an increase in activity rather than any lessening of the work that is done in that yard.

• (1515)

TRANSPORT

URBAN TRANSPORTATION ASSISTANCE PROGRAM

Question No. 16 on the Order Paper—**By Hon. Jack Marshall:**

By province, give a breakdown of applications approved and the amounts granted under the Urban Transportation Assistance Program in the fiscal years (a) 1978-79 and (b) 1979-80

Reply by the Minister of Transport:

FISCAL 1978/79

Newfoundland	
Nil	
Prince Edward Island	
Summerside – Regional Transportation Plan	$ 43,200
Charlottetown – Regional Transportation Plan	33,600
Montague – Pedestrian Walkway	20,000
Souris – Pedestrian Walkway	9,920
Total	$106,720
Nova Scotia	
Halifax – Regional Transit Facility	$5,600,000
New Brunswick	
Grade Separation By-Pass, Newcastle	1,000,000
Grade Separation Robertsville Road, Beresford	528,000
Transit Maintenance Garage, Saint John	920,000
New Buses, Saint John	1,292,000
Maintenance Equipment, Saint John	80,000
Transit Maintenance Garage, Fredericton	428,800
Buses, Fredericton	356,000
Maintenance Equipment	54,800
"Venture Van", Fredericton	14,400
Purchase of existing buses, Moncton	376,000
Purchase of New Buses, Moncton	708,800
Bus Maintenance Garage, Moncton	359,267
Maintenance Equipment	33,600
Bus Shelters, Moncton	8,968
Bus Stop Signs, Moncton	2,000
Fare Boxes, Moncton	19,200
2-Way Radio System, Moncton	18,400
Total	$6,200,235
Quebec	
Railway Relocation Study, Amos	$ 47,500
Railway Relocation Study, Victoriaville	37,500
Railway Relocation Study, Jonquière	72,500
Note: The following are all railway grade separations.	
Routes 116 and 134, Lemoyne, Longueuil, St. Hubert	2,972,750
Route 132, Mile 157.48	681,250
Rue Galt, Sherbrooke	1,039,750
Route 167, Saint-Félicien	684,800
Route 132, Mile 10.46, Pointe-à-la-Croix	1,000,000
Grand Blvd., Montreal	280,000
Dixième Avenue, Drummondville	432,000
Blvd. Champlain, St. Hubert	1,330,000
Route 253, Eaton Canton	640,000
Ancienne Route 53, Saint Malachie	202,500
Total	$9,420,550

Ontario

Note: The following are railway grade separations.

London East Industrial Access Road	$ 386,000
Runnymede Road, Toronto	2,031,250
Sydney Street, Trenton	963,000
Regional Road 23, Durham	482,750
Pape Avenue, Toronto	440,000
Kingston Road, Toronto	1,520,005
Main Street, Toronto	402,250
Highway 90, Essa	929,800
Highway 11, Huntsville Mile 145.08/145.11	1,273,000
Highway 11, Huntsville Mile 147.41	507,000
Airport Service Road, Huntsville	956,000
Erin Mills Parkway, Mississauga	1,966,000
Highway 11, Vaughan, Markham, Mile 20.21	301,750
Bronte Road, Oakville	3,268,790
Nelson Street, Sudbury	120,000
Fischer Road, Waterloo	200,000
Osler Street, Toronto	357,000
Arthur Street, Thunder Bay	277,520
Wyandotte Street W., Windsor	454,867
Imperial Road, Guelph	194,000
Cannifton Road, Belleville	2,383,000
Centre Street, Napanee	2,923,000
McConnell Avenue, Cornwall	1,304,320
Memorial Avenue, Thunder Bay	3,924,000
Railway Relocation Study, Brantford	75,000
Total	$27,640,302

Manitoba

Brandon – Buses	$655,588
Brandon – Handicapped Transportation	52,080
Total	$708,668

Saskatchewan

Railway Grade Separation 9th Avenue W., Moose Jaw	$2,017,500
Total	$2,017,500

Alberta

Note: The following are all railway grade separations.

Highway 47, Coalspur	$ 976,740
Baseline Road, Ardrossan	392,500
Total	$1,369,240

British Columbia

Note: The following are railway grade separations.

Athelmer Road, Invermere	$ 581,000
Hastings Street, Vancouver	625,000
64th Avenue, Delta	448,000
Total	$1,654,000

[Senator Marshall.]

Yukon

Nil

Northwest Territories

Nil

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Newfoundland

Corner Brook – Buses	$ 395,000
Corner Brook – Transit Study	40,960
Corner Brook – Maintenance Facility	276,000
St. Johns – Buses	336,000
St. Johns – Transit Study	80,000
Total	$1,127,960

Prince Edward Island

Nil

Nova Scotia

Nil

New Brunswick

Nil

Quebec

Railway Grade Separation Autoroute 55, St. Wenceslas	$462,500
Total	$462,500

Ontario

Lake Avenue, Hamilton	$ 834,590
Colborne Street, Brantford	1,144,070
County Road No. 38, Middlesex	478,300
Burnhamthorpe Road, Mississauga	2,255,200
Ormont Drive, North York	751,700
Mohawk Road E., Hamilton-Wentworth	88,600
Strachan Avenue S., Toronto	225,000
Finch Avenue, Scarborough	725,834
Lawrence Avenue, Toronto	3,442,000
Appleby Lane, Burlington	2,272,105
Stanley Avenue at McLeod, Niagara Falls	2,093,056
Total	$14,310,449

Manitoba

Nil

Saskatchewan

Nil

Alberta

Note: The following are all railway grade separations.

Highway 16A, Edmonton	$ 3,049,990
Highway 16, (Mile 0.9) Edmonton	1,155,100
Highway 16, (Mile 3.84) Edmonton	3,322,000
48th Avenue, Camrose	2,201,800
SR 901, Indus	874,250
Total	$10,603,140

British Columbia

Note: The following are all railway grade separations.

Kingsway Underpass, Vancouver	$ 450,000
Highway 3A, Taghum Bridge	640,000
Seymour Avenue O/P, Victoria	94,000
Vernon Avenue O/H, Victoria	223,000
Total	$1,407,000

Yukon

Whitehorse, Buses	$282,000
Total	$282,000

Northwest Territories

Buses, Hay River	$ 84,000
Pedestrian Access Route, Frobisher Bay	16,000
Buses, Frobisher Bay	48,000
Total	$148,000

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Copies of Trade Agreement between the Government of Canada and the Government of the Socialist Federal Republic of Yugoslavia. Belgrade, October 24, 1973. In force May 17, 1977.

Copies of Cultural Agreement between the Government of Canada and the Government of Mexico. Mexico, January 25, 1976. In force provisionally January 25, 1976. In force definitively February 9, 1977.

Copies of Convention between Canada and the Islamic Republic of Pakistan for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income. Ottawa, February 24, 1976. In force December 15, 1977.

Copies of Convention between Government of Canada and the Government of the Republic of Singapore for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income. Singapore, March 6, 1976. In force September 23, 1977.

Copies of Convention between Canada and the Philippines for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income. Manila, March 11, 1976. In force December 21, 1977.

Copies of Air Transport Agreement between the Government of Canada and the Government of the Polish People's Republic. Ottawa, May 14, 1976. In force provisionally May 14, 1976. In force definitively October 28, 1977.

Copies of Convention between Canada and the Dominican Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and on Capital. Ottawa, August 6, 1976. In force September 23, 1977.

Copies of Convention between Canada and Switzerland for the Avoidance of Double Taxation with respect to Taxes on Income and on Capital. Berne, August 20, 1976. In force August 19, 1977.

Copies of Agreement between the Government of Canada and the Government of the United States of America concerning Transit Pipelines. Washington, January 28, 1977. In force October 1, 1977.

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America concerning reconstruction of Canadian portions of the Alaska Highway. Ottawa, January 11 and February 11, 1977. In force February 11, 1977.

Copies of Treaty between Canada and the United States of America on the execution of Penal Sentences. Washington, March 2, 1977. In force July 19, 1978.

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America constituting an Agreement to provide for the establishment of an experimental Loran-C power chain in the vicinity of the St. Mary's River in Ontario and Michigan. Washington, March 29, 1977. In force March 29, 1977 with effect from August 1, 1975.

Copies of Development Loan Agreement between the Government of Canada and the Government of Honduras. Tegucigalpa, March 31, 1977. In force March 31, 1977.

Copies of Long Term Grain Agreement between Canada and Poland. Ottawa, April 19, 1977. In force April 19, 1977 with effect from January 1, 1977.

Copies of Agreement, dated April 22, 1977 between the Government of Canada (hereinafter referred to as "The

Government") and the International Development Association (hereinafter referred to as "The Association") to provide for the administration by the Association of certain funds to be made available by the government for Specific Development Projects. Washington, April 22, 1977. In force April 22, 1977.

Copies of Agreement between the Government of Canada and the Government of Trinidad and Tobago relative to the Canada Pension Plan. Ottawa, April 26, 1977. In force April 26, 1977 with effect from January 1, 1974.

Copies of Agreement between the Government of Canada and the Government of the Republic of Cuba on Mutual Fisheries Relations. City of Havana, May 12, 1977. In force May 12, 1977.

Copies of Agreement between the Government of Canada and the Government of Finland for Air Services between and beyond their respective territories. Ottawa, May 16, 1977. In force provisionally May 16, 1977. In force definitively November 7, 1977.

Copies of Notes exchanged between the Government of Canada and the Government of Antigua constituting an Agreement relating to Canadian Investments in Antigua insured by the Government of Canada through its Agent, the Export Development Corporation. Bridgetown, Barbados and St. John's, Antigua, June 8, 1977. In force June 8, 1977.

Copies of Development Loan Agreement between the Government of Canada and the Government of Honduras. Tegucigalpa, June 14, 1977. In force June 14, 1977.

Copies of Development Assistance Agreement between the Government of Canada and the Government of the Republic of Afghanistan. Kabul, July 5, 1977. In force July 5, 1977.

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America to futher extend the Agreement concerning Joint Participation in the Augmentor Wing Flight Test Project of November 10, 1970. Ottawa, May 31 and July 18, 1977. In force July 18, 1977.

Copies of Notes exchanged between the Government of Canada and the Government of the State of St. Christopher-Nevis-Anguilla constituting an Agreement relating to Canadian Investment in St. Christopher-Nevis-Anguilla insured by the Government of Canada through its Agent, the Export Development Corporation. Bridgetown, Barbados and Basseterre, St. Christopher, August 19 and 20, 1977. In force August 20, 1977.

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America constituting an Agreement concerning the establishment of a Joint Marine Pollution Contingency Plan. Ottawa, July 28 and August 30, 1977. In force August 30, 1977.

[Senator Perrault.]

Copies of Agreement between Canada and the United States of America on Principles Applicable to a Northern Gas Pipeline. Ottawa, September 20, 1977. In force September 20, 1977.

Copies of Agreement between the Government of Canada and the United Nations concerning the Headquarters and Operations of the United Nations Audio-Visual Information Centre on Human Settlements. New York, September 27, 1977. In force September 27, 1977.

Copies of Agreement between the Government of Canada and the Government of the People's Republic of Bulgaria on Mutual Fisheries Relations. New York, September 27, 1977. In force September 27, 1977.

Copies of Agreement between the Government of Canada and the Government of the German Democratic Republic on Mutual Fisheries Relations. Berlin, October 6, 1977. In force October 6, 1977.

Copies of Agreement between the Government of Canada and the Government of the Socialist Republic of Romania for Co-operation in the Development and Application of Atomic Energy for Peaceful Purposes. Ottawa, October 24, 1977. In force June 14, 1978.

Copies of General Agreement for Development Co-operation between the Government of Canada and the Government of the Republic of Zaire. Kinshasa, November 11, 1977. In force November 11, 1977.

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America relating to the Agreement for Co-operation concerning the Civil Uses of Atomic Energy signed on June 15, 1955, as amended. Ottawa, November 15, 1977. In force November 15, 1977.

Copies of General Agreement between the Government of Canada and the Government of Bolivia concerning Development Co-operation. La Paz, December 29, 1977. In force December 29, 1977.

Copies of Letters exchanged between the Government of Canada and the European Atomic Energy Agency (EURATOM) to amend the Agreement between the Government of Canada and the European Atomic Energy Community for Co-operation in the Peaceful Uses of Atomic Energy of October 6, 1959, particularly insofar as it relates to Safeguards (with additional Exchanges of Letters). Brussels, January 16, 1978. In force January 16, 1978.

Copies of Agreement between the Government of Canada and the Government of the Socialist Republic of Romania on Mutual Fisheries Relations. Bucharest, January 17, 1978. In force January 17, 1978.

Copies of Technical Assistance Agreement on Military Training between the Government of Canada and the Government of the Republic of Ghana. Accra, February

14, 1978. In force February 14, 1978 with effect from June 1, 1976.

Copies of Development Loan Agreement between the Government of Canada and the Government of the Republic of El Salvador. San Salvador, February 15, 1978. In force February 15, 1978.

Copies of Notes exchanged between the Government of Canada and the Government of Japan concerning the establishment of a Temporary Satellite Support Facility at Churchill Research Range. Ottawa, February 16, 1978. In force February 16, 1978.

Copies of Agreement dated March 8, 1978, between the Government of Canada (hereinafter referred to as "The Government") and the International Development Association (hereinafter referred to as "The Association") amending the Agreement dated April 22, 1977, between the same Parties, to provide for the administration by the Association of certain funds to be made available by the Government for specific development projects. Washington, March 8, 1978. In force March 8, 1978. With effect from April 22, 1977.

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America, together with the Annexed Memorandum of Agreement, providing for a Revised Schedule of Tolls to be levied for the use of the Navigational Facilities of the St. Lawrence Seaway. Washington, March 20, 1978. In force March 20, 1978.

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America (with attached Memorandum of Understanding) concerning co-operation in the development of Space Remote Sensing for Global Crop Information. Washington, March 31 and April 10, 1978. In force April 10, 1978.

Copies of Parcel Post Agreement between Canada and Japan. Tokyo, April 11, 1978. In force October 1, 1978.

Copies of Agreement on Fisheries between the Government of Canada and the Government of Japan. Tokyo, April 28, 1978. In force April 28, 1978.

Copies of Agreement between the Government of Canada and the Government of the Federal Republic of Germany on Film Relations. Ottawa, May 30, 1978. In force August 16, 1978.

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America concerning commercial development of an area of the United States Naval Station, Argentina, Newfoundland. Ottawa, June 6, 1978. In force June 6, 1978.

Copies of Notes exchanged between the Government of Canada and the Government of the United States of America amending the Agreement on Principles applicable to a Northern Natural Gas Pipeline signed at Ottawa on September 20, 1977. Washington, June 6, 1978. In force June 6, 1978.

Copies of Notes exchanged between the Government of Canada and the Government of the Independent State of Western Samoa constituting an Agreement relating to Canadian Investments in Western Samoa insured by the Government of Canada through its Agent, the Export Development Corporation. New York, September 29, 1978. In force September 29, 1978.

Copies of Convention on the Reduction of Statelessness. Done at New York, August 30, 1961. Entered into force December 13, 1975. Canada's Instrument of Accession deposited July 17, 1978. Entered into force for Canada October 15, 1978.

Copies of Convention on the means of prohibiting and preventing the illicit Import, Export and Transfer of Ownership of Cultural Property. Done at Paris, November 14, 1970. Canada's Instrument of Acceptance deposited March 28, 1978. Entered into force for Canada June 28, 1978.

Copies of Convention on the International Regulations for Preventing Collisions at Sea, 1972. Done at London, October 20, 1972. Canada's Instrument of Accession deposited March 7, 1975. Entered into force July 15, 1977. Entered into force for Canada July 15, 1977.

Copies of Convention providing a Uniform Law on the Form of an International Will. Done at Washington, October 26, 1973. Canada's Instrument of Accession deposited January 24, 1977. In force February 9, 1978.

Copies of Statutes of the International Centre for Registration of Serial Publications. Done at Paris, November 14, 1974. Entered into force January 21, 1976. Canada's Instrument of Accession deposited March 28, 1978.

Copies of Agreement establishing the International Fund for Agricultural Development. Done at New York, December 20, 1976. Signed by Canada, February 10, 1977. Canada's Instrument of Ratification deposited November 28, 1977. In force November 30, 1977.

Copies of Agreement between the Government of Canada, the Government of Spain and the International Atomic Energy Agency for the application of safeguards. Signed at Vienna, February 10, 1977. In force February 10, 1977.

Copies of protocol suspending the application of Safeguards under the Agreement between the International Atomic Energy Agency, the Government of Canada, and the Government of Japan for the application of Agency Safeguards in respect of the Bilateral Agreement between those Governments for co-operation in the Peaceful Uses of Atomic Energy. Done at Vienna, December 2, 1977. Entered into force December 2, 1977.

Copies of 1978 Protocols for the Fourth Extension of the Wheat Trade Convention and Food Aid Convention constituting the International Wheat Agreement, 1971. Done at Washington, April 26, 1978. Signed by Canada May 17, 1978. Canada's Instrument of Ratification

deposited May 31, 1978. In force June 24, 1978 and July 1, 1978.

Report of Canadian Patents and Development Limited for the fiscal year ended March 31, 1980, including its accounts and financial statements certified by the Auditor General, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORTS OF COMMITTEE BUDGETS TABLED

Leave having been given to revert to Reports of Committees:

Hon. B. Alasdair Graham, Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration, tabled reports approving budgets of the following committees:

Regulations and other Statutory Instruments

Legal and Constitutional Affairs

(For texts of reports, see today's *Minutes of the Proceedings of the Senate.*)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FOURTH REPORT OF COMMITTEE PRESENTED AND PRINTED AS AN APPENDIX

Hon. Paul C. Lafond: Honourable senators, on behalf of Senator Godfrey, I present the fourth report of the Standing Joint Committee of the Senate and the House of Commons on Regulations and other Statutory Instruments, and I would ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report see Appendix "B", p. 757*)

Senator Lafond moved that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

FIFTH REPORT OF COMMITTEE PRESENTED

Hon. Paul C. Lafond, for Hon. John M. Godfrey, Joint Chairman of the Standing Joint Committee of the Senate and the House of Commons on Regulations and other Statutory Instruments, presented the following report:

Thursday, July 17, 1980

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its fifth report as follows:

[Senator Perrault.]

(Statutory Instruments No. 11)

1. In relation to its permanent reference, section 26 of the Statutory Instruments Act, 1970-71-72, c. 38, your Committee draws the attention of the Houses to SOR/72-263, Sale of Postage Stamps Regulations, now C.R.C. c. 1293.

2. Your Committee and its predecessors have since October 1975 sought to persuade the Post Office Department to amend section 14 of these Regulations which provides that a Postmaster may at any time cancel a licence to sell postage stamps. Your Committee is dissatisfied with this bare provision which affects licensees in an aspect of their businesses and livelihoods. No grounds are identified as warranting concellation of a licence. There is no requirement that reasons for cancellation be given to a licensee or that he be given any opportunity to make representations against the cancellation of his licence. In your Committee's judgment this is a violation of the rules of natural justice and makes the rights of licensees unduly dependent on unfettered administrative discretion.

3. It appears from the explanations given by the Post Office Department to your Committees predecessors that the informal practices of the Post Office, if always followed, would ensure that licences to sell postage stamps are cancelled only for legitimate commercial reasons, that licensees are informed of the reasons for cancellation and that they are given an opportunity to be heard in reply. Your Committee is, therefore, at a loss to understand why the Post Office Department has resisted so stoutly for so long the insertion in the Regulations of the grounds on which licences may be cancelled and the basic and easily expressed requirements of natural justice.

4. Your Committee's position was pointed out to the Postmaster General who stated in reply that he was confident that the established practice for cancelling licences to sell postage stamps provides sufficient guarantee for the licensees to be heard. He also stated that any citizen has the right to write to him on any subject regarding the postal service, including dissatisfaction with a decision made by an officer of his Department. This form of redress is inadequate. It does not ensure that licences are cancelled only for legitimate commercial reasons set out in the Regulations and that Postmasters' discretions are limited accordingly. Nor does it require that reasons be given to a licensee whose licence is cancelled; nor that his representations will be considered.

5. In seeking the insertion of basic safeguards in section 14 of the Regulations and the limitation of a Postmaster's discretion to cancel a licence, your Committee does not wish to interfere with the freedom of administrative action of the Post Office or the legitimate business or other grounds which might lead the Post Office to cancel a licence. It simply seeks to attach to the discretion to cancel a licence the safeguards of natural justice to the

end that cancellation will take place for a proper purpose and be seen so to take place.

Respectfully submitted,

JOHN M. GODFREY,
Joint Chairman.

● (1520)

Senator Lafond moved that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

NORTHERN PIPELINE

COMMITTEE AUTHORIZED TO MEET DURING ADJOURNMENTS OF THE SENATE AND TO ENGAGE STAFF

Leave having been given to revert to Notices of Motions.

Hon. Earl A. Hastings, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the Special Committee of the Senate on the Northern Pipeline have power to engage the services of such technical, clerical and other personnel as may be necessary for the purpose of the committee; and

That the committee have power to sit during adjournments of the Senate.

Motion agreed to.

● (1525)

FORT NELSON INDIAN RESERVE MINERALS REVENUE SHARING BILL

SECOND READING—ORDER STANDS

On the Order:

Resuming debate on the motion of the Honourable Senator Frith, seconded by the Honourable Senator Hayden, for the second reading of the Bill C-26, intituled: "An Act to implement an agreement between Her Majesty in right of the Province of British Columbia and Her Majesty in right of Canada respecting the sharing of revenues for the exploitation of minerals in the Fort Nelson Indian Reserve". (*Honourable Senator Nurgitz*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I would ask Senator Nurgitz to allow this order to stand. We are hoping to refer this bill to the Standing Senate Committee on Legal and Constitutional Affairs today. It so happens that Senator Goldenberg, the chairman of that committee, will be unable to preside and, in his absence, Senator Donahoe will be taking the Chair. The next order stands in the name of Senator Donahoe, and if he is allowed to proceed with that order he will be able to preside at the meeting of the Legal and Constitutional Affairs Committee.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Order stands.

UNEMPLOYMENT INSURANCE ACT, 1971

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Thompson for second reading of Bill C-3, to amend the Unemployment Insurance Act, 1971.

Hon. Richard A. Donahoe: Honourable senators, I do not have a reputation for brevity, but I hasten to assure you that on this occasion, and in the circumstances now prevailing, I shall indeed keep my remarks within a very narrow compass.

I would like first of all to congratulate Senator Thompson on the address which he gave us in moving second reading of this bill. It was an excellent address; it caught my interest and I followed it very closely. I must admit, however, that I did not have to follow it for a very long period of time to realize that his speech was addressed not so much to the bill or to its contents as it was to the overall question of unemployment insurance, how it is being administered, how it is being financed, how it is being operated, and whether or not it stands in need of an overall and in-depth review. He held forth the hope that such a review would proceed, and that from it there might in due course be an improvement in the system and an amendment to make it more responsive to the needs of the times, and more responsive to the original purposes for which this act was designed. He said that a complete overhaul of the act was required and not a band-aid approach.

With respect to the particular bill before us, I am not able to say whether it is a band-aid approach. Perhaps it should be more properly designated as a stand-pat approach, because the bill, which, as Senator Thompson pointed out, has only two operative clauses, really introduces very little novel material except, perhaps, a little bit to do with the question of how the finances and the financing of some portions of the legislation should be handled.

● (1530)

I hope that this bill is introduced really as a means of marking time to provide a breathing space in which the minister will be able to proceed with the promised review, because if it does not serve that purpose then it really does not mark a great deal in the way of progress.

I have to point out, and I am pleased to do so, that the only clause that really introduces anything new is the clause dealing with financing.

I ask honourable members to support this bill, particularly that clause, because, believe it or not, it is a survivor from the budget proposals that were brought in by the Clark government in December last.

I think it is entirely reasonable that, if the minister was without ideas of his own on how to improve the act, he should reach back into that budget and take from it something which he felt he could adopt and which he could put forward as something which we ought to support. I find it highly enter-

taining that we should be asked to sit here today to consider a provision of that budget which the honourable gentlemen who now occupy the treasury benches in Parliament found so utterly and totally unacceptable and repugnant last December.

Senator Asselin: Touché!

Senator Donahoe: The other provision makes no change in the existing entrance requirement and as such deserves to be supported, if it is offered with a view to providing, as I have suggested, a breathing space for an all-out review of the existing act and its operations.

Accordingly, honourable senators, with those few comments I indicate that I am prepared to support the bill, and I ask honourable senators to join me in that support.

Hon. Florence B. Bird: Honourable senators, I should like to ask a question of Senator Thompson. I must explain first why I am asking it.

In December 1978, when the Unemployment Insurance Act was last amended, I was compelled to vote against the bill because I felt it would lead to great hardship for many Canadian families.

That measure required a person to work 20 hours in order to be eligible for benefits under the act. That was a quite tough provision. Seventy per cent of all part-time workers are women, and 20 per cent of all women in the labour force are part-time workers, and that provision would mean that a great many women would be forced by harsh necessity and economics to take full-time jobs which would necessitate many of them not being at home when their children came out of school.

In his able presentation, Senator Thompson did not mention this section, which I feel should be repealed. I had thought that certainly I would be able to vote for this bill tonight, but I had to change my mind, when I did not hear Senator Thompson say anything about hours.

Senator Thompson, what is the problem? Was I mistaken in thinking that that was going to be changed?

Hon. Andrew Thompson: Honourable senators, if I may I will first reply to Senator Donahoe. I will start by saying that in the past—

Senator Asselin: Are you closing the debate?

Senator Thompson: Yes, I am closing the debate.

Senator Grosart: Surely you are answering a question.

Senator Asselin: I believe he is closing the debate at the same time.

Senator Thompson: I will do both, if that is acceptable.

● (1535)

The Hon. the Speaker: That means that the Honourable Senator Thompson will close the debate.

Hon. Senators: Agreed.

Senator Thompson: I would first say to Senator Donahoe that I welcome him as one who obviously provides great strength to the other side. In the past, by some coincidence, Senator Smith always seemed to be the speaker for the opposition when I presented a bill. They both have had long experience in the maritimes and are close associates. I recognize the kindness of both of them, although it included a little sharp political thrust now and again, which in the Senate is good.

Senator Donahoe had mentioned the stand-pat approach and marking time. That is exactly the purpose of not having further substantive amendments. The minister does indeed want to follow up on his two predecessors, one of whom was, of course, the Honourable Ron Atkey, and the other the Honourable Bud Cullen. He recognizes the need for a very full review, so he does not want to move any further at this time with any amendments other than those he feels are absolutely necessary.

I would be the first to admit that out of the darkness, in the days when the Conservatives presented their budget, there came a little gleam of light, and we are glad to give recognition to it. I see that Senator Donahoe's eyes are lighting up with satisfaction at that.

In reply to Senator Bird's question, I should first clarify that changes to the minimum insurable amount took place by regulation, so it was not required to be part of this bill, which is, of course, an amendment to legislation.

I apologize for not mentioning that the minister, when presenting the amendments, did go into the minimum insurability aspects. Because I am now fortunate—which I was not a few months ago—to again be a member of the government party I have the advantage of having the briefing notes on minimum insurability. Perhaps I might read some parts of these, because they describe it far better than I could. As a result of an amendment to the unemployment insurance regulations, and effective January 1981, workers will be included in insurable employment if their work with an employer involved either earnings of at least 20 per cent of the maximum weekly insurable earnings—there is a choice of two—or working a minimum of 15 hours per week.

I know that Senator Bird will take much satisfaction with that, because I recall the debate on Bill C-14 in 1979. Indeed, another distinguished senator is looking at me right now, as is Senator Roblin, who also referred to the matter in connection with another bill. Although I do not think he would have gone as far as Senator Bird in that debate he did propose amendments which he considered might overcome the discrimination against women. So they both may take some satisfaction that this amendment has been introduced.

Why has the amendment been introduced? Before 1979 individuals were covered under the unemployment insurance program if they earned either the lesser of one fifth of the maximum weekly insurable earnings or 20 times the provincial minimum hourly wage. In 1979 the basis of insuring was changed from earnings to an hourly amount, except for employees paid by commission, and piece workers who are required to have earnings equivalent to 30 per cent of the maximum insurable earnings—a weekly minimum of $87 in

1980. The large majority of workers, however, are required to work 20 hours a week for one employer—I am talking about 1979—in order to be covered by the program.

Since the change in January 1979, to which I was referring when I mentioned Senator Roblin and Senator Bird, a number of specific problems and anomalies have been brought to the attention of the commission. Most fundamentally affected and concerned have been women, who have criticized this measure. In fact, the previous change did have a much more negative impact on women, since most part-time workers were women. Changing work patterns are such that many women are entering the labour force to assume permanent part-time positions.

● (1540)

I was looking at the figures in this connection, which reveal facts that Senator Bird brought out by means of another form of statistics, and which suggest that one in four women are part-time workers, while one in 17 men are in part-time work. This was a large group that was excluded, and I think that all of us can take satisfaction from this amendment. I apologize again for not mentioning that, but it came about in the form of a regulation, and therefore would not have been part of this bill.

Hon. Hartland de M. Molson: Honourable senators, I wonder if I may ask a question of the honourable senator. Would he clarify this a little bit further by giving us an example of what unemployment insurance benefits would be received by, say, a woman working part-time 15 hours a week at the minimum wage of just under $4 per hour?

Senator Thompson: Well, Senator Molson, I am probably not as good at mathematics as you. I think I would do better, if you do not mind, by saying I will get the answer for you. I was trying to do it in my head, but I do not trust my abilities in that direction.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Thompson: Honourable senators, with leave, now.

Motion agreed to and bill read third time and passed.

FORT NELSON INDIAN RESERVE MINERALS REVENUE SHARING BILL

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Frith for second reading of Bill C-26, to implement an agreement between Her Majesty in right of the Province of British Columbia and Her Majesty in right of Canada respecting the sharing of revenues from the exploitation of minerals in the Fort Nelson Indian Reserve.

Hon. Nathan Nurgitz: Honourable senators, before proceeding, perhaps the sponsor of this bill might let us know whether he has had an opportunity to obtain answers to the questions that were asked during his speech yesterday.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have answers to those questions. The first one is an answer to the question asked by Senator Williams concerning moneys going into the government trust fund. The answer I have been furnished with is that all funds received must first go into the consolidated revenue fund. Following that they can be dispersed in accordance with sections 64 and 66 of the Indian Act.

In the case of Fort Nelson, the band plays an important part in deciding how the money will be spent. Sections 64 and 66 are similar. The minister may authorize expenditures, with the consent of the band council, that will promote the general progress and welfare of the band.

If I understand that correctly, it means that providing the expenditures promote the general progress and welfare of the band the council makes the decision, and the minister is then authorized to make the expenditures.

Senator Connolly asked about the population and the membership of the band. As of May 1, 1980, the population of the Fort Nelson band was 291, which is very close to what Senator Williams told us. I think he said it was 300.

The third question was asked by Senator Connolly, and was about third parties. I have discussed this with Senator Connolly in the meantime. As was indicated at that time, as far as the agreement is concerned, there is really no third party. The province kept the mineral rights to itself when the land was transferred, and subsequently the province has contracted with oil companies to extract the gas. Prior to the signing of the agreement the province kept all of the moneys that might have normally come to the band had the mineral rights come under the jurisdiction of the Government of Canada.

If I may pause there, that would relate to a question I was discussing with Senator Williams during the adjournment. The question was: What happened to money that accrued prior to the time of the agreement? In accordance with this answer, that was kept separate for distribution pursuant to the agreement.

To continue, the agreement with British Columbia shares 50 per cent of the revenue with the band, the other 50 per cent being kept by the province.

The last question was asked by the Honourable Senator Guay. No clause in the agreement specifically safeguards the descendants, for that is not its purpose. This kind of concern, or responsibility, is dealt with in the normal framework of the Department of Indian Affairs. It would be dealt with in accordance with the provisions of the Indian Act.

Those are the answers I have been provided with, honourable senators.

Senator Nurgitz: Thank you. Honourable senators, I would like to congratulate Senator Frith for his excellent presentation yesterday, and, indeed, for the answers to the various questions asked following his presentation.

I think, when one looks at the overall picture, the governments of both Canada and British Columbia ought to be

commended for taking, notwithstanding some criticisms of the bill, what certainly ought to be considered a step in the right direction. I say that while certainly wanting to reserve certain comments about the bill.

Time and again we—and by "we" I mean non-native people—tend to complain that the Indian people ought to learn to govern their own affairs, and I am suggesting, honourable senators, that this seems to be an example of Indian people taking an initiative towards doing just that. I think they ought to be commended as well.

The member of the House of Commons in whose constituency the Fort Nelson Indian band is situated, in speaking in the other place to this bill, said that the band had already proceeded with numerous recommendations with respect to investment management, and I raise that specifically in the light of the question put by Senator Guay yesterday. While no specifics were spelled out in the speech by the member of the other place, certainly it is implied that a lot of thought has already gone into proper management and investment, and that one may expect that future generations of the Fort Nelson Indian band will be protected and—I hope I am not reading too much into this—will be the recipients of some of those moneys.

Many of us, both in this chamber and in the other place, have no doubt heard of the objections made by various organizations. This bill seems to be a bit of a focal point for several groups. I am thinking of the National Indian Brotherhood, the Union of British Columbia Indian Chiefs, and so on, who, it being known that I would speak today, made certain representations. I expect that if this bill goes to committee we will be hearing others on this bill, more in connection with its principle than against the Fort Nelson people getting what they are entitled to.

● (1550)

There is a question that this bill does not recognize, and that is: Who, indeed, are the owners of the resources? It spells out that the band receives money, but there is some complaint that it wants to own the resources and not just receive money. There is a question as to the title of land, and matters of that nature.

I am suggesting that this matter ought to be referred to committee so that one may hear these comments. I understand arrangements are being made for this bill to be referred to committee. I am not suggesting for a moment that there is validity or otherwise to any comment.

Senator Connolly raised an interesting point yesterday about third parties. A matter that concerns me is that nowhere, either in the agreement or in the bill, is there any suggestion that the Fort Nelson Indian band can go to arbitration. Honourable senators, since the band is what we are dealing with and what we are trying to protect, I do not see, in this overall picture, a method of dealing with a grievance, if there is one. If they cannot convince the Minister of Indian Affairs and Northern Development to speak on their behalf, I am afraid that they are out of luck and out of court. That, too, we could perhaps have an opportunity to discuss a little more fully in committee.

[Senator Nurgitz.]

In spite of these objections and, I am sure, others that this group would like to make, the people of the Fort Nelson Indian band appear to have had a long struggle. The British Columbia government seems to have a record in terms of recognition of Indian rights which trails most other provinces. What I am really, in essence, saying is that the Fort Nelson Indian band is anxious to proceed with this agreement. They have worked hard and long to get it. They have had what appears to be good legal advice, and I do not think we ought to stand in their way.

Having regard to the history of this fight to get this far and the lack of recognition by their provincial government, I think, honourable senators, we ought to give this bill favourable consideration, subject to the comments I have made.

I am recommending, therefore, that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs for more careful consideration. I am assuming that the committee can meet this afternoon.

Hon. Guy Williams: Honourable senators, I should like to put on record the matter of alienation of certain rights to certain resources that are rightfully owned by the Fort Nelson band. How and when did the Province of British Columbia obtain rights to retain certain resources on Indian reserves?

An Indian reserve is land set aside in accordance with the BNA Act for the use and the benefit of a band, wherever that band is. There appears to be a lack of proper consideration by the Government of Canada in that it did not carry out its duty.

The Fort Nelson band entered into a treaty with Canada on August 15, 1910, under Treaty Eight. If my memory serves me correctly, Treaty Eight came into effect in the city of Winnipeg, or in that area, in 1890. Several Indian bands have entered into negotiations to come under that treaty.

My point is that if the Government of Canada had carried out its responsibility in the matter of the Fort Nelson band governing itself to the extent that the treaty allows it, then British Columbia would not have had the right to retain certain non-renewable resources.

As a result of this action by British Columbia, the Government of Canada should have seen to it that the rights of the Fort Nelson band were protected, but the band has lost 50 per cent of its potential wealth. The province will now take 50 per cent, which means 50 per cent less to the Fort Nelson Band.

In connection with retaining revenues from resources on Indian reserves, the Department of Indian Affairs and Northern Development normally retains 50 per cent, but from my own experience in the past, it is most difficult to withdraw any of that 50 per cent.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Hon. Royce Frith moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate, and notwithstanding rule 45(1)(a) moved:

That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit while the Senate is sitting today, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

● (1600)

NOTICE OF COMMITTEE MEETING

Hon. Richard A. Donahoe: Honourable senators, the committee will meet immediately in room 256-S. I invite those members of the committee present to proceed to that room for the purpose of carrying out the instruction of the Senate respecting Bill C-26.

MUNICIPAL GRANTS BILL, 1980

SECOND READING

On the Order:

Resuming debate on the motion of the Honourable Senator Buckwold, seconded by the Honourable Senator Laird, for the second reading of the Bill C-4, intituled: "An Act respecting grants to municipalities, provinces and other bodies exercising functions of local government that levy real property taxes"—(*Honourable Senator Flynn, P.C.*).

Senator Flynn: Honourable senators, I have only a few things to say on this bill, and it may be useful if, before I do so, Senator Buckwold were given an opportunity to reply to some of the questions that were asked yesterday.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Sidney L. Buckwold: Honourable senators, at the outset let me thank Senator Flynn for giving me this opportunity to respond to the questions raised in connection with this bill. What I have to say may have some influence on Senator Flynn's later remarks—remarks which, naturally, we look forward to hearing.

To ensure that I give accurate responses to the questions asked, officials of the department have prepared some notes for me.

Senator Asselin: Again!

Senator Buckwold: Again, yes. I can now provide accurate responses to the questions raised by honourable senators.

A number of questions were raised during the course of debate on the motion for the second reading of Bill C-4, and I propose to deal with them now. Several references were made in relation to the extent to which this bill authorizes the exercise of ministerial discretion. In this regard, particular reference was made to the use of regulations for making changes in the schedules to the bill.

Perhaps I might be permitted to deal with the schedules first, following which I shall refer more generally to the issue of the ministerial discretion.

Bill C-4 has four schedules, and the Governor in Council, may, by regulation, add to any of the schedules and may delete from three of them—Schedules I, III and IV. Schedule I provides that the properties of certain crown corporations may be included in grants paid under this legislation; that is to say, they may be lumped in with properties of government departments. At the moment, only one body, the National Research Council, is listed. However, other bodies could be added, an example being the proposed new Canada Post Corporation.

The effect on municipalities of the exercise of discretion in respect of Schedule I should be negligible, because all crown corporations would be required under the act to follow certain guidelines in paying grants in lieu of taxes, and these guidelines will require each crown corporation to pay grants in lieu of taxes on a basis at least as generous as that set out in the bill for departmental property.

In the specific case of the National Research Council, which was referred to, grants are paid on all of its properties. In relation to those properties in the city of Ottawa, the grants are paid by the Department of Public Works under the Municipal Grants Act; those elsewhere in Canada are paid by the National Research Council under its own authority. While this is an unusual arrangement, it is one that goes back many years, so it was decided to leave it undisturbed at the present time. That is the reason for the special reference to the National Research Council in Ottawa.

Schedule II, essentially, elaborates upon the definition of a category of real property that is excluded from grants. This category is generally referred to as "structures." The concept of a structure is difficult to define, and the purpose of Schedule II is to give clarity to the definition contained in paragraph (k) of subclauses 2(2) of the bill by citing examples. Any additions to this schedule would simply be for the purpose of providing greater clarity.

Schedules III and IV provide a listing of the crown corporations which are to be governed by guidelines concerning grants in lieu of taxes. These guidelines are intended to cover all crown corporations. However, new corporations will be created in the future and others will be wound up or sold. It is therefore essential to keep these schedules up-to-date, and this will be done by means of the regulations.

I should note that subclause 8(3) of the bill makes provision for prepublication in the *Canada Gazette* of any regulation that the Governor in Council proposes to make. The purpose of this provision is to give interested parties an opportunity to make representations to the minister about regulations before they go into effect. This provision applies to new regulations and to any subsequent changes in regulations.

More generally, Bill C-4 contains ministerial discretion because crown property is not taxable and the payments which are made are *ex gratia*. As a consequence, two of the key determinations of a real property tax grant—property value and effective rate—rest upon ministerial discretion. Thus, the definition of each of these terms in the bill contains the expression "in the opinion of the Minister." This is unchanged from the existing act.

While the minister has this discretion, he is directed by the act to use it in specific ways to ensure that grants are fair and equitable. Thus, he is required to value federal property "as if it were taxable property," and to use the same rate of tax in calculating a grant that would be applicable if federal property were taxable property.

I think we should understand that completely. The federal government has certainly been absolutely fair in any of the relationships it has with the taxing authorities of municipal governments.

The exercise of ministerial discretion appears to have worked well in these key areas. There have been relatively few disagreements. While municipalities in some cases have received less than they have applied for, much the same is true for the private sector, because assessment appeals are often successful. There is little reason to believe that the exercise of ministerial discretion has reduced grants below what they would be if matters were settled through the courts. Nevertheless, the process that I have described has been the subject of criticism in Parliament on the ground that it is wrong in principle and that some form of appeal procedure should be provided for.

The Minister of Public Works recognized this criticism in the course of discussion on Bill C-4 in the House of Commons Committee on National Resources and Public Works. At the last meeting of that committee in connection with Bill C-4 he gave the following undertaking:

> I undertake, Mr. Chairman, to set up a special study group to review the appeals process issue which has been raised by a number of witnesses. A team would consist of senior members of my department and of Justice, who during their deliberations would consult with the provinces and with municipal representatives. The purposes of such an examination would be to look into the advantages and disadvantages of an appeal system, to exercise alternative ways in which appeals might be handled, and to consider the implications of an appeals procedure in the process followed in evaluating applications for grants.
>
> I would ask this team to report back to me within 12 months with their analysis and their recommendations. On receipt of the report, I am prepared to seek approval from my Cabinet colleagues on any changes to legislation that I think would be appropriate arising from the task force or the group recommendations to me.

In response to a question, the minister indicated further that this report would be made public.

A question was also asked in this house as to whether various types of municipal bodies in Newfoundland could qualify for a grant. The general answer to this, as I said yesterday, is that grants may be made to any local body that levies a real property tax. Grants are paid to taxing authorities, and the definition of "taxing authority" in the bill is:

> —any municipality, province, municipal or provincial board, commission, corporation or other authority that levies and collects a real property tax . . . pursuant to an Act of the legislature of a province—

• (1610)

In conclusion, a question was asked as to whether Air Canada would pay property taxes on a basis that would be the same for CP Air, and whether the Bank of Canada would pay property taxes on a basis that would be the same for commercial banks. The answer to those questions is what I gave yesterday, that these two bodies would pay on the same basis as CP Air and commercial banks respectively.

Honourable senators, I think my statement has responded to the questions that have been raised in some detail.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I wish to thank Senator Buckwold for the additional information he has given us. At one time, I did encounter this problem of grants in lieu of taxes from more senior levels of government to municipalities. In fact, senior levels of government have not been giving grants for a long time.

Formerly, it was thought that in matters pertaining to Crown property in right of the province or of the federal government, taxes should not be paid to municipalities. But that was a time when municipal services were not as extensive or as costly. In the last 50 years, municipal services have increased considerably and their cost has become a very heavy burden for municipal corporations.

Consequently, it did not seem right that some municipalities and, more precisely, ratepayers of these municipalities, should be called upon to provide services to senior governments when some other municipalities did not have to do so. Thus, it is a matter of justice and sharing of service charges which brought about legislation concerning grants in lieu of taxes.

Obviously, federal as well as provincial capitals or larger centres where federal services take up a lot of space, or in other words where the federal and provincial governments own all sorts of buildings, are municipalities which are the most concerned.

We have witnessed quite an evolution in my view. However, it seems that this matter of discretion which we hold so dear is somewhat outdated. In the past, it was fine to say that it was left to the minister's or to the government's discretion to authorize or to refuse a grant, to take something into account or not. But, in view of the current tax regime, this is an outmoded practice because of the various services in our society. Consequently, there is no reason why the same regime

would not apply to governments as well as to any other ratepayer.

I know that briefs were submitted when this bill was discussed in committee in the House of Commons. I remember one brief in particular which had been very well prepared and submitted by the Union des municipalités de la province de Québec—I think that its president, the Mayor of Sherbrooke, Mr. Jacques O'Brady, had signed that report. I believe that the minister had then promised to consider the matter of appeals to which Senator Buckwold alluded a little while ago. He had promised to study this matter and also to look into some very realistic and practical suggestions made in the brief submitted by the Union des municipalités de la province de Québec and eventually to amend, improve the legislation and adapt it to the circumstances we now know.

I for one see no reason not to tax Her Majesty in right of the federal or provincial Crown for the same things as the ordinary ratepayer. I cannot see the difference, if there is one.

In my view, this legislation should tend to put everyone on the same level, the Crown as well as any other ratepayer with respect to contributing to the budgets of municipalities.

Of course, there is no need to suggest that this bill be referred to a committee. It has been studied in the other place. As we know, this bill cannot be amended at this time. Moreover, it is already an improvement. However, we must single out what must eventually be amended to ensure better justice and equality for municipalities with respect to federal property.

Furthermore, equitable and fair federal legislation will necessarily prompt similar provincial legislation.

Therefore, with this reservation, I think this bill can pass second reading and, eventually, third reading.

[*English*]

Hon. Sidney L. Buckwold: Honourable senators—

The Hon. the Speaker: I should like to draw to the attention of honourable senators that if the Honourable Senator Buckwold speaks now his speech will have the effect of closing the debate on the motion for the second reading of this bill.

Senator Buckwold: Honourable senators, I thank Senator Flynn for his usually capable comments on this bill, and certainly every member of this house would agree with him that it is desirable that the federal government pay taxes on its properties the same as any private taxpayer would pay to the local municipality in which that property is located. I think I can safely say that this does apply in all instances. There are some questionable areas where wharves, docks and certain properties that we call structures in the act are not covered in this case because they do not require any municipal services. There could be some argument about that; I do not know.

The basic principle of the act is really to achieve what Senator Flynn has pointed out to us, to make it much more equitable than it has been in the past. As I say, with some of the comments made by the minister which have been recognized by Senator Flynn, with rights of appeal on assessment and this kind of thing, and ministerial discretion, you will see a great improvement in the application of this particular act to meet the varied objectives that have been stated by Senator Flynn.

That is the only comment I have except to say that local governments across the country, I am sure, will be looking forward to the passage of this bill so that they can receive substantial amounts of money running into many millions, and I know those funds will be most welcome to hard-pressed municipalities.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: When shall this bill be read a third time?

Senator Buckwold: Honourable senators, with leave of the Senate, I move that the bill be read a third time now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

• (1620)

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Standing Committee on Internal Economy, Budgets and Administration, which was presented Tuesday, July 15, 1980.

Hon. B. Alasdair Graham: Honourable senators, I move that the report be adopted.

The Hon. the Speaker: Is it your pleasure honourable senators, to adopt the motion?

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I regret to have to put on record that the report is not unanimously adopted.

When the Committee on Internal Economy, Budgets and Administration considered the recommendation of the subcommittee, there was a division indicating rather sharp differences.

The problem lies not in the person recommended by the committee for the office of Clerk Assistant. Rather, a principle of significance, in my view, has been overlooked by the subcommittee, namely that the office of Clerk Assistant of the Senate requires language qualifications that the person recommended does not have. In view of the principle laid down in the Official Languages Act, and in view especially of the report made by the Commissioner of Official Languages on the Senate, it is my belief that the recommendation made by the subcommittee and the recommendation by the Internal Economy, Budgets and Administration Committee are in error.

[*English*]

The Hon. the Speaker: Is it your pleasure, honourable senators to adopt the motion?

Hon. Martial Asselin: On division.

Motion agreed to and report adopted on division.

TRANSPORTATION OF DANGEROUS GOODS BILL

SECOND READING

Hon. Daniel Riley moved the second reading of Bill C-18, to promote public safety in the transportation of dangerous goods.

He said: Honourable senators, before I make my comments on this bill, I should point out for the benefit of new senators who may be unfamiliar with the history of this bill that it was first introduced in May 1978 by the then Minister of Transport. At that time it died on the order paper. It was introduced again on November 29, 1979, and again died on the order paper. It is now before us as Bill C-18.

I might say that the necessity for this bill was first identified by His Honour the Speaker in 1974. I am pleased to see him sitting in the Chair today to witness the possible passage of the bill.

The objectives of the bill are as follows:

> To lessen the number, and reduce the impact of incidents and accidents involving dangerous goods in transit by enabling the Governor in Council to promulgate regulations relating to safety marks, safety requirements, safety standards and other related matters;
>
> To discourage contraventions of the act or regulations by imposing appropriate penalties in the form of fines and imprisonment;
>
> To deter any possible disregard for the act or regulations by providing for evidence of civil or financial responsibility and allowing for the recovery of costs incurred by the Crown in taking emergency measures;
>
> To police the act and regulations by establishing, in collaboration with the provinces, a national system of inspection; and
>
> To encourage the development of safe practices, such as improved packaging and engineering standards and employee training programs and by permitting or sponsoring research and experimentation.

The act serves as an umbrella for the development and evolution of safety-related regulations and is designed to allow for maximum flexibility in the fact or rapid changes in science and technology.

It establishes a single set of regulations dealing with all modes of transport and all types of goods that present danger in transport to resolve the confusion arising out of the multiplicity of often inconsistent regulations that now exist and facilitates intermodal and international transport.

Responsibility for complying with the regulations will be clearly defined by them. Penalties for offences under the act are up to $50,000 for a first offence and up to $100,000 for each subsequent offence on summary conviction, or imprisonment up to two years on indictment.

Penalties for contravention or failure to comply with the act are $10,000 on summary conviction, or imprisonment for up to one year on indictment.

• (1630)

Penalties for offences designated by the regulations as "ticketing" offences will be established by regulation up to a maximum of $1,000.

The act further provides several ways in which the Crown can be compensated for damage to the public caused by discharges, emissions or escapes of dangerous goods. Any person involved in the transportation of dangerous goods may be required by the minister to provide evidence of financial responsibility. Any such person who is not within the jurisdiction of the Canadian courts may be required to appoint an agent who is within that jurisdiction—again establishing financial responsibility—and any person who fails or refuses a request by an inspector to take steps to comply with the regulations, or who unlawfully causes a discharge of dangerous goods, may be sued by Her Majesty in the right of Canada for recovery of any costs reasonably incurred in preventing or mitigating damage caused by the defendant's acts or omissions.

On the inspection, a national network of inspectors under the overall control of the Department of Transport will have powers to enter premises and means of transport intended for use in connection with dangerous goods, open and inspect packages and containers, remove samples and examine records for the purpose of supervising compliance with the act and regulations.

Inspectors will, in addition, have the power to stop movement of dangerous goods, or refuse them entry into Canada, seize any goods, packages or means of transport presenting an imminent danger, and destroy or dispose of abandoned or deteriorated dangerous goods.

The qualifications and training of inspectors will vary according to the function which they have been designated to perform, such as carrier control, manufacturing control, operational control or enforcement of special regulations relating to special kinds of dangerous substances, such as inflammable liquids, radioactive materials and infectious substances.

Wherever possible, use will be made of existing inspecting agencies, including police and fire services, by agreement with provincial government departments or other federal departments or agencies, such as the Atomic Energy Control Board, the Explosives Branch of Energy, Mines and Resources and the Customs and Excise Branch of the Department of National Revenue.

The act provides for reports to be made of all discharges, emissions and escapes of dangerous goods for the purpose of statistical research into possible factors contributing to these incidents with a view to drafting regulations or taking other measures to diminish them.

The act enables the minister to undertake, alone or with others, programs of technical research, and to publish the results of such research and any other material that may be of use in the education and training of technicians, employees, emergency response personnel or the general public.

The act enables the minister to issue special permits for the handling or transporting of dangerous goods other than in compliance with the legislation in order to enable manufacturers and shippers to evolve new methods and procedures that will improve the safety of their operations.

Hon. R. James Balfour: Honourable senators, may I say to Senator Riley and other senators opposite that we on this side of the chamber appreciate the importance and need for prompt passage of this legislation, whose object is to improve the standards of safety involved in the transportation of dangerous goods in Canada. The Mississauga disaster, which could easily have been the Mississauga tragedy, focused the attention of the country on this matter.

The bill before us is essentially the bill that was introduced in the other place by the Honourable Don Mazankowski as Minister of Transport under the previous government, although historically it is appropriate to point out, as Senator Riley has already done, that the legislation really had its genesis under our present Speaker when he served the Government of Canada as the Minister of Transport, and, indeed, I believe it would be correct to say that he can claim credit for organizing the required degree of co-operation between the three levels of government—federal, provincial and municipal—and also the co-operation of the transportation industry, in order to create the framework which was essential if a practical piece of legislation was to emerge.

Many changes were made to the bill during its consideration in committee in the other place, which I am sure are for the better; but I am also sure that on the basis of experience, in its implementation, further changes will be required.

This bill breaks much new ground and imperfections will undoubtedly surface. We on this side therefore support the principal objectives of this bill and are pleased to co-operate in its speedy passage.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Daniel Riley: Honourable senators, I move that the bill be referred to the Standing Senate Committee on Transport and Communications.

An Hon. Senator: When?

Senator Riley: This day.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I understand that the Transport and Communications Committee plans to study this bill and report it later today. It wants the opportunity to look at the bill for further study of the act and certain regulations that may be promulgated under the act during the summer pursuant. It plans to deal with the subject matter of the bill, with the government's full co-operation, later in the fall. Therefore it is suggested that the bill be referred to committee for a short meeting now for the purpose of discussing how to deal with the subject matter of the bill, and the regulations, if the bill becomes law. The chairman of the committee, Senator Smith, might wish to add something to what I have said. So far as the government is concerned, this is the purpose of referring the bill to committee for report later today.

Hon. G. I. Smith: Honourable senators, what the Deputy Leader of the Government has said is in conformity with what I have been told, and I believe it to be correct. I should say that the Parliamentary Secretary to the Minister of Transport has been alert enough to send a letter which perhaps I should read now. It will illustrate what is in the minds of those who hope that the bill will be dealt with by the committee this afternoon. I should also say that I am not sure that every member of the committee will agree with the proposed action, but that is something we can find out. The letter is dated today and is addressed to the chairman and members of the Senate Committee on Transport and Communications. It reads:

> In view of the fact that there is urgency to enact Bill C-18 before Parliament takes leave for summer recess, and that this bill will serve as the basis for subsequent regulations to be drafted and advertised, I solicit the concurrence of your committee with the bill as passed in the House of Commons.
>
> The Hon. J. L. Pepin, Minister of Transport, has authorized me, as his Parliamentary Secretary, to give you the assurance of his full co-operation and that of the members of his department for your review of those regulations and the subject matter of Bill C-18 when you resume your sessions in the fall.
>
> I am sincerely grateful to you and your colleagues for your earnest co-operation in this matter,
>
> Yours sincerely,
>
> Robert Bockstael, M.P.
> St. Boniface

I should also say that this morning the committee met to consider Bill S-7, following which I raised the question of whether or not it wished to have a meeting this afternoon should this bill be referred to it. The decision of the committee was, without committing itself to whatever action it would take, that it would be desirable to have a meeting this afternoon if the Senate referred this bill to committee. Therefore tentative arrangements are in hand for the Parliamentary Secretary and some senior officials of the department to be in attendance in one of the committee rooms. They are probably on their way now. The committee will then hear this letter officially from the Parliamentary Secretary and can ask such questions and take such action as it wishes. Of course, we are

entirely in the hands of the Senate as to whether it is so referred.

● (1640)

Senator Frith: Honourable senators, perhaps the position we are in, then, is that of having to decide whether, in view of the undertaking, the bill should be referred to the committee, or whether the undertaking is satisfactory without the reference. I believe that since plans have been made, and the implication is that it will be more satisfactory if we hear the undertaking in evidence before the committee, the best course would be to refer the bill to the committee for report later.

Motion agreed to.

TRANSPORT AND COMMUNICATIONS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Leave having been given to revert to Notices of Motions:

Hon. G. I. Smith, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Standing Senate Committee on Transport and Communications have power to sit while the Senate is sitting today, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

NOTICE OF COMMITTEE MEETING

Senator Smith Committee: Honourable senators, the Transport and Communications Committee will meet immediately in room 356-S.

IRANIAN ECONOMIC SANCTIONS BILL

SECOND READING

Hon. Stanley Haidasz moved the second reading of Bill C-31, to provide for the imposition of certain economic sanctions against the Islamic Republic of Iran.

He said: Honourable senators, I rise today to introduce for second reading Bill C-31, an act which provides for the imposition of certain economic sanctions against the Islamic Republic of Iran.

Honourable senators will not need to be reminded of the continuing plight of the 52 American embassy staff members who remain hostages in Iran, and of the efforts which have been made by the international community since last November to secure their release. Canada has played a full part in these efforts, not only because of the humanitarian considerations involved but because the government believes that the hostage crisis represents a fundamental challenge to the centuries-old evolution of orderly relations among states. Diplomatic immunity in particular is an essential element in the development of a community of peaceful and co-operating nation-states. The violation of this immunity, in this case condoned by a government after being perpetrated by a militant group, should therefore be of great concern to all states, and especially to smaller powers whose security and welfare must heavily depend on the vindication of international law. The fact that many Iranians may feel a sense of grievance about the past, or that the new Iranian government is even now still only being set up, cannot excuse or justify such a threat to international order.

The Canadian assessment that the hostage crisis represents a grave breach of international law has been fully shared by the international community. In December the U.N. Security Council passed without dissent two resolutions urging respect for international law and demanding the release of the hostages. The second of these, passed on December 31, 1979, in fact called for sanctions against Iran if that country did not release the hostages. The intent of this resolution was eventually frustrated when the Soviet Union on January 13, 1980, vetoed a subsequent American-sponsored draft resolution setting out specific sanctions to be applied against Iran. The Soviet veto, however, could not and did not negate the condemnation by the international community of the hostage-taking. That condemnation has furthermore been reinforced by the International Court of Justice which, first in an interim decision in December, and then in a final judgment in May, ordered Iran to restore the embassy to the U.S.A. and to release the hostages. These unequivocal judgments by both the United Nations and the International Court of Justice fully justify the application of sanctions against Iran.

Honourable senators may recall that after the Soviet veto, the Americans requested a number of friendly governments, including Canada, to implement the sanctions set out in the United Nations draft resolution as if the latter had passed. Then, in late January, it began to appear as if a more cohesive and pragmatic government was emerging in Iran. At the same time the United Nations began intensive efforts to mediate the dispute, and for several weeks a U.N.-sponsored commission visited Tehran. Unfortunately, this commission had to suspend its work after several weeks, having failed to make progress on securing the release of the hostages. About the same time Ayatollah Khomeini confirmed that the new and still unconstituted Parliament would have to decide the hostages' fate, thus indefinitely delaying a solution to the crisis.

● (1650)

These adverse developments prompted President Carter, in early April, to order comprehensive American sanctions against Iran and to request like-minded countries to take supporting action. The decision by the EEC and Japan on April 22, and by Canada on April 23, to impose a series of limited measures against Iran was in response to President Carter's appeal. At the same time these countries, including Canada, stated that if by May 17 there was no decisive progress in effecting the hostages' release, further measures against Iran would be taken. Since no such progress was made, the EEC countries and Japan decided on May 18 to implement the kind of measures contained in the vetoed draft Security Council resolution. On May 22 the Secretary of State for External Affairs announced that Canada was taking parallel

steps by placing controls on the export of goods to Iran and by introducing into Parliament the legislation before us today.

Throughout the events I have been describing the government has been concerned to amplify as much as possible the message of international disapproval reaching the Iranians, and to emphasize to them the cost in terms of growing isolation of persisting in such a major violation of international law. For this reason we have sought to concert our actions, both in substance and timing, with those of like-minded countries such as the member states of the EEC, Japan and Australia. It is for this reason that the Canadian Parliament is being asked to give swift approval to this bill, which will put us in a position to implement, as our friends have already done, the range of measures contained in the vetoed Security Council resolution.

There are important political as well as legal reasons why Canada should support economic sanctions against Iran. They are, after all, a practical way of reassuring the Americans that the international community is prepared to show solidarity in a situation which is deeply frustrating to them and, indeed, is intolerable for all law-abiding states. The Canadian government firmly believes that a solution to the hostage situation will only be found through patience, imagination and giving the internal process in Iran time to evolve to the point where it is possible for pragmatic leaders to negotiate their release. In the meantime, however, it is unrealistic to expect Americans to accept the present situation alone and unsupported. We must demonstrate to the Americans, as well as to the Iranians, that the international community is not powerless and is concerned that all countries, even superpowers, should be able to put their trust in the vindication of international law rather than in force. Economic sanctions, in addition to their value in adding to the pressures on Iran to release the hostages, serve this symbolic purpose.

As a final consideration I should emphasize that these measures do not signify any hostility on the part of the Canadian government toward the Iranian government or people, or any wish to intervene in Iranian internal affairs. Canada has always supported the independence and territorial integrity of Iran, and we continue to do so. As soon as the hostage crisis is resolved, we will be looking for opportunities to renew our relations with that country.

Turning to the nature of the legislation now before us, the Security Council resolution proposed by the U.S.A. asked that all states impose economic and diplomatic sanctions against Iran. As I indicated earlier, we have already put in place an embargo on the export of goods to Iran, and we have greatly reduced diplomatic contacts with Iran.

Existing Canadian legislation does not permit Canada to impose the other economic measures called for by the vetoed U.N. resolution, and it is therefore proposed that the legislation now before us be enacted. It mirrors the resolution and will give to the government the powers necessary to implement the resolution as far as Canada is concerned—powers that would have been available under the United Nations Act had the Soviet Union not cast its veto.

We recognize that the bill is exceptional, and safeguards have therefore been built in. Orders made under the bill will be submitted to Parliament. The bill will expire one year after the day it is assented to, and any order to prolong it will also be submitted to Parliament.

In conclusion, I would emphasize that the government hopes that the need for, and hence duration of this legislation, will be shortlived. We hope that the new Iranian Parliament will be able to turn its attention to the hostage situation without further delay. With their country facing challenges at home and abroad, more and more Iranians may come to see the hostage crisis as an obstacle to the solution of these problems. Once the hostages are released safely, our government will move quickly to repeal this legislation and will be ready to renew the traditionally friendly relations between Canada and Iran.

Hon. Senators: Hear, hear.

[*Translation*]

Hon. Martial Asselin: Honourable senators, I rise briefly first of all to congratulate Senator Haidasz for his clarity in introducing this bill which should have serious consequences on the international level.

I should like, however, to indicate that our government had to face these difficulties and problems and assume its responsibilities in November and December of last year, as well as in January of this year. Honourable senators will recall that the Right Hon. Prime Minister had asked the Secretary of State for External Affairs to go to New York and support publicly in the Security Council the United Nations resolution calling for sanctions against Iran, a resolution which was adopted in January 1980. As Senator Haidasz observed, there was of course the veto by the Soviet Union, which made it impossible for the United Nations to enforce these economic sanctions among its member countries.

You will remember also that the Honourable Flora MacDonald had visited the NATO countries and asked the ministers of foreign affairs of the NATO countries to propose a series of measures, and economic sanctions not, as stated by Senator Haidasz, to punish the Iranian government or its people, but to remind that country and others which are members of the international community that when a basic principle of international law is not enforced, namely, the inviolability of foreign territory such as embassies, it will be difficult for several countries to appoint responsible individuals to represent their country abroad.

It is obviously in the first place to make the Iranians and their government realize that one cannot with impunity take foreigners as hostages and keep them long enough to attain purposes which could surely be attained otherwise.

The opposition supports, of course, the principle of this bill. We also hope that the economic sanctions which Canada is ready to take against Iran will lend moral support to our American friends who are facing a rather complicated and difficult international situation and will also show to Iran that

one cannot with impunity violate, as I said earlier, those principles of international law.

I hope that those economic sanctions which we are taking in co-operation with our allies will cause the Iranian government to reflect, and that it will free the hostages as quickly as possible so that Canada may restore diplomatic and friendly relations which have always existed with Iran.

● (1700)

[*English*]

Hon. Heath Macquarrie: Honourable senators, I should like to participate in this debate. I appreciated the portion of Senator Asselin's speech which I heard. I regret to say that I did not hear the first part because I was again called away on important public duty.

I have some misgivings about a measure of this kind. I would be happier if someone could point out to me and indicate where, in the course of human history, economic boycotts have been an effective instrument in international politics. I am old enough to remember, without looking at my history books, what efforts were made to curtail Mussolini's fascists as they overwhelmed Ethiopia. I watched year after year rigid economic sanctions being imposed on Rhodesia. Fourteen years thereafter that country not only continued, but its gross national product had increased. All sorts of economic weaponry have been thrust against South Africa. If that regime experiences difficulty, it will not be because of economic sanctions.

I feel that we might be deluding ourselves if we believe that there is great efficacy in this. If I thought for one moment that this measure would hasten by one hour the release of the American hostages, I would welcome with jubilation this particular piece of legislation. I do not think it will have any effect whatsoever. Quite often the effect is the opposite. Many times a regime has been entrenched by hostility from without.

What is perhaps more likely to happen in Iran is that it may collapse from within, because if there ever was a government in the world that demonstrated chaos, inefficiency, iniquity and disdain for any sort of decent standard of international conduct, it is that outrageous government. To the extent that this measure gives Canada an emotional posture against the actions of the government, I find in that—not in its efficacy—justification for the legislation. Therefore, I will support it.

Down through the years in this chamber, and in the one which existed before the fire of 1916, senators have stood up on days like this and railed against the fact that important measures come here at the last minute. I cannot pass comment on the other place, but I note that this measure did not go to a committee there, and it appears that it will not go to a committee here. I think measures of this importance should be studied and should be reflected upon. I don't know why this could not have come before this house earlier so that it might be studied in our committee. I say that, because if a measure is important enough to be rushed through, it is sufficiently important for careful study.

[Senator Asselin.]

I should point out that I am not the first one, by any means, to bring this up. Greater men and women down through the years have proclaimed the ill-treatment of the Senate. Arthur Meighen described it as a travesty. He was one of the greatest parliamentarians we ever had, and I think there will be no dispute that he was the greatest debater we had in public life. He said it was a travesty that in the closing of a session we are given a plethora of legislation and are expected to adopt it without amendment, without debate, and without delay.

An individual member can do something about delaying a piece of legislation if he wishes to assert his individuality, but today I am a poor choice for that. I love Ottawa, but I detest its summer climate. I am lucky enough to live in a place which has a beautiful summer climate, Prince Edward Island, and I do have my reservations for tomorrow.

Apart from that, I should like to mention this, and I will probably bring it up again. I do not like this sort of thing. It is not the fault of the other house, as Senator Flynn pointed out. He said his problem was not with the other house, but with the government, because the government is the master of the agenda of the other place. I feel a little ill at ease that this important measure concerning an international situation should come before us and we are simply expected to say it is a nice thing and deal with it in a few minutes. I am not altogether happy with that process, but having great respect for my colleagues in this party, including Senator Asselin, I will put my misgivings to one side and say that I am fully in accord with the ultimate decision which is to support the measure.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Haidasz: Honourable senators, with leave, I move that the bill be read the third time now.

The Hon. the Speaker: Honourable senators have heard the motion. Is there unanimous consent?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

● (1710)

[*Translation*]

HER MAJESTY THE QUEEN MOTHER

FELICITATIONS ON EIGHTIETH BIRTHDAY

Hon. Royce Frith (Deputy Leader of the Government), for Senator Perrault, seconded by Senator Roblin, pursuant to notice of Monday, July 14, 1980, moved:

> That the Honourable the Speaker convey to Her Majesty Queen Elizabeth, the Queen Mother, the congratulations of the Senate of Canada on Her completion on August 4, 1980 of Her eightieth year, expressing the gratitude of the people of Canada for the many services Her Majesty has rendered them over the years, including

Her many visits, beginning with the first in 1939 when she accompanied Her husband, His Majesty King George VI, on the first visit of a reigning monarch to this country, and wishing Her continued good health and long life.

He said: Honourable senators will realize that this motion was to be proposed by Senator Perrault. Perhaps in his name I could make the following brief remarks. The Queen Mother's life has been an inspiration to all Canadians. I recall in the year 1939 I was standing on the corner of Yonge and King Street with my father and mother and waving at the royal car as it passed. The inspiration of the Royal Family to Canadians has been so important, and has been so ideally symbolized by the grace, dignity, charm and culture of the Queen Mother, that I know that every honourable senator and every Canadian will wholeheartedly support the motion proposed today.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am honoured to be associated with this motion of congratulation to Her Majesty the Queen Mother, as my memory is similar to that of the Deputy Leader of the Opposition. In 1939 His Majesty King George VI and Queen Elizabeth came on a visit to this country, and I well remember that it was a rather rainy day in Winnipeg when the royal entourage came down Main Street in an open vehicle, accompanied by a squadron of Mounted Police with pennants flying. I recall the sincere enthusiasm of the extremely large number of people who welcomed Their Majesties in all parts of Manitoba, as they did throughout the nation. I believe it taught us a lesson on what the monarchy can mean for the national spirit of the country.

I am aware that the role of the Monarch's Consort is perhaps symbolic in most respects, but I am sure that she took some considerable part in those functions which her husband discharged, when he exercised his right to be informed by the government over which he presided and to warn and advise. On that occasion in 1939, something of the Queen Mother's character, her elegant simplicity, if I may use that description, came across to all who had the opportunity to see her and to come in contact with her.

She epitomized then, as she has done all her life, those highest qualities that we would like to see in human beings and in the nation. It is a happy circumstance that over the years, since the death of His Majesty King George VI, the Queen Mother has maintained a close and cordial association with her people in Canada. In the numerous visits she has made here she has established and reinforced the warm place that she occupies in the hearts of the people of this country. Therefore I am happy, in the name of all my colleagues on this side of the house, to associate myself very sincerely and warmly with the good wishes expressed by the Deputy Leader of the Government.

Hon. Richard A. Donahoe: Honourable senators, I was not in the house when tribute was paid to Her Majesty the Queen Mother, nor did I have the benefit of hearing the full scope of Senator Roblin's remarks. But since we are expressing our congratulations and compliments to the Queen Mother, I would like to add that among the visits to which Senator Roblin referred which the Queen Mother made, the most recent was the visit she made to Nova Scotia last summer when she returned to officiate at the tattoo that was held to celebrate the Gathering of the Clans.

It was a magnificent and impressive occasion, and its magnificence and impressiveness were added to by the presence of the Queen Mother. When she made her entrance, she was driven into the auditorium, she got out of the automobile at the foot of the steps, she took her place, moved up to the centre of the platform and stood in the spotlight. She was wearing a jewelled tiara, and it sparkled; but I can assure honourable senators that it did not sparkle any more than the warmth, friendliness and radiance of the smile with which she greeted that audience. During the course of that performance—and it went on for several hours—whenever attention was drawn to the fact that Her Majesty the Queen Mother was in attendance, there was an almost—I was going to say visible, but certainly a very perceptible feeling of warmth and good will that flowed between the regal presence on the platform and the crowd in the auditorium.

I wish to associate myself with everything that has been said, and to endorse all those fine things that have been said about the very wonderful person and character to whom we are offering congratulations on her birthday.

Hon. Senators: Hear, hear.

Hon. Heath Macquarrie: Honourable senators, I would not attempt to paint the lily, because we have heard three moving, brief, extremely appropriate speeches. I think the honourable gentlemen have encapsulated the qualities of this great woman. Perhaps I might be allowed a little partiality, as one in this chamber who is of Highland Scots descent, and say that whatever we have done for or against the monarchy—and my ancestors have done both—in this great lady we have made a contribution which has brought a gleam in the eyes of honourable senators here in Ottawa, has brought joy to the people of the Commonwealth, has brought all the qualities that my colleagues have mentioned; and I would like to mention one other quality which we do not talk about so much these days. In simple terms, it is goodness. As well as being a gracious, intelligent, warm woman, she is clearly a fine woman, and we can all be thankful for her life, and wish her well.

● (1720)

Motion agreed to.

FORT NELSON INDIAN RESERVE MINERALS REVENUE SHARING BILL

REPORT OF COMMITTEE

Hon. Richard A. Donahoe, Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, reported that the committee had considered Bill C-26, to implement an agreement between Her Majesty in right of the Province of British Columbia and Her Majesty in right of Canada respecting the sharing of revenues from the exploitation of minerals in the Fort Nelson Indian Reserve, and had directed that the bill be reported without amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Royce Frith (Deputy Leader of the Government): With leave, now.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have just a word to say on this matter. I would like to point out that we had an interesting meeting in committee. Everything went well. I don't know if that was because the sponsor of the bill was not there.

Senator Frith: I would be happy to accommodate on another occasion.

Senator Flynn: In any event, we listened to the grievances of the representatives of the Indian Brotherhood. I think that Senator Neiman, who was there, would by and large agree that their grievances are addressed to legislation affecting them in general, rather than to this bill in particular.

However that may be, what we have done is to ask the chairman of the committee to send to the Minister of Indian Affairs a copy of the printed proceedings, with the suggestion that he consider the grievances that were aired at the meeting. But as far as the bill itself is concerned, it seemed to us that there was nothing else to do but report it without amendment and agree that it be read immediately for the third time.

Senator Frith: On behalf of the government I thank the committee for its good work, and compliment it on the suggestion that its proceedings be sent to the minister for his consideration.

Motion agreed to and bill read third time and passed.

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move that the Senate do now adjourn until the call of the bell, at approximately 8 o'clock this evening.

Hon. Jacques Flynn (Leader of the Opposition): Will there be anything for the Senate to deal with between 8 o'clock and the time of royal assent?

Senator Frith: Yes, this was agreed to during the absence of the Leader of the Opposition at a committee meeting. The plan is to receive the report of the Standing Senate Committee on Transport and Communications on Bill C-18. There may then be a statement made both here and in the other place, which we will deal with. That should take us to royal assent.

Motion agreed to.

The Senate adjourned during pleasure.

At 8 p.m. the sitting was resumed.

[Senator Donahoe.]

PRIVATE BILL

PYRAMID COMMUNICATIONS LIMITED—MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-8, to revive Pyramid Communications Limited, and acquainting the Senate that they had passed this bill without amendment.

TRANSPORTATION OF DANGEROUS GOODS BILL

REPORT OF COMMITTEE

Leave having been given to revert to Reports of Committees.

Hon. Daniel Riley, Acting Chairman of the Standing Senate Committee on Transport and Communications, to which was referred Bill C-18, to promote public safety in the transportation of dangerous goods, presented the following report:

Thursday, July 17, 1980

The Standing Senate Committee on Transport and Communications to which was referred Bill C-18, intituled: "An Act to promote public safety in the transportation of dangerous goods", has, in obedience to the order of reference of Thursday, July 17, 1980, examined the said Bill and now reports the same without amendment.

In view of the importance of this bill from the point of view of public safety and the obvious requirement for continuing study of its provisions because of the changing nature of the standards and procedures involved in the handling of dangerous goods, your Committee recommends that, when the Senate resumes its sittings in the fall, the Senate authorize it to undertake an examination of the subject-matter of this bill and the regulations to be made thereunder and to report thereon.

Your Committee wishes to report that it has been assured that, if such a review of the legislation takes place, your Committee will have the full cooperation of the Minister of Transport and the officials of his department.

Respectfully submitted,

DANIEL RILEY,
Acting Chairman.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Riley: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill be read the third time now.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

• (2005)

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

July 17, 1980

Sir,

I have the honour to inform you that the Honourable Robert George Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 17th day of July, at 9.00 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

ENERGY

ALASKA HIGHWAY GAS PIPELINE—STATEMENT BY MINISTER

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wonder if I have the leave of the Senate to make a statement.

Hon. Senators: Agreed.

Senator Olson: Honourable senators, with your permission I should like to make a statement today with respect to the Alaska Highway natural gas pipeline project. More specifically I wish to bring to the attention of honourable senators the decision which has been taken by the government to approve in principle construction of the southern segments of this pipeline system.

Some Hon. Senators: Hear, hear.

Senator Olson: Honourable senators will recall that in 1977, Canada and the United States signed a bilateral agreement to build the pipeline.

In 1978 Parliament passed legislation to implement that agreement, and there have been two major changes in circumstances since then. First, the original time for the scheduled completion of the line has been set back from January 1983 to late 1985. The second major change relates to the proposed prebuilding of the southern segments of the system. Its initial purpose of exporting Alberta gas to western and midwestern U.S. markets has taken on considerably greater importance.

Prebuilding has become of prime importance in two ways. First, as a means of facilitating completion of the entire project, and, second, in terms of the substantial and widespread economic benefit it promises to provide to Canada.

In its original conception, the southern portion of the line was to be built only moderately in advance of the remainder of the system in the north. The effect of the delays I mentioned has been that the prebuilding could now take place well in advance of the construction of the rest of the system.

There has been, of course, another development. In the intervening years the volume of Canadian gas supplies surplus to our needs and available for export has grown from some 800 billion cubic feet to about 4.5 trillion cubic feet.

A number of steps have been taken by the government to take into account this changing situation. First, the National Energy Board made the following determination: If prebuilding were to be undertaken on schedule, with commencement of construction of the western leg this summer, then it would be necessary to modify condition 12 of the Northern Pipeline Act.

Because of the delays which I have mentioned, it would have been quite impossible for Foothills (Yukon) in these very difficult circumstances to meet the original requirement of establishing that financing had been obtained for the whole line in Canada.

• (2010)

Second, on April 2 the National Energy Board issued an order amending condition 12, subject to the approval of the Governor in Council. The amendment required Foothills to satisfy both the Board and me, as minister responsible for the Northern Pipeline Agency, on two major points. First, we had to be satisfied by Foothills that the financing has been obtained for prebuilding of the southern sections of the system in Canada; second, we had to be satisfied that financing could be obtained for the remainder of the system before construction of the prebuild would be authorized; third, on April 2 also, I requested the National Energy Board to hold public hearings in order to obtain evidence as to whether Foothills could meet the terms of condition 12 as revised with respect to financing.

At the same time, however, I advised the Board that the government intended to defer consideration of its order on this condition until it could also consider two other closely related matters. One was the pending recommendation of the National Energy Board with respect to applications from Pan-Alberta. The latter had requested a licence to export an additional 500 billion cubic feet of gas remaining in the unallocated surplus previously identified by the Board as a means of establishing the financial viability of the prebuild. The other

matter requiring consideration was the position of the United States government, its view as to the financeability of the pipeline system within its territory, and the outlook for its timely completion.

Let me deal with the last issue first. The government has had before it information on a number of steps that have been taken in the United States to encourage and facilitate the commencement and expeditious completion of the project by late 1985. These steps include recent decisions by the Federal Energy Regulatory Commission certifying the prebuilding of the western and eastern legs of the system to the lower 48 states for the initial purpose of transporting surplus Alberta gas pending the throughput of Alaska reserves. They include also the June 19 agreement between the major gas producers in Alaska, Exxon, B.P., Sohio and Arco—and Northwest Alaskan, the pipeline sponsor in that area—on the sharing of some $500 million in expenditures to complete final design and engineering work required to construct the pipeline and conditioning plants in Alaska and to arrive at final cost estimates.

On June 19 the producers and sponsor also signed a statement of intention in which they undertook to work together to facilitate the financing of the pipeline and the conditioning plant in Alaska with a view to achieving completion of the system by the end of 1985.

As you are all aware, the strong and continuing commitment of the U.S. Congress was forcefully expressed through a joint resolution unanimously approved within the past few days by both houses. This resolution emphasized the conviction of Congress that the Alaska Highway gas pipeline remains "an essential part of securing this nation's energy future and, as such, enjoys the highest level of Congressional support for its expeditious construction and completion by the end of 1985."

Finally, the Canadian government took account of the assurances that President Carter has indicated the U.S. government was prepared to make with respect to the financeability and timely completion of the system within its territory given the developments to which I have just referred.

Based on all these factors, and on the formal assurances that President Carter is ready to provide in a letter to Prime Minister Trudeau, the Canadian government is prepared to accept the U.S. government's judgment that the project within its territory can be financed and will be completed expeditiously.

● (2015)

With the permission of honourable senators I would like to table copies of the joint resolution of Congress, and the statement of intention by the producers and the pipeline sponsor in Alaska. I will be happy also to table a copy of the President's letter. I will have that material when I reach the end of my comments here.

To repeat, the Canadian government has accepted United States assurances on timely completion of the whole project. It is also prepared to authorize additional exports, recommended by the National Energy Board, through the prebuild system in order to establish the financial viability of that stage of the project. It also approved the amendment of condition 12, schedule III, made by the board.

I referred earlier to the hearings undertaken by the National Energy Board at my request on the ability of Foothills to meet the revised condition 12. In a statement following these hearings, the National Energy Board raised four matters of concern with respect to the financeability of the project in Canada. All of these matters related to issues involving decisions in the United States. Foothills itself initially raised all these issues as potential problem areas. However, in response to an inquiry on this matter by the National Energy Board, Foothills indicated that because of more recent developments it was confident that these issues had been, or would be, satisfactorily resolved. It still remains necessary, however, for the board and me, as the minister responsible, to make a judgment as to whether Foothills is in fact capable of meeting the requirements of condition 12 as amended. With respect to the financing of the project in Canada, I expect that both the board and I will be in a position to reach a decision on that question within the next few days and an announcement will be made to that effect.

● (2020)

Assuming this last issue of policy is satisfactorily resolved, the way will finally be cleared for a start on construction of the Alaska Highway gas pipeline. The southern segment will commence within the next few weeks, and probably less than weeks.

It has been suggested in some quarters that prebuilding would amount to the construction only of an export line and represent a very different project from that provided for in the Northern Pipeline Act. Such an allegation is completely groundless. What is proposed is the construction in two stages of a fully integrated system capable of carrying Alaska gas to the lower 48 states and providing access to Canada's own gas in the Mackenzie delta.

I spoke earlier of assurances by the United States government. We are satisfied that the United States is committed to building their portion of the line by the end of 1985. We base this on a recognition of the absolutely vital national interest of the United States in gaining access to its gas at Prudhoe Bay, which represents more than 10 per cent of all its established reserves and its largest single new source of energy for the foreseeable future.

To be sure, there are risks. However, against these risks must be weighed the substantial benefits of prebuilding.

First, as I stated earlier, construction of the southern segments for the initial transportation of Alberta gas would spur completion of the entire project. It would provide an early cash flow to pipeline sponsors that would be a big help to them in financing the remainder of the pipeline.

Secondly, by stretching out the construction timetable, it would also ease the strain on skilled manpower and the supply of goods and services and ensure a very high level of Canadian input into the project. In other words, prebuild fits in with the current economic cycle in this country.

● (2025)

Finally, prebuilding of the western and eastern legs and the initial export of surplus Canadian gas will provide substantial economic benefit to this country. According to some estimates, this will result in direct capital expenditures in Canada of a total of $1.6 billion, the benefits of which will be felt right across the country in terms of jobs and output. Of this amount, some $665 million would be spent on the prebuild facilities themselves and another $935 million on installation of the production wells, conditioning plants, and the gathering and other facilities required to deliver the gas to the Foothills pipeline.

The prebuild project and associated developments would create employment directly and indirectly over the period between 1980 and 1984 of 150,000 man-years.

The National Energy Board itself has concluded that prebuilding alone and the flow of Canadian gas to the United States can generate national economic benefits of some $4.5 billion. A substantial portion of those benefits will come through the potential sale over the life of approved export contracts of around $17 billion worth of gas and natural gas liquid by-products, which, in turn, will provide a positive boost to Canada's balance of payments position of some $2 billion a year.

The export of natural gas through the prebuild will provide a substantial benefit to hundreds of small and medium-sized Canadian-owned producers, many of whom at present have substantial shut-in reserves because of the absence of markets either in Canada or in the United States. The opening up of markets for these supplies that are surplus to Canadian needs will provide the cash flow such producers require in order to maintain exploration at the high level required to develop additional gas reserves with which to meet our own requirements over the long haul. For some of these Canadian companies at least, a failure to secure early access to U.S. markets could leave them with little other choice but to sell out their interests to large, multinational oil companies that can afford to hold gas in the ground for a long time. Such an alternative would clearly be contrary to our policy of greatly increasing domestic ownership and control of the petroleum industry in this country.

Prebuild, though, is just part of the story. The total project—both northern and southern portions—according to best estimates will, in and of itself, result in a one per cent gain in Canada's GNP, with benefits including $2 billion in pipe orders to Canadian mills; 350,000 direct and indirect man-years of employment; and the development of Canadian expertise and export capability.

Given the nature of the U.S. assurances, the government has decided there is minimal risk of non-completion or long delay in the construction of the entire Alaska Highway gas pipeline system. On the other hand are the very substantial benefits that prebuilding will provide—facilitating completion of the entire project and immediate returns to Canada in terms of jobs, output, producer revenues and balance of payments inflows. I do not believe there can be any doubt that our national interest lies in proceeding with this important undertaking at the earliest possible date.

Honourable senators, I should like to table several documents, including a copy of a letter from the President of the United States to the Prime Minister of Canada, and a joint statement of intention by the major participants involved, the producers and the sponsors in Alaska.

Hon. Senators: Hear, hear.

Senator Olson then tabled:

Copies of document entitled: "Concurrent Resolution Expressing the Sense of Congress Regarding the Importance of the Alaska Natural Gas Transportation System". (*English text*)

Copies of letter from the President of the United States of America to the Prime Minister of Canada regarding the Alaska Natural Gas Transportation System assurances, dated July 17, 1980. (*English text*)

Copies of Statement of Intention by the producers and pipeline sponsor in Alaska. (*English text*)

● (2030)

Hon. R. James Balfour: Honourable senators, we on this side of the chamber welcome the decision of the Government of Canada to proceed with the prebuild phase of the Alaska Highway gas pipeline project at this time.

I have, on previous occasions, expressed concern with respect to the firmness of the commitment of the United States to complete the project. However, in the circumstances, as the Minister of State for Economic Development himself has said, and as the Prime Minister has said, it finally boils down to a judgment call with respect to the adequacy of the assurances that have been given and, I suppose, that is what being the government is all about.

If, in the event, the second phase of the project does not materialize, the error in the government's judgment will be obvious and a political price will no doubt be paid.

As the minister has said, construction of the prebuild section of the pipeline will make possible export sales of Canadian natural gas to the United States, thus creating cash flow for independent Canadian resource companies which are at the moment in dire straits with an over-supply of shut-in gas in inventory and which will earn badly needed foreign exchange for the Government of Canada and significantly contribute to the financial viability of the entire project.

My party has been consistent in this view, both in opposition and in government. Indeed, it was the Minister of Energy, Mines and Resources in Prime Minister Clark's government who approved the recommendation of the National Energy Board on December 6 last with respect to the exportable surplus gas which will be carried to the United States market by means of this pipeline facility.

I think, however, that all honourable senators will understand if I take this occasion to draw to the attention of the Senate, and to the people of Canada, the incredible flip-flop that this decision constitutes so far as the present Minister of

Energy, Mines and Resources is concerned. Let me quote from remarks made by the honourable gentleman in the other place on December 6 last when the recommendation of the National Energy Board with respect to gas exports was approved by the government of the day. That honourable gentleman had this to say:

> I think this statement will be one that Canada will live to regret and that may go down in history as one of the greatest sellouts we have seen.

He went on to say:

> The worst thing we could do is to export gas for a fast buck or in order to support a faltering dollar, because then it will mean that down the line we will have to supply our Canadian needs with more expensive and more polluting resources, such as coal for instance.

He continued:

> In our view, exports of natural gas to the United States should be authorized only on the basis of, first of all, an ironclad commitment regarding the building of the whole Alaska gas pipeline. Everything has to be signed, sealed and delivered, particularly the financing plan and the financing guarantees, before we start exporting one cubic foot of gas out of this country to the United States.

Senator Roblin: That is what he said.

Senator Balfour: He went on to say:

> Second, there must be an arrangement for swaps in this agreement with the United States so that down the line, if Canada were to need natural gas, we would be in a position to obtain natural gas from the Alaska gas pipeline—

Finally, he said:

> The third point is with regard to revenues and arises out of gas exports to the United States. They should be used to ensure the initiation and completion of the Quebec and Maritime Gas Pipeline.

I think I could legitimately put to the Minister of State for Economic Development some questions with respect to his colleague's position seven short months ago. For example, is it still the position of his party that extension of the Q & M Pipeline to the maritimes should take priority over the prebuild? Is it still his party's position that revenue from gas exports to the United States should be used to construct the full Q & M Pipeline, and are these government or private sector revenues that are referred to?

What about the swap arrangement whereby he insisted that the United States should agree to replace in the future exported Canadian natural gas with Prudhoe Bay gas? What about the sell-out accusation?

I put these questions rhetorically, honourable senators, because I am realistic enough to know that satisfactory answers will not be forthcoming since no reasonable explanation can be offered for the minister's ironclad flip-flop, except that whatever embarrassment he may now experience—and I can see that he is difficult to embarrass—is the political price he should pay for outspoken, intemperate, and what I can only characterize as irresponsible criticism, on the occasion of the December 6 announcement made by his predecessor.

Some Hon. Senators: Hear, hear.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, if I may, I too welcome the announcement—

Hon. Jacques Flynn (Leader of the Opposition): That is not in accordance with the rules. If you want to launch a debate, that is something else. I think you have enough with the statement made by Senator Olson.

The Senate adjourned during pleasure.

● (2035)

ROYAL ASSENT

The Honourable Robert George Brian Dickson, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Unemployment Insurance Act, 1971.

An Act to promote public safety in the transportation of dangerous goods.

An Act respecting grants to municipalities, provinces and other bodies exercising functions of local government that levy real property taxes.

An Act to implement an agreement between Her Majesty in right of the Province of British Columbia and Her Majesty in right of Canada respecting the sharing of revenues from the exploitation of minerals in the Fort Nelson Indian Reserve.

An Act to provide for the imposition of certain economic sanctions against the Islamic Republic of Iran.

An Act to revive Pyramid Communications Limited.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting was resumed.

● (2040)

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Wednesday, October 15, 1980, at 8 o'clock in the evening.

Motion agreed to.

Senator Frith: Honourable senators, on behalf of the government, I wish all honourable senators a very happy, pleasant and nourishing summer in every way. We look forward to seeing you all back in the fall. We thank you particularly for your co-operation during the past few days, and in this respect I single out my honourable and learned friend, Senator Flynn, and my honourable and knowledgeable friend, Senator Roblin.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I did not ask the other side for instructions at this time, but I am quite sure that honourable senators on this side of the house would want me to wish all those on the government side a happy and restful recess. I particularly hope that Senator Olson, after what he has had to go through today, and what he may have to go through during the rest of the summer, will have quieter days than the ones he has had to endure lately.

Of course, we have always been very pleasant to him. On the other hand, he has never been very vindictive. He has never ventured any declaration of any substance. He has always been careful in whatever he had to say. I have yet to find out what he meant by most of his replies to questions.

In any event, I must say that we on this side of the house need the forthcoming period of rest. It is not that we do not like the members on the government side individually, but we need to forget them for a while.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I know that it is not usual for comments to be made other than by the two leaders at this point in time—

Senator Frith: Be careful; don't tell them anything.

Senator Olson: —but I want to respond to the kind and generous comments of the Honourable Leader of the Opposition. I can say to him that I have learned a great deal from him during the time I have been a member of this chamber. First, when he was the Leader of the Opposition, we were well instructed by the example that he gave us; and when he was on the government benches he was a shining example of the way to answer questions. One of the things that I learned from him above all is that you only give as much information as is sought.

During the summer he might like to look at the section dealing with the terms and conditions under which questions are put in the fifth edition of *Beauchesne*. Perhaps he would like to spend part of the summer looking at that section so that we may have, even for his own benefit, a Question Period that does fit the rules. I hope he will not suggest, because I got away with certain things when I was on the opposition side, that that justifies members of the opposition getting away with it now; because I fully acknowledge that there was an odd time when I stretched the rules almost to the limit, but I never quite went over the threshold.

In any event, I want to express my appreciation to him and to the other members of the opposition for many things, but particularly for making my life on this side of the house interesting.

The Senate adjourned until Wednesday, October 15, at 8 p.m.

APPENDIX "A"

(*See p. 705*)

STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

INTERIM REPORT ON THE SUBJECT MATTER OF BILL C-6
"AN ACT
TO REVISE THE BANK ACT,
TO AMEND THE QUEBEC SAVINGS BANKS ACT
AND THE BANK OF CANADA ACT,
TO ESTABLISH THE CANADIAN PAYMENTS ASSOCIATION
AND TO AMEND OTHER ACTS IN CONSEQUENCE THEREOF"

INTERIM REPORT OF THE STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

Interim Report on the subject matter of Bill C-6 "An Act to revise the Bank Act, to amend the Quebec Savings Banks Act, and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other Acts in consequence thereof."

The Banks and Banking Law Revision Act
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INTERIM REPORT ON THE STANDING SENATE COMMITTEE ON BANKING TRADE AND COMMERCE

Relating to the subject matter of Bill C-6 of the First Session, 32nd Parliament, 1980 (and also the predecessor Bill C-14 of the First Session, 31st Parliament and Bills C-15 and C-57 of the Fourth and Third Sessions, Thirtieth Parliament) an Act to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other Acts in consequence thereof.

JULY 17, 1980

General Introduction

On May 1st, 1980, the Honourable Pierre Bussieres on behalf of the Honourable John MacEachen, The Minister of Finance, presented to the House of Commons for first reading Bill C-6, "An Act to revise the Bank Act, to amend the Quebec Savings Bank Act, to establish the Canadian Payments Association and to amend other Acts in consequence thereof." This Act is cited as the "Bank and Banking Law Revision Act, 1980". On April 29, 1980 the Standing Senate Committe on Banking, Trade and Commerce was authorized by the Senate to examine and consider the subject matter of Bill C-6 in advance of the said Bill coming before the Senate, or any matter relating thereto.

In accordance with the Order of Reference, your Committee gave careful consideration to Bill C-6 and in connection therewith had the benefit of the services and expert assistance of Mr. John F. Lewis, C.A., financial consultant, retired partner of Thorne, Riddell, Chartered Accountants as advisor to the Committee and retained its legal Counsel, Mr. David W. Scott. Q.C. of Scott & Aylen.

In order to provide some background to your Committee's studies of the proposed legislation, it might be simplest to repeat the following resumé from our report on Bill C-14. It will be remembered that the history of this decennial revision of Banking legislation included a White Paper on the Revision of Canadian Banking Legislation which was issued in August, 1976. Your Committee examined that document, heard witnesses, and submitted its report to the Senate in June, 1977. Many of the recommendations of your Committee on that document were implemented in the banking legislation of Bill C-15 of the Fourth Session of Parliament which was introduced by the Honourable Jean Chretien, Minister of Finance on November 2, 1978.

Your Committee, assisted by the same advisors, John F. Lewis and David W. Scott, studied Bill C-15, heard witnesses and reported to the Senate on March 7, 1979.

In the course of its study on Bill C-15 your Committee held seventeen meetings during which witnesses were heard, and also received and studied a number of briefs from organizations which did not appear before the Committee. Bill C-15 reflected twenty-four amendments proposed by your Commit-

tee as a result of its study and recommendations on the White Paper, of which five represented instances where your Committee's opinion did not agree with the White Paper proposals. In approximately five additional instances your Committee's recommendations made in its report on the White Paper were accepted in part.

As part of its study of Bill C-14 your Committee held ten meetings, of which five were devoted to study of the Bill and review of this report. Mr. W. A Kennett, Inspector General of Banks, together with members of his staff, appeared as witnesses before the Committee at three of the sessions.

In its report on March 8, 1979, on the subject matter of Bill C-15, your committee made forty-two recommendations for amendments to the banking legislation as proposed in that Bill. Of these, aproximately twenty-five of your Committee's recommendations have been accepted in full in Bill C-14, approximately ten have been accepted in part, and seven have not been accepted.

In addition, the recommendations with respect to the proposed legislation included approximately ten recommendations for changes in the draft proposed regulations which were issued by the Minister of Finance in conjunction with Bill C-15. Because all of these regulations in their amended form have not been reissued at this date, your Committee does not consider it advisable to comment in detail at this time on the few amended redrafts of the regulations which have been issued so far.

During the course of its study of Bill C-6 your Committee held meetings which were devoted to hearing the following witnesses:

Canadian Bankers' Association
Federation of Automobile Dealers Associations of Canada
Association of Canadian Financial Corporations
Canadian Cattlemen's Association
Housing & Urban Development Association of Canada
Canadian Council of Churches
Canadian Automotive Leasing Association
Trust Companies Association of Canada

Summary of Legislation

Because the process of this decennial revision of the Bank Act has been spread over a period of approximately four years including the publication of a White Paper and separate bills to four sessions of Parliament, it might be of some assistance to summarize for the reader the content of the legislation culminating in Bill C-6.

Bill C-6 contains not only an amended Bank Act and the new Canadian Payments Association Act, but also important amendments to other related Acts, as follows:

PART I The Bank Act, (pages 1 to 344 of Bill C-6)
PART II Amendments to the Quebec Savings Banks Act (pages 345 to 414 of Bill C-6)
PART III Amendments to the Bank of Canada Acts (pages 415 to 421 of Bill C-6)
PART IV An Act to establish the Canadian Payments Association (pages 422 to 439 of Bill C-6)
PART V Related and Consequential Amendments to other legislation (pages 440 to 457 of Bill C-6)

It should also be noted that Part I of Bill C-6, being the new Bank Act contains approximately four hundred provisions which are based on equivalent provisions of the Canadian Business Corporations Act.

The main changes contemplated in this decennial review of the banking system might be summarized as follows:

1. Changes and reduction in primary cash reserves required to be provided by Canadian banks;
2. Entry to new banks into the banking system in Canada either by Special Act of Parliament or by Letters Patent;
3. Entry and control of and conditions for the operation in Canada of foreign bank subsidiaries incorporated under the new Bank Act;
4. Further delineation of specific business power of banks;
5. Changes in the corporate structure of banks;
6. Provisions requiring or permitting banks to conduct certain types of undertakings, i.e. leasing, factoring, mortgage lending—through subsidiaries;
7. Establishment by a Special Act of Parliament of the Canadian Payments Association which would include banks and near-banks in the evolving national electronic payments system for clearing and settlement purposes;
8. Amendments to the Quebec Savings Banks Act, the Bank of Canada Act and other related legislation.

In its reports on Bill C-14 and C-15, your Committee summarized in the manner in which these bills, in their various aspects, implemented the White Paper proposals and the extent to which the recommendations of your Committee had been dealt with. This report will not repeat those observations nor deal with many of the new amendments proposed in Bill C-6 which reflect your Committee's recommendations in a general or reasonable manner, nor comment on the many technical and editing changes arising from the recommendations of this Committee and other interested parties.

On June 20th, 1980 the Minister provided the Chairman of the Commons Committee on Finance, Trade and Economic Affairs with the text of 10 proposed amendments to Bill C-6. For reasons which are not apparent your Committee was not provided with this material nonetheless copies of the prepared amendments have been secured and, in the interest of practicality, have been reviewed, and, in some cases, commented upon in this Report.

Recommendations of the Committee

The Committee's main recommendations with respect to Bill C-6 concern the following subjects:

1. Financial leasing through Subsidiaries.
2. Exemption of cattle from "Section 88" Security.
3. Limit on Mortgage Lending by Banks.

4. Form of Public Review of Application for incorporation.
5. Ownership of Bank shares by Provincial Governments.

2. *Financial Leasing of Equipment through Subsidiaries*

In the White Paper of August 1976 on Canadian Banking Legislation (Page 30), having reviewed the history of financial leasing, its benefits from the point of view of its function as an alternative to credit, and the tax implications thereof, the government White Paper observed as follows:

> "Without the possibility of tax sheltering of non-leasing income, leasing will become a closer substitute for term lending and borrowing in the capital market. It becomes therefore a natural activity for banks as they can contribute to the development of this form of lending for the benefit of industry as a whole and in particular for small and medium size businesses. It is now proposed to allow the banks to engage in financial leasing of equipment subject to regulations prescribed by the Governor in Council."

At the time of publication of the White Paper some chartered banks were already, through subsidiaries as authorized by Section 76 of the current Bank Act, in the leasing business. This activity has continued to the present and Bill C-6 carries forward the intention to permit banks to engage in financial leasing of equipment as appears from Clause 173(1)(j) which reads as follows:

> (1) "A bank may engage in and carry on such business generally as appertains to the business of banking and without limiting the generality of the foregoing may, . . .
>
> (j) through a subsidiary of the bank and not otherwise, subject to any terms and conditions prescribed by the regulations, engage in financial leasing, and in the course thereof acquire, at the request of a specific lessee for leasing by him, hold and and lease personal property whether or not such property becomes affixed to real property;"

In addition, and in order to ensure that leases are, so far as is possible the functional equivalent of credit, which was the rationale underlying the proposal in the White Paper, the regulations have provided that the lease must be tied to specific equipment and it must be on a non-operating and full pay-out basis.

Your Committee has had occasion, since the issue of the White Paper and through the successive Bills, to study in detail the issue of financial leasing and the suitability of this business power for the activities of chartered banks. Specifically in your Committee's report of the 28th of June 1977 in response to the White Paper under Article VI, the subject of financial leasing was reviewed. The report developed its rationale for approving the concept of banks engaging in financial leasing in the following language:

> "While competition from banks undoubtedly would affect companies in the field at present, commercial realities dictate that financial leasing has become, to a great extent, financial equivalent of credit or term lending and an accepted banking responsibility or service and that banks should be permitted to engage in financial leasing."

Your Committee recommended in response to the White Paper that banks be permitted to enter this field, but recommended that the residual value of leased equipment be limited to 10% as opposed to the 20% proposed in the White Paper. The reasoning here was to ensure that the banks did not become involved in extensive marketing of used equipment at the conclusion of the lease. In addition your Committee recommended that leasing operations be permitted to be conducted through separate wholly owned subsidiaries.

Bill C-15 (Bill C-57 of the previous Session) carried forward the White Paper recommendation and proposed that banks be permitted to engage in financial leasing. At the time of consideration of Bill C-15 the principal issues before your Committee were whether or not the banks ought to be permitted to engage in financial leasing of passenger automobiles and on-road truck vehicles on an individual unit basis or on a fleet basis, and also whether or not the banks ought to be permitted to operate their financial leasing affairs through subsidiary companies.

Again carrying forward the conclusions reached in response to the White Paper, your Committee recommended that banks be permitted to conduct their leasing business through subsidiaries in order to avoid conflicts of interest with other departments of the bank.

Your Committee considered the successor to Bill C-15 being Bill C-14, in its report dated December 5th, 1979. Bill C-14 for the first time introduced the concept by which it would be mandatory for banks to conduct their leasing activities through subsidiaries which was in line with the reasoning developed by your Committee heretofore Bill C-14 carried forward the other aspects of Bill C-15 and in particular the requirement for 20% residual value.

The present Bill, carried forward in virtually identical terms in both the Bill itself and the regulations, the concepts contained in the Bill C-14. On the other hand, unlike the situation at the time that Bill C-14 was reviewed by your Committee, the Automobile Dealers, the leasing companies, and the banks themselves have become involved in a very rigorous way in appearances before your Committee, designed in the case of the Automobile Dealers and leasing Companies to effect radical changes to the financial leasing provisions of Bill C-6, and in the case of the banks to preserve the Bill in the form in which it appears. Your Committee has heard from the Federation of Automobile Dealers Association, Canadian Automobile Leasing Associations, and from the Canadian Bankers Association, and their respective views on the subject matter of the Legislation have been canvassed in great detail.

The Canadian Bankers Association, speaking for the banking community, defend the provisions of the present Bill and the entry of banks into financial leasing of automotive vehicles on the basis of the desirability, in the public interest, of fostering competitions with a view to reducing the cost of

leased automobiles. The CBA made, inter alia, the following points:

1. Financial leasing is the functional equivalent of credit and therefore it makes good sense that the banks be permitted to engage in this business activity;
2. The presence of the banking community in the financial leasing business will bring the cost of leasing down as was the case when the banks were permitted into the sales finance business;
3. The banks do not intend to enter the automotive merchandising business. Disposal of leased vehicles in the event of default would be no different from that under conditional sales contracts, and arrangements could be made with respect to the disposition of vehicles at the end of the lease which would involve the lessee, and not the bank, in disposing of the vehicle.
4. The banks do not intend to become involved in one-on-one leasing and the limitation on residual value of 20% will, in effect, ensure this result.

As pointed out, extensive submissions against the provisions of Bill C-6 were made by the automobile dealers and the leasing companies. Their submissions overlapped somewhat as, while it is clear that the financial leasing companies are not ordinarily engaged in one-on-one leasing, by the same token the automobile dealers are engaged to a certain extent in fleet leasing, and thus their submissions can be considered together. Their general complaints were:

(a) that it is a form of conflict of interest for a bank to engage in financial leasing by reason of the fact that the dealers and leasing companies would resort to banks for working capital and operating loans and thus the banks are in possession of the customer lists and other leasing information of these companies and are in a position to compete unfairly;

(b) by reason of the banks ability to attract low cost deposits, they are in a position to quote "unrealistic leasing rates" and eliminate the leasing companies and dealers from the field;

(c) contrary to what is said by the banks, the presence in the field of foreign owned leasing companies is minimal, at best 11% of the companies, at worst 33% of the companies;

(d) the banks will necessarily have to become involved as merchandisers of automobiles because the public will not accept a leasing arrangement under which the lessee is responsible to dispose of the automobile at the end of the term;

(e) the activity of banks in the United States in the leasing business has, in the view of the dealers and leasing companies, been disruptive and there is said to be a growing movement to prohibit banks from engaging in automobile leasing;

(f) conflict of interest as above described is heightened by the desire of potential lessees to conduct their leasing businesses with their bank upon whom they depend for ordinary lines of credit;

(g) the dealers and leasing companies have no objection to what is incorrectly called "true financial leasing" that is to say where the dealers and leasing companies negotiate the lease and finance the acquisition of the vehicles through a bank, the bank taking the lease as collateral security.

In addition to a general discussion of the pros and cons of the banks being permitted into the leasing field, it became apparent that the leasing companies and the automobile dealers are really seeking to prevent the banks from engaging in the leasing of automobiles and light and medium trucks, whether on an individual one-to-one basis or on a fleet basis. The dealers and leasing companies, in short, desire to prevent the banks from engaging in the leasing business where the subject matter of the lease is a vehicle which would be ordinarily sold from an automobile dealership. The banks while conceding the inappropriateness of their being involved in one-to-one passenger automobile leasing, and while showing a willingness to have some limitation at the lower end of the scale in the amount of on road motor vehicles covered by a fleet lease, otherwise desire to engage fully in the automobile leasing business as contemplated by the provisions of the bill.

In addition to their appearances before your Committee, the automobile dealers and the banks have disclosed to your Committee that they have met on several occasions with a view to negotiating a compromise position in terms of desirable legislation. While these laudable efforts have been unsuccessful, they have served to crystallize with far greater clarity than the submissions themselves, the precise areas of difference as between these competing groups. An analysis of the leasing business is best effected by dividing the basic types of leasing into three, namely individual leases, fleet leases, and indirect forms of leasing.

(i) *Individual Vehicle Leasing*

This type of lease contemplates not merely an automobile of the passenger variety, but also trucks. In short any on road vehicle that would ordinarily be sold from a conventional automobile dealership. The position of the banks is that they are willing to be prohibited from engaging in individual leasing of passenger cars entirely. Further, they are willing to limit their involvement in the individual leasing of trucks by providing that they will not become involved in the individual leasing of an on road commercial vehicle unless the vehicle exceeds 16,000 pounds G.V.W. This in effect should prohibit the banks from engaging in the individual leasing of light trucks.

The dealers are ad idem with the bankers in concluding that the banks ought not to be involved in the direct leasing of passenger cars. On the other hand, by reason of the fact that the 16,000 pounds G.V.W. limitation proposed by the banks for commercial vehicles would permit the banks to engage in individual leasing of certain trucks which would ordinarily be available from an automobile dealership, the dealers would prohibit the banks from engaging in individual leasing where

the vehicle is less than 46,000 pounds G.V.W. The evidence establishes that 46,000 G.V.W. is a convenient and firmly established method of describing, in terms of on-road vehicles, trucks with two driven axles, i.e. the tractor trailer variety that is seen carrying heavy loads on the highway. In addition of course, this limitation would not affect the right of the banks to lease industrial equipment for off road use including aircraft etc. and on road vehicles weighing more than 46,000 pounds G.V.W.

(ii) *Fleet Leasing*

In the area of fleet leasing the banks would be prepared to be prohibited from engaging in fleet leasing where the value of the motor vehicles leased is less than $100,000 in the case of a single transaction for a specified period of time. In very round numbers if one were dealing with passenger automobiles this would in effect mean that the banks would only be entitled to engage in fleet leasing where there were at least 10 vehicles involved in the lease.

The dealers on the other hand propose that the banks be prohibited from engaging in fleet leasing unless the fleet consists of a minimum of 100 vehicles. In the banks terms this proposed constraint would limit the banks to engaging in fleet leasing where the value of the equipment leased was in the neighbourhood of a million dollars. While the evidence was far from clear it would appear that the dealers here intend that the banks would also be limited in their leasing activities to vehicles exceeding 46,000 lbs. G.V.W. which would mean in effect that they could only engage in fleet leasing for medium and heavy duty trucks.

(iii) *Indirect leasing*

This was an area of particular confusion in the evidence. While the expression "indirect leasing" was used by both the banks and the automobile dealers and leasing companies, there is good reason to doubt whether or not some of the types of transactions referred to under this head indeed amount to leasing at all. There were basically two types of indirect leasing as follows:

(a) a transaction in which the dealer negotiates a lease with a prospective lessee, and then borrows from the banks the funds required to acquire the vehicles putting up the lease as collateral security for the loan; and

(b) a form of indirect leasing in which an individual dealer negotiates a lease with a customer and subsequent thereto assigns the lease to the bank with full pay-out to the dealer with the bank taking over the lease as lessor.

It would appear to be clear that the banks and the dealers and leasing companies are in agreement that the first form of indirect leasing above described should continue to be a commercial transaction in which the banks are entitled to engage. Your Committee has considered the legal issue involved and has been advised that the transaction of indirect leasing in which the banks take the lease as collateral security is probably not financial leasing at all. Under the present legislation, and as continued in Bill C-6, the banks are entitled to take all forms of personal property as collateral security for a loan, and where the delivery of the lease is as collateral only, the advice which your Committee has received is that this would not involve the bank in engaging "in financial leasing" as contemplated by the provisions of the Bill.

The second form of indirect leasing outlined above presents greater problems. The dealers take the position that where the banks take an outright assignment from a dealer of the lease, including title to the automobile, they are engaging in a form of one-on-one financial leasing of the type which they have from the beginning conceded was inappropriate for bank related leasing activities. The banks on the other hand take the position that it is imperative that they be permitted to engage in this "assignment" type of lease transaction in order to continue to offer small dealers in more remote areas, who do not engage in commercial vehicle leasing generally, the opportunity to provide to their customers a leased vehicle where their working capital condition would not enable them to carry the lease during its term. The banks take the position that their branch system enables them to provide this service to small dealers who would otherwise not be free to engage in this type of leasing. Unlike the "collateral security" type of indirect leasing your Committee has been advised that the second type of indirect leasing involving an outright assignment of the ownership of the vehicle, and the lease, to the bank clearly would result in the bank engaging in the business of financial leasing because it would be responsible to administer the lease of the vehicle which it now owned.

It is your Committee's view that the outright assignment form of indirect leasing is inconsistent with the banks stated agreement that it ought to stay out of the leasing on a one-to-one basis. It is unclear as to why the small dealer in its leasing requirements could not function under the indirect form of leasing where the banks take as collateral security for the loan of monies necessary to acquire the vehicle, the lease itself.

Attached hereto as Appendix III are proposals by the government described by the Minister of State (Finance) as substantive amendments to Bill C-6. The letter enclosing such package of proposed amendments is addressed to the Chairman of the Commons Standing Committee of Finance, Trade and Economic Affairs for distributing to members of that Committee. Fortunately, a copy of this material was obtained not from the Office of the Minister but as the result of a request made to the Secretary of the Commons Committee by the Chairman of the Standing Senate Committee on Banking, Trade and Commerce which is studying the subject matter of Bill C-6 on the instructions of the Senate. Such proposed amendments described as substantive by the Minister were obviously materially important to the Senate Committee in its study of Bill C-6.

One amendment included in this material proposes an amendment to sub-clause 193(1) of C-6 at page 208 of Bill C-6. This amendment proposes that a bank be prevented from having a leasing subsidiary that leases any motor vehicle capable of being licensed for operation on a public highway

and having a gross vehicle weight as that expression is defined in the regulations of less than 21 metric tons (46,000 pounds GVW).

In substance this is the form of amendment requested by the automotive dealers and the leasing companies in their submissions to the government and to the Senate and Commons Committees respectively.

Members of the Senate Committee were concerned that the gross vehicle weight of 46,000 pounds might well overstate the volume area for trucks in which the dealers might have competition in volume and this in their submissions appeared to be of major concern to them.

Attached hereto and marked Appendix IV is a statement of new truck registrations by makes and GVW ratings for the year 1979 compiled by R. L. Polk and Co. Ltd., 220 Bartley Drive, Toronto, Ontario. This statement shows the substantial volume of new truck registrations occur in two areas, namely:

(i) in the area between 6,000 pounds or less GVW rating and

(ii) in the area between 6,001 pounds and 10,000 pounds GVW rating.

The volume above 10,000 pounds is relatively low in comparison and if competition with the banks is feared, it must surely be in the larger volume areas up to 10,000 pounds GVW. This becomes important when considering the weight provision in the proposed amendments on this point of 46,000 pounds GVW or 21 metric tons. This 46,000 pounds GVW is the weight limitation requested by the dealers and leasing companies to protect their operations against competition from the banks which under the Bill would be entitled to operate in this area. The proposed amendment would exclude the banks from operating in the area below 46,000 pounds as requested by the dealers and the leasing companies.

The language of the proposed amendment uses the words "and having a gross vehicle weight as that expression is defined by the regulations of less than 21 metric tons". Heavy tractor trailer trucks operating on the highway may weigh up to 90,000 pounds GVW and should be eligible for dealing in the business of financial leasing by the banks. However, the words of limitation "having a gross vehicle weight . . . of less than 21 metric tons" would require the tractor to be weighed separately from the trailer fully loaded and would, therefore, exclude the banks from operating in this area of financial leasing. To correct this mistake in the application of the words of limitation, there should be added after the words "having a gross vehicle weight" the following: "or a gross combination weight." A tractor is not designed for the direct carriage of goods. It supplies the motor power.

The dealers and leasing companies admitted before the Senate Committee and in their written submission that they preferred to compete with the foreign companies operating in the business of leasing rather than the banks. It would appear that the reason for this attitude is the possibility of the banks being able to establish lower competitive rates. This presents a problem of public interest in removing or lessening competition at the request and for the benefit of a section engaged in carrying on the business of financial leasing.

Circumstances might justify attaching in a proper place conditions or limitations or guidelines for the operation of such a business by particular groups even by the banks. It is difficult, however, to understand the exclusion or virtual exclusion without evidence of the banks as to the extent of the proposed operations by the banks in the field and the extent to which this field is served by the dealers and leasing companies. On the basis of new truck registrations attached is Appendix IV. The substantial competitive area would appear to be up to 10,000 pounds. It is difficult in these circumstances to understand why a virtual exclusion limitation of 46,000 pounds is provided and in that area the banks are excluded from carrying on the business of financial leasing.

Recommendation

Your Committee recommends that the proposed language of Sub-Clause 1 of Clause 193 be rejected in favour of an amendment to prohibit a bank from having a leasing subsidiary that leases any motor vehicle on a one-to-one basis except motor vehicles having a gross vehicle weight or, in the case of tractor trailer combinations, a gross combination weight, of at least 16,000 lbs. GVW; and further prohibits such leasing subsidiary from fleet leasing of vehicles except where the value of the motor vehicle lease is $250,000 or more in a single transaction, or the quantity of vehicles leased is at least 25 in number.

3. *Exemption of Cattle from "Section 88" Security*

Your Committee heard evidence from the Canadian Cattlemens' Association on the 27th of May 1980. The representatives of this body gave evidence to the effect that the provisions of Clause 178(6) of Bill C-6 would serve to exclude from a "Section 88" form of assignment in favour of a bank certain perishable products of agricultural as therein defined. The evidence was to the effect that the present Bill does not extend this protection to livestock and that serious damage has occurred in the past and is likely to occur in the future to livestock producers who have delivered livestock to a slaughterhouse but have not received payment therefor in circumstances in which pursuant to the terms of a "Section 88" assignment favouring the bank, the operator of the slaughterhouse pledges the cattle before payment is made.

In effect packers enter into "Section 88" types of financing arrangements with the banks in order to fund the acquisition of their inventory of cattle and obtain operating money for processing cattle and since the delivery of the cattle with payment subsequent is a form of extension of credit, the producer has in effect deprived himself of his own security without payment having been made. Where bankruptcy of the packer results the producer ranks after the bank or other secured creditors and often receives no payment for his cattle.

Your Committee considered the question of whether or not the protection which cattlemen obviously require in this area

is protection which ought to be provided for in banking legislation. The Livestock and Livestock Products Act R.S.C. 1970, Chapter 18, might well be a more appropriate vehicle for extending protection to producers in this area. This legislation provides for the establishment of marketing schemes for livestock which contemplates ensuring that the producer is not deprived of both his livestock and the remuneration to which he is entitled therefor. Amendments to the Livestock and Livestock Products Act of Ontario in the form of Bill 26, assented to on the 1st of May 1980, illustrate that there are schemes in place in one or more provinces intended to have the same effect. Thus under the provisions of Section 4 of the amending Act in Ontario, livestock dealers are subject to regulations as to the manner of payment for livestock purchased from producers. The existence of legislation of both the Parliament of Canada, and of Provincial Legislatures in this field raises some question as to the constitutional position which it is unnecessary for your Committee, in view of its conclusions to deal with. It is sufficient to observe that if protection in the form of legislation such as the Livestock and Livestock Products legislation is required, it is unlikely to be forthcoming in all 10 provinces simultaneously and thus if justification can be found for providing some limited form of protection in the Bank Act, such form of protection becomes desirable.

Suggestions for change proposed by the Cattlemens' Association contemplate expanding the definition of priority items under Clause 178 to include all products of agriculture. This would have the effect of including livestock. To protect the cattlemen it is not necessary that such a broad coverage be given for other than the cattlemen. Your Committee has received no evidence of the need for protection of such breadth and extending the protection to all products of agriculture is thus unreasonable and unnecessary.

In his proposed amendments to Clause 178(6)(b), tabled in June 1980, the Minister accepts the suggestion of the Canadian Cattlemens' Association and extends the priority position to the claims under this section of all growers and producers of products of agriculture. In addition it provides for increases in the dollar amount used in the multiplier in the formula to calculate the maximum priority claim as set out in Clause 178(6)(b)(ii)(iii) from $100.00 to $400.00. This latter proposal, which was also recommended by the Canadian Cattlemens' Association, would have the effect of increasing the monetary limit of the priority position to the level of approximately $250,000 based on the existing index number of farm prices of agricultural products for Canada published by Statistics Canada. This amendment as well is in line with that sought by the cattlemen. It is worth noting in passing that in earlier reports (See page 46 Report on Bill C-15 March 7, 1979) your Committee has recommended a form of indexing of the upper limit dollar value of the priority amount under section 178(6) and this proposal has not been taken up in the Minister's most recent proposed amendments.

Your Committee has reviewed this matter in some detail and has come to the conclusion that it is desirable both that the definition of priority products be expanded in such a manner as to include cattle, and also that the upper limit of priority claims be increased to take into account contemporary realities.

1. Your Committee recommends that Clause 178(6)(b) of the bill be amended so as to extend the priority outlined in subparagraph (II) afforded to dairy products to include cattle;

2. Your Committee further recommends that Clause 178(6)(b)(ii) be amended so as to alter the multiplier from $100.00 to $400.00 as outlined:

3. Your Committee further recommends that consideration be given to amending the Livestock and Livestock Products Act, R.S.C. 1970, Chapter 18, in such a manner as will produce effective protection for cattlemen who are producers of cattle in respect of payment for cattle sold.

4. *Limit on Mortgage Lending by Banks*

Section 75(4)(a) of the present Bank Act limits a bank's portfolio of residential mortgages, excluding NHA guaranteed mortgages to ten per cent of the total bank's deposit liabilities payable in Canadian currency and its outstanding bank debentures. Bill C-6 maintains the same limit of ten per cent.

The White Paper on Banking Legislation proposed that the 10 per cent limit be removed, and this was given effect to in Bill C-15. However, Bill C-14 reverted back to the 10 per cent limit for banks, while specifically permitting banks to conduct mortgage lending through a subsidiary mortgage loan corporation without any apparent limit in the Bank Act on the amount of such indirect residential mortgage lending. However, it is required that such bank residential mortgage loan corporation be incorporated under The Loan Companies Act (Federal) or, if an existing corporation, that it has been continued under, and is subject to, the provisions of that Act. These provisions of Bill C-14 have been carried through into Bill C-6.

Your Committee recommended in its report on Bill C-15 that the limit be raised from 10 per cent to 15 per cent.

In view of the representations made by witnesses before this Committee, including the Trust Companies Association of Canada and the Association of Canadian Financial Corporations, your Committee considers it appropriate to refer again to the study prepared by the Economic Council in 1976—"Efficiency and Regulation", to which reference was made in your Committee's Report on Bill C-15.

> At the end of 1974, the banks as a group had used half the capacity permitted them under the constraint. Individual banks have used these mortgage lending powers in different ways and to different degrees. Some have channeled their mortgage lending through subsidiary mortgage loan companies, so that only a fraction of their mortgage holdings show up on their balance sheets. Others are considerably closer to the mortgage ceiling than the banking system as a whole. At the end of 1974,

three banks were within two percentage points of their current mortgage ceilings. Thus, while a fairly large unused capacity for mortgage lending exists among banks as a whole, the present ceiling may force certain banks to curtail the rate at which they acquire mortgages and may soon restrict them from further mortgage lending, *unless they are prepared to establish a mortgage-holding company*. The volume of mortgages held by deposit institutions more than doubled over the period from 1967 to the end of 1974. While the chartered banks' share of the mortgage market rose from 3.7 to 11.3 per cent over this period the combined share of the trust and loan companies and of the credit unions also rose from 24.6 per cent in 1967 to 35.6 per cent by the end of 1974. Data on the rates of return earned by major trust and loan companies during this time suggest that, while the average margin between the return earned on assets and the interest paid on borrowing narrowed over the period, the rate of return on the equity of trust and mortgage loan companies increased as the result of increased debt/equity ratios. From this evidence, we do not believe that the entry of chartered banks jeopardized the viability of other institutions in the mortgage market. On the contrary, entry of the banks eased the problem of financing the unprecedented growth in demand for mortgage credit.

In its hearings on Bill C-6, concern was expressed by the representatives of the Trust Companies Association of Canada that unless some limitation is applied to mortgage loan companies and other bank subsidiaries, the chartered bank limitation will be meaningless and ineffective in maintaining any semblance of competitive balance in the marketplace.

To place the competitive focus in its proper context, it is worth examining the annual growth of Trust Companies' share of the market. Schedules I and II, Appendix A show that residential mortgage loans (including NHA mortgages) held by banks increased from $8,039 million or 12.89% of the market at December 31, 1975 to $18,900 million or 15.9% at December 31, 1979. This is a growth rate of 135% in four years. In the same period, the outstanding residential mortgages held by the trust companies grew from $10,542 million or 16.9% of the market at December 31, 1975 to $25,000 million or 21.1% of the market at December 31, 1979. This is a growth rate of 137% in the same four years.

A study of the other figures on Schedules I and II show that the Trust Companies have increased their share of the total residential mortgage market every year since 1967; this was accomplished in spite of an increase in a substantial share of the market by Credit Unions and Pension Funds, etc.

In Schedule I, the mortgage loans by bank affiliates are included with those of Loan Companies. Further, it should be pointed out that NHA mortgages are included in these statistics and are not broken out separately. It appears doubtful that the concerns of the Trust Companies Association of Canada that they might not be in a position to maintain a competitive position in the market do not appear to be borne out by the information and statistics presented to your Committee.

In its hearings on Bill C-6, concern was expressed by representatives of the Trust Companies Association of Canada that, unless some limitation is extended to include the residential mortgage loans by banks' affiliates, the 10 per cent limit applicable to banks would be meaningless. When the association appeared before your Committee on June 17, 1980 the president stated that their industry, in 1979, "had the capacity to find an additional two billion dollars of mortgage loans." However, even taking this capacity into account, it is apparent that if the 10 per cent limitation were extended to bank subsidiaries, the banks would, on a combined basis, be in excess of 12 per cent of Canadian deposits and debentures. This would effectively eliminate the banks and affiliates from approving additional residential mortgages. In 1979, the banks and their affiliates approved $6.7 billion in residential mortgages. It is obvious from the above that if the combined residential mortgage lending by banks and their affiliates had been frozen, there would have been a short-fall of $4.7 billion dollars even taking into account the Trust Companies unused capacity of $2 billion.

Your Committee believes that some limitation through the Bank Act as to the amount of conventional residential mortgage lending which a bank should be permitted to do through its mortgage loan subsidiary is desirable. However, in view of the necessity of maintaining the strong position of the bank affiliates to provide the mortgage funds to meet the requirements of the demand which would have otherwise resulted in a serious short-fall, your Committee is of the opinion that any controls must be flexible enough not to disrupt the market place.

As at March 21, 1980, the aggregate limit on conventional residential mortgage lending by banks was limited to $12,553 million based on 10 per cent of total Canadian dollar deposits and debentures of $125,529, million (source: Bank of Canada Review, May, 1980). The amount of conventional residential mortgage lending by all banks aggregated $8,354 million. In addition, based on information supplied by the Canadian Bankers' Association, there was lending secured by residential property of approximately $2 billion which would be included within the 10 per cent limit. It would appear therefore that as at March 31, 1980, the aggregate lending by banks, excluding affiliates, had only reached approximately 83 per cent of their limit.

On the other side of the coin, outstanding conventional residential mortgage lending by bank affiliates amounted to $5,146 million at March 31, 1980, which is 4.1 per cent of the banks' total Canadian $ deposits and debentures. The combined aggregate qualifying loans by banks and their affiliates amounted to 12.76 per cent of the aggregate of banks total qualifying liabilities.

Your Committee recommends that amendment be made to Bill C-6 in this area. Based on its consideration of this situation your Committee is of the opinion that, in addition to maintaining the 10 per cent limit on a bank's direct lending, a separate limit of 15 per cent of the bank's Canadian $ deposits and debentures be introduced, on the amount of conventional residential mortgage outstanding in a banks' mortgage loan subsidiary.

Your Committee has carefully considered a number of alternatives for imposing some realistic control over the development of the bank subsidiary's mortgage portfolio in such a manner as to avoid eliminating the subsidiary from residential mortgage lending entirely due to its pre-existing level of activity. A form of grandfathering of the subsidiary's existing residential mortgage loans was analysed but rejected as being potentially inequitable as between various banks in addition to being impractical. To meet the dual requirements of insuring the availability of residential mortgage funds while at the same time preventing the limit of 10% imposed on the banks themselves from being entirely circumvented, your Committee has settled upon the 15% limit for bank subsidiary's as being a practical and workable solution.

In order to maintain equilibrium in the market place, your Committee also suggests that the increase in residential mortgage loans by a bank's mortgage loan subsidiary be phased in over a four-year period, similar to the 1967 phase-in of the present 10 per cent limit for banks under subsection 75(4)(b) of the present Bank Act.

Recommendations

Your Committee recommends:

1. That Bill C-6 be amended to provide:

   (a) That in addition to the limit on a bank's direct conventional residential mortgage lending to 10 per cent of a bank's Canadian currency deposits and debentures as provided in sub-section 2 of section 176 of Bill C-6, the amount of residential mortgage loans from indirect lending by banks mortgage loan subsidiaries (which is set up by sub-sections 1 and 6 of section 193 as being 80% of the principal amount of all mortgages owned by the subsidiary) also be limited to 15% of the banks Canadian currency deposits and debentures.

   (b) That such 15 per cent limit for a bank's mortgage loan subsidiary be phased in over a four year period.

5. *Form of Public Review of Application for Incorporation*

In your Committee's report in the predecessor Bill C-14, extensive recommendations were made with respect to the desirability of a public form of review of applications by way of Letters Patent for incorporation of new banks. These recommendations which contemplated inter alia, the Inspector General as the reviewing agency, represented the culmination of an indepth study by your Committee of the desirability of public review of Letters Patent for incorporation of new banks which started with your Committee's study of the White Paper. In its review of the White Paper and each successive Bill, your Committee, notwithstanding a pronounced lack of response from the Government, became more convinced of the importance of ensuring that the chartered banking system in this country be safeguarded by public scrutiny of applications for incorporation of new banks, in appropriate circumstances, particularly in the light of the anticipated influx of applicants in the form of subsidiaries of foreign banking corporations.

It is unnecessary to review in detail the stance taken in the case of each successive Bill, and the White Paper. Suffice to say that in response to the most recent Bill in its report of December 5th, 1979, your Committee recommended that there be a form of public review of applications for incorporation in the form of a public hearing "where responsible, legitimately interested members of the public seek a hearing . . . " It recommended a qualified form of ministerial discretion with respect to the selection of occasions where a public hearing is dictated. Further, your Committee's recommendations included provisions as to the form of hearing, its scope, particularly with respect to foreign bank subsidiaries, the jurisdiction of the Inspector General in exercising the delegated authority of the Minister to conduct such a public hearing as well as appeals and a form of licensing review.

Bill C-6 at first reading in April 1980, made no provisions for such a public review of applications for incorporation.

In June of 1980 the Minister of State (Finance), tabled amendments in the Commons Committee to the Bill including a proposed amended Clause 12 to provide for a modified form of such a public review. Clause 12, Page 18, in Bill C-6 requires publication of a notice of intent to make application for incorporation of a new bank, and the amendment of June 1980 insofar as it relates to public review provides as follows:

> "(2) Where any person objects to the issuance of Letters Patent incorporating a bank, he may, within 30 days of the date of the last publication in the Canada Gazette of the notice referred to in sub-section (1) relating to the proposed incorporation, submit his objection in writing to the Inspector.
>
> (3) Where the Inspector has received an objection pursuant to the sub-section (2), he shall so advise the Minister, and, if the application for the issuance of the Letters Patent to which the objection relates has been received by the Minister, the Inspector shall,
>
> (a) where he is satisfied in his discretion that it is necessary and in the public interest that a public inquiry be made into the objection as it relates to the application, make such a public inquiry; and
>
> (b) upon completion of the inquiry report his findings thereon to the Minister."

It will be seen therefore that the basic concept recommended by your Committee has been accepted in this proposal. It is true that the circumstances under which a hearing will be held are not precisely the same, nor is there the detail in terms of how the hearing will be conducted and the scope of the Inspector General's jurisdiction as was outlined in the report of the Senate Committee on Bill C-14. Nonetheless, your Com-

mittee regards this proposed amendment as something of a breakthrough in this important area and is accordingly prepared to recommend its adoption.

Recommendation

Your Committee recommends that the provision for a public review of applications for incorporation of a bank upon the exercise of the discretion of the Inspector General of Banks and in circumstances in which a notice of objection to the issuance of letters patent incorporating a bank has been received, be approved.

6. *Ownership of Banks Shares by Provincial Governments*

As was the case under the predecessor Bill C-14, the present Bill contemplates that the existing prohibition against governments owning capital stock in chartered banks be removed and that provincial governments be allowed to hold and vote capital stock of chartered banks up to 25% of the shares of a new bank with such shareholdings being reduced to 10% within 10 years. This concept was included in the White Paper and the succeeding Bills which followed it. Your Committee has been consistent in its opposition to this proposal and has received no information since its hearing in response to Bill C-14 which would serve to alter its conclusion. In its report upon the subject matter of Bill C-14, your Committee observed as follows at page 15:

> "The ownership of significant interests by Provincial Governments in chartered banks is not in the public interest because interests varying from 25% to 10% might well give Provincial Governments effective control of the bank and would bring conventional banking objectives into conflict with the political interests of major substantial Government shareholders."

Notwithstanding repeated inclusion therefore of permissive provisions in succeeding Bills with respect to the ownership of shares by provincial governments in chartered banks your Committee remains opposed to this concept.

Recommendation

Your Committee recommends that the provisions of Bill C-6 that contemplate the ownership of capital stock of chartered banks by provincial governments be deleted.

7. *Miscellaneous Technical Amendments*

In the full text of Bill C-6 technical and non-substantive changes to the predecessor Bill and the Bank Act have been proposed. Your Committee has caused these changes to be analyzed and has no recommendations to make in connection therewith.

Your Committee has not addressed itself to the Minister's proposed amendments of June 1980, other than those specifically dealt with in this report.

Conclusion

Your Committee wishes to express its appreciation for the services rendered in the Review of the Bill by Messrs. John F. Lewis, C.A. and David W. Scott, Q.C.

Your Committee has examined and considered the subject matter of Bill C-6 in accordance with its terms of reference and, except as noted above, has no comment to make on the Bill.

Respectfully submitted,

Salter A. Hayden
Chairman

SCHEDULE I

RESIDENTIAL MORTGAGE LOANS OUTSTANDING (LENDING INSTITUTIONS, GOVERNMENT, CORPORATE LENDERS & PART OF PERSONAL SECTOR)

($ Millions) Annual Basis

Year Ending Dec. 31	Chartered Banks	Life Companies	Loan Companies	Trust Companies	Other Companies	Governments & Government Agencies	Corporate Lenders	Credit Unions	Pension Funds, Estates, Trusts & Agency Funds of Trust Co.'s	TOTAL
1967	840	6,636	2,073	2,414	319	5,006	1,989	1,060	2,690	23,027
1968	1,057	7,107	2,235	2,727	335	5,732	2,068	1,105	2,909	25,275
1969	1,324	7,490	2,508	3,264	343	6,400	1,980	1,202	3,418	27,929
1970	1,481	7,723	2,868	3,829	382	7,221	2,052	1,353	3,736	30,645
1971	2,338	7,880	3,152	4,480	400	8,183	2,079	1,660	3,937	34,109
1972	3,508	8,145	3,749	5,462	387	8,865	2,186	2,391	4,182	38,875
1973	4,713	8,768	4,753	7,194	438	9,500	2,416	3,360	4,941	46,083
1974	6,307	9,569	5,509	8,846	506	10,300	2,098	4,175	6,312	53,622
1975	8,039	10,364	6,560	10,542	581	11,100	2,518	5,205	7,462	62,371
1976	9,385	11,409	7,548	13,170	695	12,073	3,026	6,821	9,504	72,878
1977	12,089	12,916	7,707	16,938	939	12,868	2,741	9,167	11,055	86,390
1978	15,569	14,117	8,297	20,479	1,094	13,129	3,287	11,653	14,352	101,977
1979	18,900	15,700	9,400	25,000	1,252	13,106	3,545	14,400	17,252	118,555

Source: Calculated from Canadian Housing Statistics (85)

SCHEDULE II

RESIDENTIAL MORTGAGE LOANS OUTSTANDING (LENDING INSTITUTIONS, GOVERNMENT, CORPORATE LENDERS & PART OF PERSONAL SECTOR)

% Breakdown Annual Basis

Year Ending Dec. 31	Chartered Banks'	Life Companies	Loan Companies	Trust Companies	Other Companies	Governments & Government Agencies	Corporate Lenders	Credit Unions	Pension Funds, Estates, Trusts & Agency Funds of Trust Co.'s	TOTAL
1967	3.65	28.82	3.00	10.48	1.39	21.74	8.64	4.60	11.68	100.00
1968	4.18	28.12	8.84	10.79	1.33	22.68	8.18	4.37	11.51	100.00
1969	4.74	26.82	8.98	11.69	1.23	22.92	7.09	4.30	12.24	100.00
1970	4.83	25.20	9.36	12.49	1.25	23.56	6.70	4.42	12.10	100.00
1971	6.85	23.10	9.24	13.13	1.17	23.99	6.10	4.87	11.54	100.00
1972	9.02	20.95	9.64	14.05	1.00	22.80	5.62	6.15	10.76	100.00
1973	10.23	19.03	10.31	15.61	.95	20.61	5.24	7.29	10.72	100.00
1974	11.76	17.85	10.27	16.50	.94	19.21	3.91	7.79	11.77	100.00
1975	12.89	16.62	10.52	16.90	.93	17.80	4.04	8.35	11.96	100.00
1976	12.9	15.8	10.2	18.1	1.1	16.6	3.0	9.4	13.0	100.00
1977	14.0	15.0	8.9	19.6	1.1	14.9	3.2	10.6	12.8	100.00
1978	15.3	13.8	8.1	20.1	1.1	12.9	3.2	11.4	14.1	100.00
1979	15.9	13.2	7.9	21.1	1.1	11.1	3.0	12.1	14.6	100.00

Source: Calculated from Canadian Housing Statistics (78)

APPENDIX III

20 June 1980

The Honourable Bud Cullen, P.C., M.P.,
Chairman,
Standing Committee on Finance, Trade and
Economic Affairs,
House of Commons,
Ottawa, Ontario.

Dear Mr. Cullen:

Please find attached the government's proposals for substantive amendments to Bill C-6—The Banks and Banking Law Revision Act, 1980. By these amendments we believe we have resolved the most pressing concerns of Committee members. We hope that it will now be possible for the Committee to approve quickly this important and long delayed legislation.

I would ask you to circulate this material including this letter to all members of the Committee as soon as possible.

The package of proposed amendments consists of the following:

1. *Clause 12—page 18*

   This amendment provides for the possibility of a public enquiry at the discretion of the Inspector General of Banks in connection with the chartering of banks by letters patent. It follows closely the proposal of Mr. Marcel Lambert with technical changes suggested by the Department of Justice.

2. *Subclause 174(5)—page 170*

   This amendment establishes for the first time in the Bank Act the right of the individual to prepay a consumer loan.

3. *Clause 174—page 173*

   This amendment is consequential on the previous one and delays its effect for six months after the coming into force of this section to give the banks time to inform their branches and, if necessary, prepare new forms and advertising material.

4. *Subclause 178(6)—page 187*

   This amendment extends a priority position to the claims under this section of all growers and producers of products of agriculture and increases the dollar amount used in the formula to calculate maximum prior claim from "one hundred dollars" to "four hundred dollars".

5. *Subclause 178(7)—page 188*

   This is a consequential amendment arising out of the previous amendment.

6. *Subclause 193(1)—page 208*

   This amendment prevents a bank from having a leasing subsidiary that leases any motor vehicle capable of being licensed for operation on a public highway and weighing less than twenty-one metric tons.

7. *Subclause 202(8)—page 223*

   This amendment allows the Minister to make regulations prohibiting or limiting any charge or penalty referred to in the section, prescribing the method of calculating the amount of rebate of the cost of borrowing and prohibiting the use of any other method.

It is the Minister's intention to introduce regulations that would prohibit penalties for consumer loans except mortgage loans. It is also his intention to notify the banks that the use of the Rule of 78's will be prohibited in two years. This will give the banks time to institute computer systems to enable them to phase out entirely the use of the Rule of 78's.

8. *Subclauses 303(2) and (3)—pages 305 and 306*

   It has been brought to our attention that these clauses have been drafted so stringently that Canadian corporations might be caught inadvertently by them. Three problems have arisen in these subclauses that the amendments seek to correct. First, it is the intention of the Bill in this and other sections that a bank should not own more than 10 per cent of the voting rights attached to shares of another corporation (unless permitted by law). The drafting in this section assumes that each voting share has one vote. This is not always the case and consequently the subclauses have been redrafted to reflect the intent. Second, subsection 303(2) in defining a "corporation associated with a foreign bank" associates a foreign bank and any corporation in which that bank owns more than ten per cent of any class of shares of the corporation. This wording is now felt to be far too broad as it covers both voting and non-voting shares. In the case of non-voting shares it is not unusual for preferred share issues of Canadian corporations to be underwritten by foreign banks who, as a result of such underwriting, could in some cases, end up with more than ten per cent of a class of these non-voting shares. Thus only because of a financing arrangement, Canadian corporations could be "associated" with a foreign bank and a subsidiary of the "associated" corporation could become a non-bank affiliate.

   The legislation was not intended to have the effect described above. The Department of Justice drafting experts have produced an amendment to subsection 303(2) that retains the ten per cent measurement with relation to voting shares, but establishes a higher limit of twenty-five per cent for non-voting shares.

   Third, subsection 303(3) provides for a cut-down of votes held by an associated corporation in another corporation to a deemed figure for the purpose of determining the votes relating to that corporation that the associated corporation can vote for purpose of subsections (1) and (6). (For example, Foreign Bank owns 12% of Canadian Company A which in turn owns 50% of Canadian Company B. By the cut-down, Foreign Bank is deemed to control 12/100 of 50/100 or 6% of the voting rights of Canadian Company B.) No such cut-down arrangement exists for subclause 305(1) (b). There is no reason for the different treatment so it is proposed to amend subclause 303(3) to have it apply to subclause 305(1).

9. *Subclause 303(6)—pages 306 and 307*

Subclause 303(6) refers to "shares of a class of shares" but should refer to voting rights as explained above in relation to the amendment to subclauses 303(2) and (3).

10. Finally, the last item is a note indicating my intention to have the Department of Justice draft amendments that would increase and improve the availability of certain financial and other information along the lines suggested in some of Mr. Rae's amendments. These amendments when drafted will protect the privacy of client-bank affairs.

Yours sincerely,

Pierre Bussières

Attachment.

Clause 12
Page 18

Moved by

That Bill C-6 be amended
(a) by striking out line 3 on page 18 thereof and substituting the following therefor:

Notice of intention

"12. (1) Before an application is made to the"; and
(b) by striking out line 12 on page 18 thereof and substituting the following therefor:
"situated.

Notice of objection

(2) Where any person objects to the issuance of letters patent incorporating a bank he may, within thirty days of the date of the last publication of the *Canada Gazette* of the notice referred to in subsection (1) relating to the proposed incorporation, submit his objection in writing to the Inspector.

Inquiry into objection

(3) Where the Inspector has received an objection pursuant to subsection (2), he shall so advise the Minister and, if the application for the issuance of the letters patent to which the objection relates has been received by the Minister, the Inspector shall,
(a) where he is satisfied in his discretion that it is necessary and in the public interest that a public inquiry be made into the objection as it relates to the application, make such a public inquiry; and
(b) upon completion of the inquiry, report his findings thereon to the Minister."

Subclause 174(5)
Page 170

Moved by

That Bill C-6 be amended by striking out line 25 to 27 on page 170 thereof and substituting the following therefor:

Pre-payment of loans

"(5) No bank shall in Canada make a loan to an individual the terms of which prohibit prepayment of the loan or any instalment thereon before its due date but this subsection does not apply to a loan
(a) that is secured by a mortgage on real property; or
(b) the principal amount of which is in excess of fifty thousands dollars or such greater amount as is by the regulations."

Subclause 178(6)
Page 187

Moved by

That Bill C-6 be amended by striking out lines 6 to 34 on page 187 thereof and substituting the following therefor:

"(b) claims of a grower or producer of products of agriculture for money owing by a manufacturer to the grower or producer for such products that were grown or produced by him on land owned or leased by him and that were delivered to the manufacturer during the period of six months next preceding the making of such order or assignment to the extent of the lesser of
(i) the total amount of his claims therefor, and
(ii) the amount determined by multiplying by four hundred dollars the most recent annual average Index Number of Farm Prices of Agricultural Products for Canada published by Statistics Canada at the time the receiving order or claim is made,"

Subclause 178(7)
Page 188

Moved by

That Bill C-6 be amended by striking out lines 1 to 6 on page 188 thereof and substituting the following therefor:
"graph 6(b)(ii) is adjusted or re-established on a revised base, that subparagraph is amended by substituting for the reference to four hundred dollars therein the amount, stated in whole dollars, rounded upwards, obtained when four hundred dol-"

Subclause 193(1)
Page 208

Moved by

That Bill C-6 be amended by striking out lines 8 to 15 on page 208 thereof and substituting the following therefor:
"(c) that, in conducting its activities that are financial leasing of personal and any other prescribed activities related thereto, does not
(i) direct its customers or potential customers to particular dealers in the leased property or the property to be leased, or
(ii) enter into lease agreements with persons in respect of any motor vehicle capable of being licenced for operation on a public highway and having a gross vehicle weight, as that expression is defined by the regulations, of less than twenty-one metric tons;"

Subclause 202(8)
Page 223

Moved by

That Bill C-6 be amended by striking out lines 23 to 27 on page 223 thereof and substituting the following therefor:

"disclosed;

(f) prohibiting the imposition of any charge or penalty referred to in this section or providing that such charge or penalty, if imposed, shall not exceed a prescribed amount;

(g) prescribing the method of calculating the amount of rebate of the cost of borrowing or portion thereof referred to in subparagraph 5(a)(ii) and prohibiting the use of any other method; and

(h) prescribing such other matters or things as may be necessary to carry out the purposes and provisions of this section."

Subclauses 303(2) and (3)
Pages 305 and 306

Moved by

That Bill C-6 be amended by striking out lines 21 to 50 on page 305 and lines 1 to 11 on page 306 thereof and substituting the following therefor:

When corporation associated with foreign bank

(2) For the purposes of this section, a corporation is associated with a foreign bank if,

(a) more than fifty per cent of the issued and outstanding shares of any class of shares of the corporation are owned, directly or indirectly, by a person or group of persons who act in concert and who own, directly or indirectly, more than ten per cent of the issued and outstanding shares of any class of shares of the foreign bank,

(b) more than ten per cent of the total votes could, under the voting rights attached to all the shares of the corporation issued and outstanding, be voted under the voting rights attached to the shares of the corporation owned, directly or indirectly, by the foreign bank,

(c) it is a corporation not associated with the foreign bank under paragraph (a) or (b) but is a non-bank affiliate of the foreign bank, or

(d) more than twenty-five per cent of the issued and outstanding shares of any class of non-voting shares of the corporation are owned, directly or indirectly, by the foreign bank,

and a corporation may be associated with more than one foreign bank.

(3) Where a corporation (in this subsection referred to as an ("associated corporation") is associated with a foreign bank by reason of paragraph (2)(b), the percentage of votes that the associated corporation is permitted to vote, under the voting rights attached to the shares of a corporation incorporated by or under a law of Canada or a province and carrying on business in Canada owned by the associated corporation, is deemed for the purposes of subsections (1) and (6) and paragraph 305(1)(b) to be the percentage obtained by multiplying the actual percentage of the total votes, under the voting rights attached to all the shares of the corporation incorporated by or under a law of Canada or a province and carrying on business in Canada issued and outstanding, that could be voted under the voting rights attached to the shares of such corporation owned by the associated corporation by the actual percentage of the total votes, under the voting rights attached to all the shares of the associated corporation issued and outstanding, that could be voted under the voting rights attached to the shares of the associated corporation owned, directly or indirectly, by the foreign bank.

Subclause 303(6)
Pages 306 and 307

Moved by

That Bill C-6 be amended by striking out lines 38 to 47 on page 306 and lines 1 to 25 on page 307 thereof and substituting the following therefor:

Prohibition against issue and registration of shares

"(6) When a corporation, other than a foreign bank subsidiary, is a corporation incorporated by or under a law of Canada or a province and doing business in Canada and is engaged in the business of both lending money and accepting deposit liabilities transferable by cheque or other instrument, such corporation shall refuse to issue or register in the securities register of the corporation a transfer of any share of a class of voting shares of the corporation to a foreign bank or a corporation associated with a foreign bank,

(a) if, when the voting rights attached to the shares of the corporation owned by the foreign bank and by other corporations

associated with it, if any, exceed ten per cent of the total votes that could, under the voting rights attached to all the shares of the corporation issued and outstanding, be voted by the holders thereof, the issue or transfer would increase the percentage of the voting rights attached to the shares of the corporation owned by the foreign bank and by other corporations associated with it, if any; or

(b) if, when the voting rights attached to the shares of the corporation owned by the foreign bank and by other corporations associated with it, if any, are ten per cent or less of the total votes that could, under the voting rights attached to all the shares of the corporation issued and outstanding, be voted by the holders thereof, the issue or transfer would cause the percentage of the voting rights attached to the shares of the corporation owned by the foreign bank and by other corporations associated with it, if any, to exceed ten per cent of the total votes that could, under the voting rights attached to all the shares of the corporation issued and outstanding, be voted by the holders thereof."

APPENDIX IV

NEW TRUCK REGISTRATIONS—BY MAKES & G.V.W. RATINGS Province ALL CANADA ..... Year to Date JAN.-DEC. 1979

TRUCKLINE AND SERIES	6,000 OR LESS	6,001 TO 10,000	10,001 TO 14,000	14,001 TO 16,000	16,001 TO 19,500	19,501 TO 26,000	26,001 TO 33,000	33,001 & OVER	TOTAL
Chev. El Camino	756								756
Blazer		4,660							4,660
Chevy Van	6,590	8,286							14,876
Sport Van	490	1,882							2,372
Other	26,001	23,858			219	3,354	117	1,179	54,728
TOTAL CHEVROLET	33,837	38,686			219	3,354	117	1,179	77,392
GMC Caballero	493								493
Jimmy	3	3,848							3,851
Vandura	5,385	5,898							11,283
Rally Wagon	410	1,533							1,943
Other	21,861	26,187	8		248	4,299	207	1,980	54,790
TOTAL GMC	28,152	37,466	8		248	4,299	207	1,980	72,360
TOTAL GM CANADA	61,989	76,152	8		467	7,653	324	3,159	149,752
Ford Ranchero	557								557
Bronco	7,412								7,412
Econoline	3,658	14,717							18,375
Club Wagon	52	3,223							3,275
Other	19,439	56,327	120		5	3,985	1,994	4,416	86,286
TOTAL FORD CANADA	31,118	74,267	120		5	3,985	1,994	4,416	115,905
Dodge Ram Charger	244	2,068							2,312
Tradesman	5,023	6,941							11,964
Sportsman	335	1,999							2,334
Other	5,359	13,272	3,422	55					22,108
TOTAL CHRYSLER CANADA	10,961	24,280	3,422	55					38,718
International Scout		2,200							2,200
Other						1,765	3,008	4,569	9,342
TOTAL INTERNATIONAL		2,200				1,765	3,008	4,569	11,542
AMC Jeep	5,610								5,610
Other	744	198							942
TOTAL AMC	6,354	198							6,552
Kanworth								2,410	2,410
White								2,096	2,096
Mack								2,964	2,964
Other			4					2,073	2,077
TOTAL N.A.C.	110,422	177,097	3,554	55	472	13,403	5,326	21,687	332,016
Courier	1,816								1,816
Dodge D50	1,021								1,021
Datsun	2,993								2,993
Mazda	138								138
Subaru	338								338
Toyota	3,426								3,426
Volkswagen	807								807
Other Import	* 753					111	2		* 866
TOTAL IMPORT	* 11,292					111	2		* 11,405
TOTAL INDUSTRY	*121,714	177,097	3,554	55	472	13,514	5,328	21,687	*343,421

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*YTD ADJUSTMENT

APPENDIX "B"

(*See p. 720*)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FOURTH REPORT OF COMMITTEE

Thursday, July 17, 1980

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its

FOURTH REPORT
(Statutory Instruments No. 10)

1. Your Committee presents this Report under the terms of reference set out in its First Report (Statutory Instruments No. 9) and approved by both Houses on June 4, 1980. Those terms of reference read as follows:

Your Committee also reports that in relation to its permanent reference, section 26 of the *Statutory Instruments Act*, 1970-71-72, c. 38 it was empowered during the Fourth Session of the Thirtieth Parliament and during the First Session of the Thirty-First Parliament "to conduct a comprehensive study of the means by which Parliament can better oversee the government regulatory process and in particular to enquire into and report upon:

1. the appropriate principles and practices to be observed,

(a) in the drafting of powers enabling delegates of Parliament to make subordinate laws;

(b) in the enactment of statutory instrument;

(c) in the use of executive regulation—including delegated powers and subordinate laws;

and the manner in which Parliamentary control should be effected in respect of the same.

2. the role, functions and powers of the Standing Joint Committee on Regulations and other Statutory Instruments."

Your Committee was unable to complete its study and therefore recommends that the same Order of Reference together with the evidence adduced thereon during the last two Parliaments be again referred to it.

Further reports may be submitted to the Houses as circumstances require.

2. Your Committee's predecessor introduced its general report, the Second Report of the 1976-77 Session, with the following sentences which it is important to reiterate:

3. The Committee's primary function is to maintain a watch on the subordinate law made by delegates of Parliament. In the modern era Parliament has been forced by considerations of time and lack of technical and scientific expertise to leave to subordinates the making of detailed rules and regulations and to confine itself increasingly to setting the main structures of legislative interventions in society. However, Parliament retains responsibility for the law of the land and to the extent that those detailed rules and regulations are not subject to Parliamentary scrutiny. Parliament is forfeiting its effective right to settle the laws that must be obeyed by the people. Parliamentary scrutiny of all such subordinate or delegated law is now an accepted part of the Parliamentary tradition in the Commonwealth.

14. With the exception of statutory instruments made under the Royal Prerogative, which are original or primary legislation no less so than are statutes, all statutory instruments subject to the Committee's scrutiny fall into that class known as subordinate or delegated legislation. The Committee wishes to emphasize at the outset that subordinate legislation is, and must be regarded as being, subordinate, for otherwise Parliamentary supremacy will have been abandoned. The Committee can make this point no more clearly than did the Committee on Ministers' Powers (Donoughmore Committee) in 1932:

"The power to legislate, when delegated by Parliament, differs from Parliament's own power to legislate. Parliament is supreme and its power to legislate is therefore unlimited. It can do the greatest things; it can do the smallest. It can make general laws . . . it can make a particular exception out of them in favour of a particular individual. It can provide . . . for the payment of old age pensions to all who fulfill the statutory conditions; it can also provide—and has in fact provided—for boiling the Bishop of Rochester's cook to death. But any power delegated by Parliament is necessarily a subordinate power, because it is limited by the terms of the enactment whereby it is delegated."

The maintenance of parliamentary supremacy and of parliamentary democracy is imperative. The inability of Parliament to consider or to make all the laws necessary in the modern state should not lead to a lessening of the fairness, participation and procedural safeguards in law making which now attend the passing of statutes, but not the making of subordinate legislation by Parliament's delegates. The aggregation of power in the hands of the Crown and its servants, whether Ministers or public servants, as law making delegates of Parliament should not lead to a decrease in accountability to Parliament for law making. Delegated law making is far too wide-spread a practice to be without democratic participation, proce-

dural safeguards and parliamentary accountability. Yet, our present practices are based on the premisses that delegated legislation is abnormal, and that it is confined to matters of detail. There can be no doubt that delegated legislation is now the ordinary and indispensable way of making the bulk of the non-common law of the land. It is beyond question that subordinate legislation is not confined to detail and more often than not embodies and effects policy. The making and control of subordinate law must therefore be regularized and brought into harmony with our constitutional order.

3. There has been much talk of late of "regulatory reform" and of the impact of "regulation" on the public sector. The burden of the discussion has related to the content, burden and cost of the regulatory policies rather than to the legality or propriety of particular regulatory methods. There is a considerable feeling abroad that the policy and cost of regulation should be scrutinized and made subject to the contribution of persons beyond the Government's employ. To prevent confusion as to the subject matter of this Report, it is important to draw some preliminary distinctions. The process of "regulation" as it has been debated is not confined to the making of subordinate laws by delegates of Parliament. Regulation of an activity or a sector of the economy may be achieved by the passing of an Act of Parliament, by orders or decisions of a regulatory agency such as the Canadian Transport Commission, by the application of a settled policy whether announced or unannounced, by changes in tax policy or the giving of incentives and subsidies upon conditions, by government ownership, and by the making of subordinate laws, commonly called regulations, by a delegate of Parliament, usually the Governor in Council, but sometimes a Minister or an agency. Under its permanent terms of reference, section 26 of the Statutory Instruments Act—(1), your Committee is concerned with the subordinate law making of Parliament's delegates. Bodies such as the Economic Council of Canada in its "Regulation Reference" are concerned with the much broader field of regulation, however achieved, of people, of industry and of commerce, of whole sectors of the economy. Your Committee welcomes the scrutiny of the worth, effectiveness and cost of government regulation and sees it as complementary to its own work which concerns subordinate legislation only, the protection of the rights and liberties of the subject and the reassertion of parliamentary sovereignty.

4. Your Committee is well aware of and laments the bewildering terminological confusion that muddles all reference to subordinate or delegated legislation. The confusion is worse compounded by the complexity of the definitions of "statutory instrument" and "regulation" in the Statutory Instruments Act and by the practice of embodying almost all executive acts in Orders in Council. In an attempt to simplify matters, Appendix I on terminology is attached. It should be noted that not all subordinate legislation is included within the definition of "statutory instrument" as the Crown now applies it. Nevertheless, in this Report your Committee deals with all subordinate or delegated legislation however called.

5. Its special terms of reference call on your Committee to report on its role and function. Recommendations in that behalf appear throughout this Report. It is appropriate, in addition, to make some general remarks about the Committee which, after six and one half years of active operation, can not be said to be well known. Its activities are followed by a small circle in the Public Service, more especially in the Department of Justice. It has influence in some quarters but it has not the impact of its counterparts overseas, which influenced the recommendations of the MacGuigan Committee—(2). The reasons for this unhappy situation are several. In part, it stems from the need to work in a setting where subordinate laws are seen only after they are made and in which there are no sanctions to Parliament's hand if a particular subordinate law is disapproved of. There are certainly limitations inherent in the Statutory Instruments Act which were not foreseen by the MacGuigan Committee especially in the parliamentary scrutiny. There are also traditions in the Public Service, most notably in the drafting of both statutes and subordinate legislation, which are more in keeping with administrative ease than accountability to Parliament and observance of the law. The absence of a clearly articulated philosophy of respect for liberty and of propriety in the activities of the executive Government of Canada is a most serious problem. Your Committee is also aware that it needs to tighten up its own procedure in the light of the past years' experiences. And it is doing so. Beyond that there need to be the major changes recommended in this Report.

A. LIBERTY, AND THE PROPRIETY AND MERITS OF SUBORDINATE LAW

6. Subordinate legislation is an historically accepted means of governance. There is no longer any point in arguing that it is fundamentally improper or that it should be used only occasionally or for mere matters of detail. What is essential is to surround the making of subordinate legislation with procedural safeguards and measures of control so that the rights and liberties of the subject, which it is the object of our constitutional order to protect while maintaining a viable system of government, may be secured as well under subordinate legislation as under statute. Subordinate legislation must not become a means, even unwittingly, of suppressing rights and liberties or of subverting parliamentary supremacy over the law. The Crown's power has never stood higher; the potential for its abuse has never been greater.

7. Subordinate legislation may be inescapable and the implementation through it of policy, even policy never debated by Parliament, may be inevitable; but that is no reason to allow subordinate legislation to be made without adequate check, without any democratic element in its formation, and embodying any provisions Parliament's delegate chooses. There are still matters which are not meet to be dealt with by delegated legislation and which should be soberly weighed by Parliament. The confining of subordinate law to its proper sphere, and the regularisation of its use will be impossible of accom-

plishment if Parliament continues in the habit of giving larger and vaguer grants of law making power to the executive in skeletal statutes many of which are devoid of any clear enunciation of policy. Such blanket grants of executive power as are contained in, for example, the Petroleum Administration Act, the Energy Supplies Allocation Act or the Fisheries Act, were rarely made under the Tudor sovereigns who certainly prized administrative convenience and jealously guarded their control of the machinery of state. It is odd that in a supposedly democratic age government values its convenience, its control of the administrative system and its monopoly of information no less. What future can there be for individual liberty, for the rights of minorities and for democratic and participatory traditions if the highest end of government is its own ease, the exercise of power without public accountability? The need to abide by procedural rules, the stern restraint of the rule of law, the control of arbitrary if well meaning acts, all these may make government awkward. But the rights and liberties of the governed require that government not be untrammelled. Liberty is usually prickly and often untidy and asymmetrical. It wants, as Professor Hugh Trevor-Roper has observed, that certain beauty of mathematical order so beloved of those who respect power and what it can achieve.

8. In recommending more parliamentary vigilance, especially of enabling powers for the making of subordinate law, your Committee is not blind to the exigencies of the parliamentary timetable or to the pressures on the Houses' time. Nonetheless, a way can be found to direct Parliament's attention to grants of subordinate law making powers in Bills after second reading through their scrutiny by a Standing Joint Committee on Regulatory Review which should replace the present Standing Joint Committee on Regulations and other Statutory Instruments. The deficiencies your Committee and its predecessors have pointed out in existing statutes could be corrected by amending Bills introduced in the Senate upon the recommendation of the Regulatory Review Committee and made the subject of all-party agreement.

9. In acknowledging the present concern with the policy content of subordinate laws, your Committee is not losing sight of the need to police the actual means used to achieve policy ends. Policy is directed to the well being of the national interest, or to that of a particular class or group of the nation. As such, its ends are seen as desirable in themselves and there is often a not unexpected impatience with those who, defending ancient rights and liberties, oppose what to administrators seem to be the most direct and effective means of achieving the policy. It is all too easy to assume that the means employed to achieve the ends of policy are of little consequence and a mere matter of administrative convenience. This is a criticism which can be directed not only at well intentioned and hard pressed servants of the Crown but also at commentators and academic political scientists who find the policy content or ends of subordinate law fascinating and the propriety of the means used to achieve those ends of little consequence. The hard won rights and liberties of the people secured over centuries of constitutional conflict depend upon a constant vigilance to prevent illegal and illegitimate means. That is why parliamentary scrutiny committees on delegated legislation have traditionally concerned themselves with the means of effecting policies as set down in subordinate law and not with the policy ends themselves.

10. Your Committee is vitally concerned to see that the means used are legitimate ones, means that are not simply lawful on an interpretation however limited or stretched of enabling powers, but are also legitimate given the underlying principles and standards of Canada's constitutional order, which is based on individual liberty in person and estate. Even in the short run means can be as important as the ends being pursued, for the means may well clash with the underlying constitutional imperative of liberty. In the long term the means used to achieve government's ends can be far more important than the ends themselves. It is no exaggeration to say that the evolution of our constitutional system since Magna Carta has consisted of a series of controversies and conflicts over means. It is very easy for those responsible for fisheries policy or the protection of wildlife, or for those charged with rendering manpower mobile, checking illegal work by immigrants, trying to reduce Post Office deficits or with protecting Canadian industries from overseas competition to come to see their policy objectives as all important and to consider the means employed to achieve those objectives as subsidiary or even unimportant matters. While administrative efficacy may be the dominant objective of the administrative process, for the community as a whole it is only one object and particularly when seen historically, not necessarily the most important one. The means employed in the administrative process bear upon the individual and since these means are critically important they must be policed. In an historically derived constitutional order such as ours liberty, order, harmony and constitutional balance require that means be legitimately founded in the underlying principles and standards of that constitutional order.

11. A parliamentary democracy also requires that means be subject to public scrutiny and parliamentary control. It also requires that the ends being sought through subordinate legislation be publicly acknowledged and that the Government be accountable for them to Parliament. Fairness requires that subordinate laws be not harsh and oppressive and be made by procedures that are fair, open and responsive to the people that the legislation will affect, whether for good or ill. If all citizens have an interest and a democratic right to concern themselves with the policy furthered by a subordinate law, the protection of the rights and liberties of the subject and hence our constitutional order is also at issue in every exercise of a power to make a subordinate law. While few may be affected by a particular end that is sought, all have an interest in the legality and propriety of the law and the procedures followed in its making.

12. There are many who believe that parliamentary scrutiny is a slight thing if it does not concern itself with the policy of

subordinate legislation as well as with its legality and propriety as we have explained it. Your Committee favours parliamentary scrutiny of the policy or merits of subordinate legislation, especially where Parliament has never debated the policy or where the subordinate laws are made under a statute devoid of any policy content. Thus, policy scrutiny of the fishery regulations, to take but one example, would be a very worthwhile endeavour. The making of extensive subordinate laws on important matters such as Via Rail Canada Inc. under Votes in Appropriation Acts also produces laws and policies never debated by Parliament. Your Committee's predecessor called for an end to this practice inimical to parliamentary sovereignty. It should stop and all existing subordinate laws made under Votes should be the subject of review as to merits by the appropriate Parliamentary Standing Committees.

13. Questions have been raised as to whether your Committee should concern itself with the policies or merits of the thousand or so subordinate laws that come before it each year. While this might be a glamorous task and would perhaps rescue the Committee from that obscurity in which its predecessors languished, it would be beyond its capabilities. This is so even though a large part of the subordinate laws made each year consists of relatively straightforward amendments to existing subordinate legislation. Your Committee is well aware that its statutory terms of reference in section 26 of the Statutory Instruments Act do *not* preclude a review of any piece of subordinate legislation on its merits if the Houses so agree. Nevertheless, your Committee believes that it is more appropriate for subordinate legislation to be scrutinized by the appropriate Standing Committees of the Houses as to merits as discussed in paragraph 16 below. The Regulatory Review Committee should continue to review in terms of criteria such as those now used by your Committee and which are found in Appendix II.

14. Your Committee believes that the appropriate stage for the review of subordinate law as to its policy and merits is well before it is finally made. Your Committee also believes that more effective than any scheme of parliamentary scrutiny of the policy of a proposed subordinate law that can now be devised is an obligation to make that proposed law public, to state the reasons for its making and to consider representations from the public, whether individuals or groups. Consequently, a later section of this Report deals in detail with a mandatory notice and comment procedure for all subordinate law. After a subordinate law has been in force for a reasonable time, its effectiveness should be evaluated. Parliamentary Standing Committees could serve a useful role as the public fora in which the continued need for a particular policy and the effectiveness of the subordinate legislation could be scrutinized.

15. Your Committee also recommends in paragraphs 24-30 infra that disallowance of subordinate legislation that has been made and the affirmation of draft subordinate laws (commonly called negative and affirmative vote procedures) be established as regular and invariable parts of the Canadian system of subordinate law. The debate on a resolution to affirm a subordinate law and the actual disallowance procedure recommended by your Committee should provide scope for interested parliamentarians to raise the merits and policy of subordinate legislation. Your Committee has noted the failure of a special merits committee at Westminster where there has been no referral of subordinate legislation to appropriate Standing Committees. It has also noted that while disallowance has frequently been moved and carried in the Senate of the Commonwealth of Australia on grounds of illegality and impropriety, it has but rarely been invoked on ground of merits. Your Committee considers, therefore, that it cannot at this stage recommend the establishment of any new Committee to scrutinize merits. It can do no more now than to recommend referral to appropriate Standing Committees and a system which allows for pre-making scrutiny of proposed subordinate laws by the public and for affirmation and disallowance in the Houses. It will be up to the members of the Houses using these procedures to make good their oft repeated complaints that policy of which they disapprove is settled in regulations by bureaucrats.

16. One proposal that has been aired from time to time for the review of merits is that all subordinate legislation should be referred to the appropriate Standing Committees of the Houses for review on the merits and as to policy. With this your Committee agrees. It would also be desirable to have policies reviewed from time to time to assess their effectiveness and the need to continue them. Your Committee cannot pretend, however, that it is very sanguine about the effectiveness of references to Standing Committees while the membership of Committees of the House of Commons remains so large and subject to frequent replacements, and the Committees themselves lack adequate technical assistance. In any event, it would seem to be a Herculean task to review the merits of and to hold hearings on all regulations, even all new regulations. Perhaps all that can reasonably be aimed for is the review by Parliamentary Standing Committees of the merits and policy of selected subordinate laws. The Rules and Standing Orders of the Houses should be amended to allow such scrutiny and review by Standing Committees either on their own initiative or on reference from the Standing Joint Committee on Regulatory Review. Committees conducting such reviews would need to guard against the danger of their scrutiny of policy being too much influenced by their expert staff who might be simply endeavouring to have their own personal judgments substituted for those of servants of the Crown to whom Parliament had originally delegated subordinate law making authority.

17. Prevention is to be desired above cure and your Committee exhorts the Houses to a much more rigorous examination and scrutiny of the enabling powers in Bills and to insist on clear statements of policy in statutes. The Houses' study of Bills would be greatly facilitated if, when enabling powers are being sought, the proposed subordinate laws to be made under them were to be tabled and studied by the apppropriate

Standing Committees at the same time they are studying the Bills. The mandatory notice and comment procedure which your Committee later recommends should act to reduce significantly the number of instances in which regulations are not drafted by the time Bills reach the Committee stage.

18. In addition to parliamentary review, subordinate laws should not, save in exceptional cases, be made at all unless and until there has been an opportunity for public representations on the draft laws. The public can have an influence on Bills through their elected representative and through representations at the Committee stage. Procedures should be in place to afford some approximate opportunity in respect of subordinate laws. Procedure is the handmaid of liberty and your Committee makes no excuse for paying so much attention to it in what follows.

B. CONTROL OF SUBORDINATE LEGISLATION AND LAW MAKING

19. A casual reader of the Statutory Instruments Act might be impressed by the apparent safeguards it contains and by the fact that most subordinate laws in Canada are made not by individual Ministers but by the Governor in Council. The true position is, however, not at all reassuring. The Statutory Instruments Act provides for the scrutiny of draft "regulations", a subclass of "statutory instruments" by no means including all subordinate laws, by the Legal Advisers to the Privy Council Office who are in fact officers of the Department of Justice, as are the legal officers who draft regulations in Departments and many Agencies. It is doubtless the case that the Legal Advisers have managed to weed out many offensive or *ultra vires* provisions in regulations. Your Committee perhaps flatters itself that its scrutiny has assisted the Legal Advisers in their own work. It must be emphasized, however, that the Legal Advisers can not prevent a regulation being made if the sponsoring Department wishes to put it forward despite the Advisers' adverse report. This, the Committee believes, rarely occurs. The effectiveness of the internal scrutiny of the Legal Advisers is severely hampered because both they and the departmental legal officers are bound by the very traditions of drafting and received legal opinions of the Department of Justice which your Committee has found to be among the chief causes of objectionable provisions in regulations—(3). The fact is that your Committee and its predecessors have objected to a far higher proportion of the regulations they have scrutinized than have their counterparts in the United Kingdom, Australia and Ontario. Your Committee can only conclude that the existing means of checking and controlling subordinate legislation in Canada as to its legality and propriety, while a considerable improvement over the situation existing before the passage of the Statutory Instruments Act, could still be improved further. There is, as so many are now aware, no check or control as to merits or policy.

20. In Canada most regulations, and hence subordinate laws, are made by Order in Council of the Governor in Council. It is, therefore, commonly said that the regulations are made by the Cabinet. Your Committee thinks it important to place on public record that this is not strictly so. Since the Governor General does not preside at his Council, his assent to an Order in Council follows upon its earlier approval by Cabinet members. Very few draft regulations are actually considered by the Cabinet as a deliberative body. Some of these are first considered by Cabinet Subcommittees. By far the greatest number of regulations is recommended for His Excellency's approval by the Special Committee of Council which consists of ten Ministers with a quorum of four. The extent to which draft regulations are scrutinized as to policy, legality and propriety by the Special Committee will depend upon its membership. The decision as to whether a regulation should be considered by a Cabinet Committee or direct by the Cabinet rests fundamentally with the sponsoring Minister according to his view of the regulation's importance and implications. Occasionally, the Cabinet itself may decide that particular regulations when drafted should come before it. Your Committee records this information merely to disabuse the Houses and the public, if that be necessary, of the notion that all the Cabinet members turn their collective attention to each of the thousand and more regulations made each year. The way in which regulations by Order in Council are in fact made gives but little support to the view that there are safeguards in vesting subordinate law making powers in the Governor in Council rather than in individual Ministers. Furthermore, it does nothing to satisfy the need for scrutiny of subordinate laws both as proposed and as made, by the public and particularly by Parliament.

21. Under the Statutory Instruments Act, section 26, your Committee is granted neither power nor jurisdiction to do anything in particular with or to statutory instruments, the very nature and definition of which are obscure. The Committee scrutinizes regulations, other published statutory instruments and such other statutory instruments as it finds after they have been made, and on occasion reports some of them to the Houses either in special reports or in a general report.

22. Parliament has no greater power than has the Committee. Only in twenty-one instances under the Statutes of Canada to the close of the 1976-77 Session is Parliament allowed the opportunity to disallow a statutory instrument or to prevent its coming into or continuing in force by refusing to affirm it—(4). No general machinery is in place under Statute or in the Rules of the Senate or the Standing Orders of the House of Commons to require a debate to be held on a motion to disallow a statutory instrument, in those cases where such is allowed, or to force the motion to come to a vote.

23. While the efforts of your Committee's predecessors to secure changes in particular statutory instruments and in the general principles used in drafting and publishing them have had varying degrees of success often depending on the Department involved the only sanction open to your Committee is to report to the Houses. This is unnecessary in the case of those Departments and agencies which are co-operative with the Committee and of no consequence for those which habitually

ignore the Committee's principles and requests or are dilatory in honouring their undertakings to amend or to promote necessary statutory changes. The Committee's methods of proceeding, as outlined in the Second Report for the 1976-77 Session are necessarily not geared to enforcement, or to the control of delegated legislation but to suasion, re-education and scrutiny. These latter functions are not to be despised, and in the long run the re-educative function may be the most potent of all, but they are not enough. There should be means by which Parliament can control the executive in its exercise of the subordinate law-making function Parliament has delegated to it.

24. Your Committee has taken note of the procedures used for this purpose in the United Kingdom and in the Commonwealth of Australia, which are summarized in Appendix III to this Report. It considers that a power in the Houses, soberly used, to disallow subordinate legislation, is essential in Canada and that on far more occasions than at present Parliament should be called upon to affirm a subordinate law before it can have legal life. Your Committee recommends that all subordinate legislation not subject to a statutory affirmative procedure—(5) should be subject to being disallowed on resolution of either House and that the Executive be barred from re-making any statutory instrument so disallowed for a period of six months from its disallowance. Your Committee further recommends that if any resolution for disallowance of a statutory instrument is moved, and is not withdrawn, the statutory instrument should be deemed to have been disallowed if a debate on the resolution does not take place and culminate in a vote within a fixed number of sitting days.

25. Disallowance is, in your Committee's view, a curative measure and prevention is much to be desired. Prevention of *ultra vires*, improper or illegitimate subordinate laws will not be possible if scrutiny of all of them is forbidden before they are made. The Committee realizes that pre-making scrutiny of subordinate legislation is not in all cases possible or even desirable. Indeed, your Committee recommends in paragraph 34 below that a special type of subordinate law should be provided for in the Fisheries Act which by its very nature could not be seen by any parliamentary body before it is made. Yet the Committee is firmly convinced that the publication of draft subordinate legislation is not only possible in most cases but is highly desirable and makes extensive recommendations to that end in Section C below. Such a practice would allow persons or groups interested to make representations and objections to laws which usually affect them more closely than do statutes in the passage of which they often do have an opportunity to give expression to their view. More importantly from Parliament's point of view, publication in draft would allow Parliament to be consulted through the need to have a draft subordinate law affirmed by both Houses before it could become law and through the opportunity to move for disallowance before the law could take effect as under the United Kingdom "21 day" rule set out in Appendix III. Clearly, many statutory instruments are wholly non-controversial and unobjectionable and affirmation would be granted without demur. But the opportunity would exist for Parliament to exercise its sovereign powers. Another important consideration is that whereas your Committee, in keeping with the tradition of bodies of its kind, does not comment on policy, affirmation, as indeed disallowance, could be used by any member of either House to debate the policy of an instrument. The appropriate Standing Committees of either House could consider the merits of a draft subordinate law and its chairman move disallowance or speak against affirmation. In this regard, your Committee wishes to re-emphasize that many regulations are made to give effect to policies which are not embodied in any statute and which Parliament has never considered or even had the opportunity to consider. Under the Canadian habit of using statutes and Votes in Appropriation Acts merely as vehicles for the conferring of powers on the executive, this situation is only too common.

26. It is not possible to specify all those cases in which affirmation would be possible and desirable, although its virtue in cases of subordinate laws made under skeletal statutes is obvious. Affirmation would also be highly desirable in cases where the exercise of enabling powers may

(a) substantially affect the provisions of the enabling or any other statute;

(b) impose or increase taxation, fees or charges;

(c) lay down a policy not clearly identifiable in the enabling Act or make a new departure in policy; or

(d) involve considerations of special importance.

To a great extent the decision as to whether or not to insert in a Bill a provision for affirmation of subordinate legislation must be left to the *bona fides* of the government of the day and to the parliamentary draftsmen. But your Committee recommends that a commitment be made by the Government to use the affirmation procedure where practicable and to follow a 21 day rule wherever possible, even in cases where the notice and comment provisions your Committee recommends are not applied. The Committee recommends that whenever draft instruments are published it should have jurisdiction to scrutinize them as to legality and propriety, to report to the Houses upon them and to make representations to the sponsoring Departments and Agencies. The appropriate Standing Committees should be entitled to scrutinize, report and make representations as to merits.

27. A government will normally wish to see a resolution to affirm a draft subordinate law come to a vote. With the exception of one matter, your Committee is not of a mind at present to recommend any special, required procedure for dealing with affirmative resolutions in either House beyond that already contained in section 28.1 of the Interpretation Act—(6). The Rules and Standing Orders of the Houses should be amended to facilitate that procedure. The Committee notes that the Interpretation Act procedure was not used in the case of the Anti-Inflation Act—(7) where a different procedure was provided for. What must be avoided at all costs is a proliferation of special affirmation procedures applying to

different subordinate laws. The one addition which should clearly be made to the present Interpretation Act procedure is the addition of a rule that no debate should be held on a motion to affirm an instrument until the Regulatory Review Committee has been given an opportunity to report on it within a specified time and until the appropriate Standing Committee has reported on its merits or that it does not wish to do so or the specified time has expired. The Rules and Standing Orders of the Houses should specify the times within which Reports must be received.

28. There is no general procedure in the Parliament of Canada for the scrutiny of any instrument in draft for purposes of affirmation. In fact, only under section 18 of the Government Organization Act, R.S.C. 1970 2nd Supplement, C. 14, and section 4(2) of the Unemployment Insurance Act, 1971, S.C. 1970-71-72, C. 48 are orders tabled and laid before Parliament which have no effect until affirmed. Your Committee recommends that this is the type of affirmative procedure that should be adopted in Canada. Your Committee does not favour the type of affirmation which is in use in four instances under statutes of Canada whereby an instrument has legal effect for a certain period (as long as 180 days) but ceases to have effect at the end of the period unless it is affirmed. This procedure is open to abuse in that an instrument can be, and has been, revoked a day or two before the expiration of the fixed period, and a new one made, the consequence being that the substance of the instrument can be given indefinite life despite any action Parliament may take. Draft subordinate laws which are subject to affirmation should stand referred to the Regulatory Review Committee for scrutiny and report before the debate and vote on a motion to affirm takes place.

29. The actual form of disallowance provision which is introduced in the Parliament of Canada and the attendant procedures will determine the worth and effectiveness of the principle. The provisions in section 28.1 of the *Interpretation Act* are inadequate with respect to disallowance. Your Committee places great emphasis on the procedural aspects of its recommendations. Disallowance by either House should be provided for in a new Subordinate Legislation Act and should possess six essential characteristics:

1. Subordinate laws are void and of no effect if not presented in each House within fifteen sitting days of their making.
2. Notice of motion for disallowance in either House must be moved within fifteen sitting days of the tabling or laying of a subordinate law in that House.
3. A notice of motion for disallowance of a subordinate law must be resolved within twenty sitting days, otherwise that law is deemed to be disallowed.
4. The debate on a motion for disallowance of a subordinate law must not be commenced until the expiry of the time limited for receipt of a report from the Regulatory Review Committee as to that law's legality and propriety and from the appropriate Standing Committee on its merits.
5. If a notice of motion for disallowance is unresolved in the Senate or in the House of Commons at the end of a Session or on dissolution of the House of Commons, the subordinate legislation the subject of the motion is deemed to be presented to the House concerned at the beginning of the next Session.
6. Subordinate legislation the same in substance as that disallowed may not be made within six months after disallowance or deemed disallowance without the consent of the House in which disallowance occurred. (This last is particularly important in the context of disallowance where the notice and comment procedure the Committee recommends have been ignored without good cause shown).

   Your Committee favours a minimum number of five signatures for a motion for disallowance in either House.

30. This form of disallowance will require the restoration of the tabling and laying of subordinate legislation in the Houses, which was abandoned despite the recommendation to the contrary of the MacGuigan Committee. It will also require the carrying forward of the substance of the present section 28.1(2) of the Interpretation Act to ensure that where a subordinate law has been disallowed or is deemed to have been disallowed any law that was revoked or amended by the making of that law shall be deemed to have been revived at the date of disallowance or deemed disallowance.

31. The Houses will, of course, have to adopt Rules and Standing Orders which will facilitate the statutory procedures for affirmation and disallowance, and in particular the referring of subordinate legislation to Standing Committees.

32. Your Committee expects that once a workable disallowance procedure is in place it will be used sparingly and that it will generally be invoked upon report of the Standing Joint Committee on Regulatory Review on questions of legality and propriety. The opportunity, however, will exist for Standing Committees to report on substance and merits and for any of their members to move disallowance. And five members of either House will have the opportunity to cause a debate and a vote thus holding the executive government responsible in a public fashion.

33. Your Committee neither expects a flood of motions for disallowance nor considers that the number likely to be moved will clog the Parliamentary timetable. If the British House of Commons could find time to debate ninety-two motions for disallowance on the floor of the Chamber in 1975-76, there can be no reason why the rules and practices of the Houses in Canada should not accommodate a goodly number of motions if they were moved. There would seem to be Senate time and Opposition days available. To put minds at rest on this issue your Committee wishes it known that neither it nor its predecessors would have sought to disallow any number approaching ninety-two subordinate laws in any Session. Moreover, it expects that the possibility of a motion for disallowance and a debate will cause most Departments and Agencies to agree quickly to remove from their subordinate laws any objection-

able features which have survived the notice and comment procedures your Committee recommends.

34. Your Committee has become aware from scrutiny of regulations under the Fisheries Act that there are serious defects in many of those regulations which can not be cured without amendment of both the Statutory Instruments Act and the Fisheries Act. The Department of Fisheries and Oceans finds it impossible to make detailed subordinate laws governing the peripatetic fisheries resources under the time constraints and delays in the making of regulations inherent in the Statutory Instruments Act. Consequently, the Department draws its regulations in such a way as to grant discretions to officers to act, to prohibit or to issue licences. No criteria are spelled out in the regulations in accordance with which officers are to exercise their discretions so that the actual law enforced lies in the officers' mouths. Your Committee objects to this procedure on the grounds that it amounts to sub-delegation of rule-making power not provided for in the Fisheries Act, and to an arbitrary exercise of power which can not be checked because the rules actually applied by officers are not contained in any law. In fact, a great deal of guidance is given to officers by departmental instructions and guidelines which contain many of the real rules but which are not subject to your Committee's scrutiny and are not legally binding on anyone. Your Committee recommends that the Fisheries Act should be amended to permit sub-delegated law-making by the Minister and by designated officials. Such sub-delegated laws should be exempt from all notice and comment requirements and from the pre-scrutiny requirements of examination by the Legal Advisers to the Privy Council Office. They should come into force on their being made known locally where they are to apply. They would, however, remain subject to *ex post facto* scrutiny by the Regulatory Review Committee, to which they should be required to be sent. Only by this means does your Committee conceive that the Department of Fisheries can make the law swiftly as it sometimes needs to do and Parliament can be assured that the actual rules applied in the control and preservation of the fishery will be included in legally effective rules, binding fisherfolk and Crown alike and subject to parliamentary scrutiny. The Regulatory Review Committee would, of course, be expected to maintain a close watch on such sub-delegated subordinate laws to ensure that they were not used unnecessarily as a means of avoiding public scrutiny and representations, and examination in draft by the Legal Advisers to the Privy Council Office.

35. Your Committee notes the significant contribution to the improvement of administrative practices made by the Administrative Conference of the United States, a statutory body established in 1964 consisting of government and agency officials, practising lawyers, academics and experts on administrative procedure. The Council on Tribunals of the United Kingdom also exercises a valuable supervisory role over aspects of administrative law in the United Kingdom. An external body with a general mandate to survey and report on regulatory activity in Canada is much to be desired. Your Committee, therefore, recommends the establishment of a Regulatory Council composed of members from the regulatory agencies, government departments, public interest groups and industry and labour. The Council should maintain a continuous review of the regulatory process, including the making and scrutiny of subordinate law, and of means of eliminating unnecessary regulatory effort. It should pay particular attention to the effectiveness of the notice and comment procedure your Committee later recommends and should make reports suggesting alterations in procedures and alternative methods of giving publicity to proposed subordinate law making. It should also study the area of "quasi-law": the issuing of interpretative and policy statements, guidelines and manuals to be applied by administrators.

C. NOTICE AND COMMENT PROCEDURES

36. Your Committee has reconsidered the procedure by which the substance of subordinate legislation comes into being and has found it wanting. It is truly the secret garden of the Crown. Of recent years there has been some movement towards the publication of draft regulations and a willingness to receive representations from the public on those drafts. This procedure has been endorsed by the Economic Council of Canada—(8). But it is not new. It is widely used in the United States and is generally considered to be successful. It was considered and rejected by the McRuer Commission on Civil Rights in Ontario. It was abandoned in the United Kingdom in 1946 in favour of consultation during the formulative stage of proposed laws because the exceptions to the notice and comment procedure had been habitually abused by Departments which always pleaded urgent circumstances. A notice and comment procedure was in force in the Commonwealth of Australia but was discontinued in 1916. The MacGuigan Committee considered such a procedure and, while recommending that its use be provided for in new statutes where suitable, did not recommend that notice and consultation or comment be made a general rule applying to the making of all subordinate legislation.

37. At the time the MacGuigan Committee reported, there were but two statutes of Canada which required notice of a draft regulation and the affording of opportunity to comment upon it to interested persons. No opportunity was extended to members of the public generally. In several other statutes which provided for the giving of notice an opportunity to make representations could probably be implied. The tenor of the evidence before the Committee was clearly in favour of extensive informal consultation with those peculiarly affected by draft regulations but against a formalised notice and comment procedure being made available to the public at large. Nevertheless, in the ensuing years there has been a considerable movement in that direction. A number of statutes now provide for notice of draft regulations or guidelines to be given sixty days before they are made and for an opportunity to members of the public to make representations. These, however, usually relate to the imposition of technical standards on industry.

Moreover, the statutes usually provide that where a draft has been altered as a result of the representations received it need not be republished.

In 1978 the Honourable the Treasury Board introduced a notice and comment procedure for those major, non-emergency, "health, safety and fairness" regulations made under specific, listed statutes, which meet certain criteria as to direct and indirect social costs. The definitions of all these terms are found in Chapter 490 of the Board's Administrative Policy Manual—(9). Every such draft regulation must be published at least sixty days before it is to be made and be accompanied by a "socio-economic impact analysis" and a statement of the legal authority for and the purposes of the regulation. It is too early to tell how revealing such analyses and statements will be, and whether they will afford a sufficient enunciation of the policy of the proposed regulation and the reasons for it. Similarly, it cannot now be said whether the number of proposed regulations subject to this procedure, which could be abolished by the Treasury Board at any moment, will be significant. Only two have so far been published—(10). The procedure does not extend to "guidelines" or administrative procedures. One feature of the Health, Safety and Fairness procedure deserves special commendation. Each sponsoring department or agency must respond to comments from non-government bodies on its proposed regulation. The Committee trusts that "bodies" is interpreted as including individuals.

Your Committee is also aware of a parallel development in that of recent years the Canadian Transport Commission and the Canadian Radio-Television Commission have held hearings to assist them in their rule-making functions, thus exposing both policy and draft rules to intense scrutiny.

38. More recently, the Economic Council of Canada has recommended a sixty day notice and comment procedure for all new regulations which have significant implication in terms of cost or impact on the distribution of income and are susceptible to cost benefit analyses. The Council appears to use "regulations" in its generic sense as indicating all subordinate legislation. Of one thing your Committee is certain, notice and comment procedures should not, in the case of subordinate legislation, be confined to regulations which meet economic or monetary criteria or are susceptible to cost benefit analyses. The important objective is to allow the reasons for and the policy of all subordinate legislation to be subject to the light of public scrutiny.

39. The Economic Council identified seven deficiencies in the present regulatory system as follows:

inadequate notice of new regulatory initiatives (statutes, amendments and subordinate legislation) to interested persons;

inadequate consultation with interested persons during the development of proposals for new regulations;

failure to assess the costs and benefits of new regulations to society as a whole;

failure to evaluate periodically the large stock of existing regulatory activities;

lack of central co-ordination of regulatory activity;

inadequate public access to information regarding the regulatory actions of government; and

unequal opportunities for participation in decisions concerning new regulations and existing regulatory programs by those who have an interest in them.

Your Committee endorses the conclusions as expressed by the Economic Council provided the phrase "interested persons" is not confined to those who, like an affected industry, have a particular interest in regulatory programmes. Not only industry but public interest groups and the public generally must be able to make representations. It is the public interest which must be paramount and not that of the "interested person". Your Committee deprecates any attempt to intrude a corporatist bias into regulatory reform or any assumption that the concerns of an industry subject to control by subordinate legislation warrant any pre-eminent consideration. Your Committee has no reservation, however, in assenting to the basic propositions set forth by the Council as the bases for its recommendations:

"1. governments should provide advance notice of their intent to propose major new regulations (i.e. subordinate legislation) and allow an opportunity for consultation;

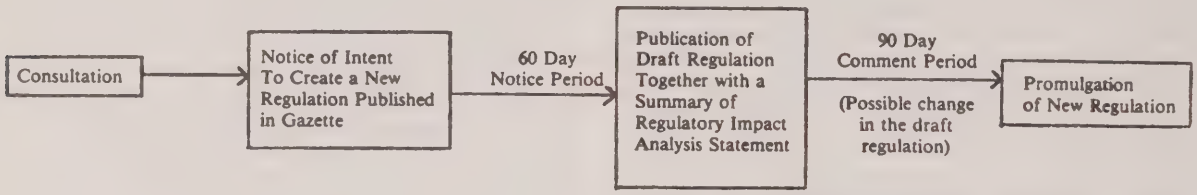
2. governments, before imposing major new regulations, should assess the costs and benefits of such regulations; and

3. governments should periodically, on a systematic basis, evaluate their existing stock of regulatory programs and agencies."

The second and third of these bases relate to merits with which this report is not primarily concerned. The first raises the question: why should there be participation in the subordinate law making process? First, the proponents and draftsmen of subordinate laws cannot know or have thought of everything. It is possible they do not have command of all relevant information. Secondly, all the consequences and problems flowing from a proposed subordinate law may not have been foreseen. Thirdly, participation by those outside the government may help to offset any biases or cloudy thinking that has gone into the preparatory work for the draft. Fourthly, a satisfactory alternative not requiring a law may be suggested. Fifthly, and most important of all, participation goes some way to legitimizing the policy of the subordinate law which eventually emerges.

40. The Council proposed a new procedure which would begin with an Advance Notice of Intent to propose new regulations, which meet its criteria, at least sixty days prior to further action. Thereafter, the proposed regulations would be subject to a regulatory impact analysis. A draft of the regulations together with a summary of the analysis would be published and at least ninety days be made available for comment "by interested individuals and groups" before making. The only regulations subject to this system would be those having significant implications in terms of cost or distri-

bution of income. Thresholds would be set which could be raised or lowered as desired to catch more or fewer regulations. Different thresholds would be set for Advance Notice and Prior Assessment. The whole scheme would be subject to an emergency "by-pass" procedure. The Council's diagram illustrating the whole scheme is this:



The Committee agrees with this system in so far as it goes. However, limited as it is to what could be a very narrow range of "major" new regulations of great economic impact, it alone will not serve the Committee's purpose. Consequently, your Committee has been led to recommend a more basic, less sophisticated but mandatory system covering all new subordinate legislation to be augmented by the publication of a regulatory budget and as much advance consultation in the formative stages of draft regulation making as circumstances will permit. Simple procedures have a greater chance of being accepted by those who must operate them and give promise of swifter results.

41. Despite the reluctance of the MacGuigan Committee to recommend a mandatory notice and comment procedure, your Committee believes that it should now be introduced in Canada. Informal consultations are no doubt of great value but they are essentially haphazard and on occasion savour of regulatory capture.

> "These proposals for consultation demonstrate the fundamental weakness of informal consultation, in that all too often no adequate early opportunity is given to other than established interests to influence the development of policy. It is misleadingly simplistic simply to ask: "Is there consultation? The real questions are: "With whom will there be consultation?" "At what stage of policy development will this consultation take place?" and "What will be the effect of all this consultation?" Moreover, without at least some degree of formality or structure, there is a very real danger that consultation in an atmosphere of intimacy will drift into dictation by corporate interests. This is particularly important in transport regulation because, as John Langford has noted, "Transportation policy-making at the federal level has always been characterized by an extremely close relationship between the transportation industry and its interest groups and the bureaucracies of the various agencies involved in the policy-making process". All in all, it would seem that it would be inadvisable to leave consultation and participation in policy-making to a totally informal process."—(11)

42. Your Committee's predecessor but one travelled to Washington and studied the operation of section 553 of the United States Administrative Procedures Act—(12) which has been in effect since 1946. It was satisfied that it worked very well. Its view coincides with that of informed commentators and the Administrative Conference of the United States. Professor K.C. Davis, in *Administrative Law of the Seventies*, is equally enthusiastic about the appropriateness of the notice and comment procedure, asserting that 'the system is simple and overwhelmingly successful'. This Committee believes that in adapting the Administrative Procedures Act procedure to Canada certain improvements in it could be made. It also believes that the recent voluntary developments within the Government of Canada and its regulatory agencies mark out a path which should be followed vigorously. Your Committee does not believe that the fact that subordinate legislation is far more commonly made in Canada by the Governor in Council and by Ministers than by independent or quasi-independent regulatory agencies in any way affects the desirability and practicability of a notice and comment procedure. Nor does it believe that there is anything in such a procedure which is inimical to responsible government. The procedure was in force for half a century in the United Kingdom and was never thought to be contrary to the basic tenets of the constitution.

43. There is in the United States a significant trend for the courts to impose judicial control on the rule making process to ensure "fairness", for example, by insisting on a right to cross-examine rule makers and others who make representations on draft laws. Your Committee is satisfied that the development of such judicial controls in Canada on common law principles is unlikely. It is not convinced that they would necessarily be desirable. They are in no way involved expressly or implicitly in the application in Canada of a procedure similar to that in section 553 of the Administrative Procedures Act. A subordinate law made in defiance of the procedure as a condition precedent to law making should be a nullity but the mere right to be informed and to make representations and to receive a response involves little opportunity for judicial creativity.

44. Your Committee acknowledges that any new system of notice and comment in subordinate law making will give rise to manpower and paperwork costs. This must be true also in the United States, yet commentators and rule makers there favour the system and one aspect of the improvement, the legitimacy of the rules that are made, can not be measured.

Presumably, savings will be generated in the future if better laws are developed in the first instance. In this connection the United States Commission on Federal Paperwork has this to say:

> "The necessary paperwork which would be added through greater participation in rule-making is temporary. It ends when a proposed rule is put into effect. The "bad" paperwork of a poorly written rule which is allowed to go into effect, however, can be endless."—(13)

Both the Treasury Board and the Economic Council appear to have accepted that the costs of notice and comment, albeit on an as yet unknown scale, can be borne. Professor Mullan also says:

> "The extra workload it has imposed on many regulatory agencies and departments of state seems to have been accepted willingly because of the valuable information generated by the "notice and comment" procedure and, also in part, because of the fact that the opportunity for prior involvement in the development of rules has the tendency of defusing criticism and making those rules more acceptable politically."—(14)

45. The procedures of the Administrative Procedures Act as they relate to rule making are widely misunderstood.—(15) Commentators refer to rule making hearings. But in fact under section 553 there are no hearings in the sense of a formalized tribunal setting. There is notice of rule making in the Federal Register thirty days before a rule is to come into effect and the reception of representations. The notice discloses the terms or substance of a proposed rule and a description of the subjects and issues involved. The actual draft rule is not necessarily included in the notice which does, however, give the address and particulars of the agency office which should be contacted. The Congress has on many occasions imposed more stringent requirements than those of section 553 in respect of some rules and some agencies. Those requirements sometimes include true hearings. The formulation of rules in a formal hearing before an agency is not frequent and is held in disfavour by many commentators and administrative lawyers. The notice and comment procedure gives those particularly interested and any member of the public an adequate opportunity to be heard. It is this opportunity and the statement of policy and method which are so important. Perhaps few members of the general public utilize this opportunity. But that is not the point. No one can be compelled to take a part in his own government. All that can be done is to afford him the opportunity. Your Committee wishes to record Professor Mullan's conclusions as to the operation of the Administrative Procedures Act procedure:

> "From the research I have conducted, there is no doubt at all that the "notice and comment" procedure adopted in section 4 (now 553) of the *Administrative Procedure Act* of 1946 has become an entrenched part of the federal administrative procedure. The worth of such procedures to rule-making at the federal level in the United States seems to be acknowledged universally. That the statute is not perfect, at least now, some thirty-two years later, has perhaps to be admitted. The exemptions may be too wide. The alternative of a full adjudicative hearing when rule-making is required to be on the record is not acceptable. Nevertheless, much of the discontent with the present situation in relation to rule-making procedures seems to stem not so much from the *Act* itself as from the excesses of procedure provided for in some individual statutes, and the need for legislative draftsmen to pay more attention to devising alternatives in some situations between the informality of "notice and comment" and the formality of formal adjudicative-type hearings. There is also some concern that, at least in some instances, "notice and comment" opportunities come too late, and this has led to suggestions from a number of quarters for formal provision for an opportunity for public input at a stage prior to and during the actual drafting of the legislation.
>
> Yet, to someone observing the American scene from the outside, despite all these proposals for reform both general and specific, one of the striking things about the "notice and comment" procedure of the *APA* and perhaps one of the explanations for its seeming success is the modesty of its aims. Certainly, it does not cover even a majority of agency rule-making at the federal level in the United States. Certainly, it does not spell out very elaborate procedures. Certainly, it does nothing by way of mandating rule-making rather than adjudication in certain situations. However, if it had done any of these things, at least initially, it may well have been overreaching. Instead, because of its modest aims and comparatively low level of imposition on the overall work of the administrative agencies, it was readily tolerated and in time came to be seen as an extremely valuable adjunct to the administrative process. It may also be for that reason that many of the current proposals for reform are seemingly being treated with equanimity even on the part of the agencies."—(16)

46. What your Committee finds so lacking in the present Canadian system is any avowal of the policy being effected by subordinate legislation and any opportunity to comment on or contribute to it. Equally, there is no general advance notice of the means to be employed and little opportunity to comment on them. Accordingly, it recommends that the notice to be published of a proposed subordinate law should be accompanied by a clear statement of the reasons for the proposed regulation, the policy to be furthered by it, and the socio-economic impact analysis where that has been developed pursuant to the existing Health, Safety and Fairness policy of the Treasury Board or the recommendation of the Economic Council. The period of notice should be sixty days as suggested by the Economic Council and not thirty days as in the United States. Your Committee favours the publication of an economic impact statement with proposed subordinate laws, as this requirement would force the identification of costs and alternative methods of achieving policy ends. Consequently, it favours the extension of the socio-economic impact analysis to as many new regulations as practicable. Because of the costs

that could be involved in such a system, of which your Committee has no evidence, it does not propose that the publication of an economic impact analysis be made mandatory beyond those cases covered by the existing Treasury Board policy and the recommendations of the Economic Council of Canada. Your Committee does recommend, however, that all relevant opinions of advisory bodies and councils should be tabled in Parliament with new subordinate laws to assist any member who wishes to debate the merits of the law.

47. The notice of a proposed subordinate law should be published in the Canada Gazette. That journal is not a widely read document and publication elsewhere, in trade journals, newspapers, etc., is obviously desirable in very many cases. It is not possible to specify all those cases and places of publication now. Departments should be encouraged to publicize their draft subordinate laws widely and the Regulatory Council should have the power to study particular instances and to recommend the use of additional means and places of publication.

48. Your Committee wishes to emphasize that notice and comment procedures must be open to, indeed directed to, the general public. The public interest may not be fully protected if the opportunity to comment is afforded only to those paticularly affected by a subordinate law or if there is too close a relationship between Government and industry. Your Committee, therefore, recommends that both the document which forms the factual basis of the decision to make a new subordinate law and the comments submitted on it should be open to public scrutiny and that any freedom of information legislation which is introduced should so provide. This requirement is particularly important where new technological standards are proposed. Experts are often bitterly divided on such standards and it is often to the advantage of a particular industry to seek to delay the adoption of more advanced standards. Your Committee also recommends that submissions be responded to. If a draft subordinate law is significantly altered as a result of submissions received, it should be readvertised with a further opportunity to comment provided. A thirty day time limit would be appropriate in that event.

49. Very often policy has become frozen by the time a draft regulation is prepared. Attempts at modification, change or abandonment are likely to be met with resistance. Therefore, your Committee recommends that wherever possible notice of proposed regulation making should be given before a draft regulation is prepared and published. The notice should indicate the policy to be effected and the object to be achieved and invite representations as to both the policy itself and the means to be employed. It is always possible that some representation will show a way to reach a desired end without the need for yet another new law. Your Committee notes that in the United States there is a movement beyond the minimum procedures of section 553 of the Administrative Procedures Act. Sometimes additional requirements such as the publication of a "rule-making record" are mandated by statute, but they are often adopted voluntarily.

50. The need to give sixty days notice of proposed regulations will require Departments and Agencies to plan their regulation making activities well ahead and to follow a schedule for the enactment of subordinate laws. Consequently, it should be a relatively simple matter for Departments and Agencies to contribute to a regulatory budget. Such a budget published for a twelve month period would give clear notice of all planned non-emergency subordinate laws and would provide even greater opportunity for representations and contributions by citizens. Your Committee recommends that a regulatory budget be prepared, and updated and brought forward every quarter. The budget should be published each quarter in the Canada Gazette. Consideration should be given to other avenues of publicity for it.

51. Your Committee is aware that many subordinate laws are made in urgent circumstances and that it is impracticable and would be unwise to subject them to a sixty day or even to any notification and comment procedure. Some subordinate laws involve small scale amendments to existing laws, others are of a housekeeping or domestic nature governing matters within the civil service, others apply to only one, or two or a small number of people while still others affect national defence and security. It may be that specific exemptions can be ordained at the outset of the new system *by statute*. One such exception should be made for the lower tier of fishery regulations referred to in paragraph 34 of this Report. Other specific exemptions come readily to mind such as the Queen's Regulations and Orders for the Canadian Armed Forces and the Administrative Orders of the Chief of the Defence Staff. Beyond the exemption for cause shown discussed below, your Committee is opposed to any generally worded exemptions. Some of the exemptions in the United States Administrative Procedures Act have been the subject of much criticism and there has been a tendency to abandon them voluntarily. All the United States exemptions are vaguely and generally worded and would invite both abuse and interpretational argument, as has the present definition of a "statutory instrument". They appear in the United States to have afforded some opportunity to avoid the notice and comment procedure and have been criticised by the Administrative Conference of the United States. Your Committee is even more opposed to the granting of exemptions by regulations of the Governor in Council. The present exemptions under the Statutory Instruments Regulations are an object lesson in that regard. Instead, it recommends that the maker of a subordinate law should be able to proceed to make that law, without first giving sixty days or any period of notice and receiving comment, under the following conditions:

(i) as soon as a draft is prepared it is sent to the Standing Joint Committee on Regulatory Review with a statement as to why the subordinate legislation or its equivalent need not wait upon a sixty day notice period. While the Committee is sitting cause would have to be shown immediately. If a subordinate law or its equivalent is made when there is no Committee, cause would have to be shown as soon as the Committee is reconstituted;

(ii) in any case where the Committee considers cause has not been shown, it shall report the fact to the Houses forthwith and recommend disallowance where the regulation has already been made and refusal of affirmation where the regulation has not yet been made.

Your Committee believes these stringent conditions are necessary. The failure of the United Kingdom system before 1946 was caused by Departments always pleading urgent circumstances and the need to be exempted on that ground. While "cause" will cover far more than urgency, its interpretation will be in parliamentary hands.

Your Committee appreciates that in the case of hundreds of subordinate laws made each year there is no need to burden the administrative system with an advance notice and comment procedure. It is not generally appreciated how many "regulations" made each year amend existing "regulations" in quite minor ways. It is not now possible, however, to draft an exemption which will include the minor, the urgent and the trivial but exclude the sensitive, the significant and the potentially contentious. Consequently, your Committee recommends that the exceptions to the general, mandatory notice and comment procedure for all subordinate laws should consist of specific statutory exceptions and exceptions agreed to by the Regulatory Review Committee for good cause shown. The definition of what constitutes good cause will be addressed by your Committee in a further report.

52. Because your Committee's recommendation is for a simple, general procedure applying across the board, it recommends that the Regulatory Council review the operation of the notice and comment procedure at regular intervals to see if more stringent or different procedural requirements are necessary in particular cases of subordinate law making or in respect of particular agencies or Departments of the Government.

53. The Economic Council of Canada in its interim report "Responsible Regulation" was of the view that the enforcement of notice and comment procedures should be an administrative and not a judicial responsibility. It recommended that

"If governments implement the suggested procedural reforms they should take the appropriate precautionary steps to preclude or minimize the possibility of judicial review."

Given the importance your Committee attaches to procedure as the safeguard of liberty, it cannot agree with this recommendation. A subordinate law which is subject to a condition precedent to its making, which is not met, should be a nullity as it is under the present law, be that condition precedent ever so new. The sanction for failure to observe the condition precedent for notice and comment or to show cause to the Regulatory Review Committee should be the invalidity of the subordinate law.

54. There is in Canada a developed habit of making regulations rather than rulings on individual cases. It is possible, however, that faced with notice and comment procedures, and the tighter parliamentary control of subordinate legislation recommended elsewhere in this Report, any Government may incline towards the formulation of policies, not expressed in subordinate laws, and the taking of decisions in individual cases in light of those policies, guidelines and interpretative statements issued to explain them. In view of the fact that the impact of interpretative rulings, guidelines and statements of policy is often virtually indistinguishable from that of subordinate legislation, and in order to ensure public input in their formulation, their making should be attended by the same notice and comment procedure recommended in this Report for subordinate legislation and subject to the same exemptions. The Regulatory Council should keep the area of "quasi-law" under close surveillance.

55. Once subordinate laws are made and have survived their parliamentary scrutiny, they should not be left to continue in force without further parliamentary attention. Your Committee endorses the Economic Council's call for periodic evaluation of existing regulations, and of the consequences flowing from them, according to a regular schedule. While such evaluations will of necessity have generally to be performed by Government Departments and Agencies, your Committee recommends, as does the Economic Council, that they be referred to the appropriate Standing Committees of the Houses for review. Your Committee has noted the uses to which so called sunset laws might be put in connection with subordinate legislation.

D. A NEW SUBORDINATE LEGISLATION ACT

56. Perhaps as fundamental to the control of subordinate law as the prepublication of proposed regulations and the introduction of affirmative resolution procedures or a power to disallow statutory instruments is the pressing necessity for a thorough revision of the Statutory Instruments Act. This matter was discussed in considerable detail in our predecessor's Second Report of the 1976-77 Session. Since there is no established practice in Canada, as there is in the United Kingdom and in the Commonwealth of Australia, that the Government responds in detail to reports of Parliamentary Committees, there is no evidence so far that our predecessor's remonstrations have been taken seriously. This emphasizes the need for the institution of a system under which the responsible Minister will make a report to Parliament, or the Government will publish a White Paper, outlining the action the Government will take with respect to subordinate legislation and law making within three months of the presentation to a House of Parliament of a Committee report on subordinate legislation or law making. Each of the Houses should maintain a register recording the tabling dates of appropriate Committee reports and the date of presentation to the House of any Government statement on it or the date of any White Paper published in response to it.

57. The definition of a statutory instrument is obscure and the interpretation placed upon it by the Department of Justice, so far as it has become known to your Committee, is artificial and produces quite ludicrous results. The distinction between a

statutory instrument and a regulation is also obscure in some respects, notably in the meaning to be given to the phrase "made in the exercise of a legislative power", and is again artificial and productive of ludicrous results. Your Committee once more recommends that there should be but one class of subordinate law, and that, by whatever name it is known, should be defined generally in the terms suggested by the MacGuigan committee in 1969—(17). It should be made clear that your Committee rejects any definitions which make the safeguards of parliamentary control and notice and comment procedures dependent on whether the draftsman of a statute inserts a certain form of words such as "by order" in the enabling powers in a Bill. This is the current and wholly unsatisfactory situation. Your Committee does not know on what principles magic formulae are inserted in or left out of enabling clauses. The Department of Justice has refused to say whether instructions to the parliamentary draftsmen exist and, if so, what they are. If the matter is now left entirely to the discretion of sponsoring Departments, it should not be.

58. Your Committee fails to understand why the sensible and cogent recommendation of the MacGuigan Committee as to the definition of "regulation" was departed from in drafting the Statutory Instruments Act. Your Committee believes that the recommendations of Parliamentary Committees are entitled to the utmost respect from the Government. If any Government wishes to depart from or reject a specific recommendation of a Parliamentary Committee, it should only do so for very good reasons which it should explain in detail. In the absence of any discernible good reason or explanation in this instance, your Committee is at a complete loss to understand what prompted the definitions of "statutory instrument" and "regulation", the distinctions between them and the deliberate attempt to exclude some subordinate legislation from the definition of a statutory instrument by the use of artificial formulae.

59. The MacGuigan Committee made other particular recommendations which have not been implemented and in which your Committee concurs. These are set out once again by way of emphasis.

1. The quaterly consolidated index and table of statutory instruments should include reference to all regulations which have been exempted from publication, according to their title (which should be as descriptive as possible), the Act and the section or sections under which they were made, their date and the date of their registration.
2. All subordinate legislation should be tabled and laid in Parliament immediately on registration. The Votes and Proceedings of the Commons and the Minutes and Proceedings of the Senate should list under "Returns and Reports Deposited with the Clerk" the title of each subordinate law, the Act and the section or sections under which it is made and its date of registration.

Your Committee adds that there could be no objection to a special document being published setting out subordinate legislation laid upon the Table. Whatever method is used the latest date on which notice may be given of a motion to disallow should always be given.

3. All departmental directives and guidelines as to the exercise of discretion under a statute or subordinate law where the public is directly affected by such discretion should be published and also subject to parliamentary scrutiny.
4. Statutes should resort more than they do now to the use of provisions stating that regulations made thereunder or under specified sections thereof do not become effective until published, or some specified period thereafter.

Appendix VI lists the disposition by the Government of the recommendations of our predecessor's Second Report for the 1976-77 Session.

60. While at present all "statutory instruments", except certain excluded categories, stand permanently referred to your Committee pursuant to section 26 of the Statutory Instruments Act, there is no law or mechanism in place which compels those who make statutory instruments to send them to the Committee. Those statutory instruments which are either regulations or are in fact published appear in Part II of the Canada Gazette and by subscribing to the Gazette the Committee sees them. The Committee has no means of identifying or receiving all those other statutory instruments which do not appear in the Gazette. Indeed, there appears to be no mechanism in place whereby the Government itself maintains any central register or record of all statutory instruments.

It is essential that the Government, which has resources, should undertake a survey of the statutes and known subordinate law of Canada to identify all subordinate laws. All subordinate laws, and all policy and interpretative statements and guidelines which have virtually the same impact, should be governed by the procedures recommended in this Report. Other instruments which do not fall into the foregoing categories should stand referred to the Regulatory Review Committee, but should not be subject to notice and comment procedures or to the general power of disallowance. It is imperative that statute provides that all instruments be referred to and be made available to the Committee, for the determination of what is legislative in character and thus subordinate law must be in Parliament's hands, or in those of an independent Review Committee, and not in those of the Department of Justice.

61. The present Statutory Instruments Act will have to be extensively rewritten to reflect the changed definitions, and to provide for the notice and comment procedures. The procedures governing disallowance and affirmation should be taken out of the Interpretation Act and included in a new Act which should be renamed simply "The Subordinate Legislation Act". The Act should provide that all subordinate legislation and other instruments stand permanently referred to a Standing Joint Committee on Regulatory Review, expressly provided for, thus putting the Committee's existence on a permanent footing.

62. The Committee's criteria for scrutiny should also be included in the Act.

63. Any enabling power in the Subordinate Legislation Act which provides for the making of regulations exempting any subordinate law from any provision of the Act should be subject to affirmation by both Houses.

64. The Subordinate Legislation Act should include, apart from the procedural and other requirements recommended in this Report, a provision stating three basic rules or presumptions which are necessary for effective scrutiny and control of subordinate law making. These are the presumption of invalidity of sub-delegation of law making power, the presumption against retroactivity of subordinate laws and the rule that incorporation of an external standard into subordinate law by reference is valid only if it is of a fixed and not a variable standard unless it is of a statute or another subordinate law.

65. The present section 11 of the Statutory Instruments Act should be amended to require that the onus rests on the Crown of proving publication of a subordinate law in the Canada Gazette at the time of the alleged commission of an offence of contravening that law or that adequate steps had been taken at that time to draw the subordinate law to the alleged offender's attention.

E. DRAFTING OF ENABLING POWERS AND OF SUBORDINATE LAWS

66. Certain drafting practices have grown up in Canada which are inimical to the development of the sort of delegated legislation that is consistent with your Committee's present criteria for scrutiny. The success of a scrutiny committee on subordinate legislation will, in the long run, depend upon the abandonment of some of those practices, the modification of others and the development of new principles indicative of self-restraint on the part of both Government and Parliament in the conferring of powers upon the executive.

67. Canada has a deservedly high reputation in the Commonwealth for the clarity of its parliamentary drafting and its advances in the art or skill of drafting. This reputation is largely due to the work of Dr. E.A. Driedger, Q.C., who established the first regular course in draftsmanship in the Commonwealth as a postgraduate programme at the University of Ottawa. Nevertheless, it is apparent to your Committee that clarity of drafting and the relative ease with which a Canadian statute can be read have not been achieved without a price. Far too many statutes contain little or no indication of legislative policy and are neutral documents the object of which is merely to confer powers on the executive to act in certain vaguely defined fields. Moreover, these powers are granted in very broad terms so that little or no detail is given as to the content or type of delegated legislation that can be made. It is too easy to dismiss this type of statute as "skeletal"; the problem is more serious than that. Even a skeletal statute can be fairly specific about the powers it grants and what can be done under them. Too many Canadian statutes are not specific in that way.

68. The problem is aggravated because of certain traditions in the Department of Justice as to the effect of divers phrases in general use in the conferring of power to make delegated legislation. Your Committee is convinced that there is no foundation in law for the consequences claimed for the phrases it has questioned. In particular, the Committee can not agree that a power to make delegated laws "with respect to" or "respecting" a subject matter permits the delegate to make any law touching or connected with that subject matter, directly, indirectly or even remotely that Parliament itself could make, or that standing alone it permits the delegate to sub-delegate his rule-making power to someone else, either completely or in part, or to grant dispensations from the laws he does make in favour of individuals. There can be no substitute for the enumeration of the actual subordinate law-making powers to be granted.

69. Your Committee is concerned by the lack of specificity in the enabling powers commonly granted in statutes. If it is desired to enable a delegate to sub-delegate, an Act should say so. If it is considered that dispensations from subordinate laws in favour of individuals will be needed, the enabling statute should provide for them. If it is thought that a certain activity will have to be prohibited in whole or in part, the enabling powers should be drawn so as to confer that power. If a permit system is to be introduced, the enabling Act should provide for it and for the setting by subordinate legislation and not by the issuing officers of any terms and conditions which may attach to a permit. If a Department wishes to have regulations touching a matter peripheral to the subject matter of the enabling power, Parliament should be asked to provide it. If it is desired to charge a fee, Parliament should give the necessary authority. These are principles habitually observed in drafting in the United Kingdom and in the Commonwealth of Australia and the Committee considers that they should be adopted here forthwith. It is far too great a temptation to Departments and to Ministers to grant general enabling powers and to rely on their exercise being confined to the "four corners of the Act". They are certain, and the Committee speaks in the light of its predecessors' experience, to be used, and probably abused, in the pursuit of administrative convenience, to make subordinate laws never imagined by parliamentarians at the time of passage of Bills. Your Committee is convinced that the so-called principles used by the Department of Justice to justify the inordinate breadth with which powers are invested after passage are simply rationalizations for practices of great convenience to administrators but subversive of parliamentary supremacy over the law. The true practice and principle is simply this: the intentions of Parliament in delegating powers and the scope of the delegation should be beyond all doubt and clearly limited.

70. Insufficient attention is paid to enabling clauses in Bills before Parliament. They should be the subject of searching scrutiny during the Committee stage. The Regulatory Review Committee is well placed to undertake such scrutiny as it sees week by week the consequences of the powers so readily

granted by Parliament in the past. Your Committee, therefore, further recommends that the Regulatory Review Committee be charged with the duty and responsibility of examining and reporting upon all powers in Bills to make subordinate law or to issue, make or establish other instruments. Its reports should be made to the appropriate Standing Committees of the Houses having the committee stages of the Bills.

71. The enabling powers in some existing statutes cause your Committee grave disquiet—especially when it sees the uses to which they are habitually put. In particular, your Committee considers that it is necessary to draw to the Houses' attention section 34 of the Fisheries Act which is ripe for root and branch reform. The Department of Fisheries and Oceans persists in promoting regulations your Committee considers go beyond the brief provisions of section 34 and which sub-delegate law making power from the Governor in Council to officials. Far more regulations are made under this section than under any other ten enabling powers in the Statutes of Canada. The need for some sort of sub-delegated rule making in the regulation of the fisheries is evident and Parliament should be asked to consider and dispose of a Bill to that end. Your Committee recommends that a reference be given to the Standing Committee on Fisheries to engage at once in a detailed study of all aspects of the Fisheries Act and the policies pursued under it and that your Committee be empowered to report on all subordinate law making powers contained in the present Act. Your Committee also recommends that a new Subordinate Legislation Act authorize the Standing Joint Committee on Regulatory Reform to report to the Houses on the enabling powers it encounters in its scrutiny of subordinate legislation.

72. It is not only in the conferring of subordinate powers in Bills that your Committee considers that drafting habits should change. There are serious flaws in the traditional methods and formulae used in drafting the subordinate laws themselves. Your Committee's predecessors expended a great deal of effort taking up aspects of the drafting of subordinate laws which, taken individually, might appear picayune, but which, in the aggregate, constitute abuses of administrative power and the establishment of discretionary powers of such a scope as to amount almost to institutionalized lawlessness.

An understanding of the invalidity and illegitimacy of unauthorised sub-delegation of rule making power is taking a long time to seep through the many layers of officials, legal and non-legal, involved in the making of subordinate laws. An appreciation of the degree to which current subordinate legislation grants unreviewable discretionary powers to act is also long in coming. Your Committee is forced to be particularly concerned about such discretionary powers because of the absence of any general system of administrative review in Canada and the unavailability of judicial review of most administrative action. Your Committee commends to the earnest study of the Houses, the Press and the Government the Administrative Review Tribunal established of recent years in the Commonwealth of Australia.

73. Your Committee specifically condemns certain practices and devices commonly employed in the drafting of subordinate laws:

(i) the use of subjective instead of objective tests in granting power to determine whether a regulation applies to a particular set of circumstances; The bare opinion of an official should not be a criterion for action. The only purpose of the use of phrases such as "in the opinion of" or "where the Minister is satisfied" is to impede judicial review. Under an objectively worded test administrators will still have to bring their professional skill and judgment to bear to determine whether the test is satisfied;

(ii) the practice of using a rule-making power, not to make rules of general application but to grant discretionary administrative power to deal with individual cases *ad hoc*;

(iii) the granting of discretionary powers unfettered by any criteria or conditions governing their exercise;

(iv) the prohibition of an activity coupled with a discretion unregulated by any expressed standards or criteria to permit that same activity in individual cases; To illustrate that with careful drafting a regulated discretion to permit is possible, your Committee refers the Houses to section 95.1 of the Animal Contagious Diseases Regulations as made by SOR/79-295;

(v) the refusal to lay a duty to act in a certain way on a Minister or an official and the conferring of a discretion to act instead;

(vi) the failure to set objective criteria and to require the observance of the minimum standards of natural justice when a decision to act adversely to a subject is taken, for example, when a licence or permission is suspended or cancelled. Whatever the subject's rights to litigate may be, reasons should be given for the decision and an opportunity to show those reasons to be false or inapplicable should be accorded;

(vii) the cancellation of a licence for alleged breach of a regulation despite an acquittal on a charge of breaching that regulation or the failure to bring any charge; The Committee commends to the attention of all draftsmen of subordinate law section 8 of the National Parks Fishing Regulations as made by SOR/80-51;

(viii) the failure to specify when a permission or licence will be suspended, as opposed to being cancelled;

(ix) the failure to be reasonably specific in stating the information which persons subject to regulations must provide to officials;

(x) the failure to require inspectors to show their authority and identification;

(xi) the conferring of powers, especially of search and seizure, on officials in the same terms as are contained in statutes, usually very old, passed by Parliament;

(xii) the failure to specify precisely the powers officials are to have over the subject;

(xiii) the failure to disclose that a statutory instrument is being used to make rules to give effect to the substance or the general tenor of an international agreement;

(xiv) the imposition of fees or charges by reference to imprecise criteria, e.g. "by arrangement" or by reference to variable rates in the private or public sector;

(xv) the imposition of fees or charges without express authority in the enabling Act;

(xvi) the use of section 13(b) of the Financial Administration Act to set fees or charges where those fees or charges are already set by statute; your Committee recommends that the wording of section 13(b) should be amended to make clear its true intent that where the Governor in Council is empowered by statute to set a fee or charge he may sub-delegate that power to a Minister.

(xvii) enjoining obedience to "rules" contained in documents which are neither regulations nor statutory instruments;

(xviii) the making of substantive rules under ancillary and procedural enabling powers following or preceding an enumeration of specific enabling powers;

(xix) the exploitation of enabling powers to their fullest extent as conceived by the Department of Justice in accordance with its received traditions. This absence of self-restraint leads to a failure to revise enabling powers to accord with modern conditions.

74. Your Committee will give more extensive treatment to drafting matters in its next General Report which it trusts will assist the Attorney General to issue circular instructions to all draftsmen of subordinate legislation to be policed by the Legal Advisers to the Privy Council. It wishes now to draw the Houses' attention to a paragraph from a recent report of the United Kingdom Joint Committee on Statutory Instruments—(18) which your Committee endorses without qualification.

"The Committee fully appreciates that the justification for the granting of delegated legislative powers is to remove subsidiary or procedural details from the Statute Book and to afford to the Executive flexibility and the ability to alter detailed provisions to fit changing circumstances, without the need to enact a new Statute. The corollary of this, however, must be that the delegated legislation itself should be detailed, specific and self-explanatory and should not depend on the exercise of ministerial or departmental discretion unless provision to that effect is expressly contained in the enabling Statute. Circulars explaining or amplifying the contents of either primary or delegated legislation can be very useful to the general public and to the administrators. But the Committee hopes that Parliament will condemn subordinate legislation by Departmental Circular when Parliament itself passed a parent Act which requires such legislation to be by statutory instrument."

F. THE COMMITTEE'S OWN PROCEDURES

75. In its formative years the Standing Joint Committee on Regulations and other Statutory Instruments was necessarily relatively circumspect in its dealing with the Departments and Agencies of the Government. Embarked on an entirely new venture in the Canadian Parliament, it had to feel its way. Great difficulties were encountered in establishing a proper machinery for handling the Committee's criticisms of statutory instruments. Even more difficulty was experienced in securing prompt amendment of objectionable instruments or the presentation of a report to the Houses. Many Departments tended to adopt a dilatory or delaying stance because the Committee itself was less than ruthless in exacting unequivocal commitments and remedial action. This problem was undoubtedly exacerbated over the past three years by the long periods in which there was no Parliament or an imminent dissolution was expected. These difficulties should now be left behind. Your Committee will follow a tight operating schedule for the consideration of instruments: departmental explanations of them, the receiving of undertakings to amend or revoke statutory instruments and the reporting of instruments to the Houses. This tightening up is desirable in itself and will be necessary if the Committee is to have time to handle the extra business the recommendations in this Report will generate.

76. The Committee will in future report more instruments to the Houses, not merely as a last resort but also to illustrate or draw attention to undesirable or praiseworthy provisions. It will in future draw to their attention instances where Ministers, Departments or Agencies of the Government of Canada have failed to honour within a reasonable time their undertakings to amend or to revoke statutory instruments or to take other action to remedy some defect in an enabling power. Your Committee will also draw the Houses' attention to particular, objectionable or inadequate enabling powers which it encounters in existing legislation. This action is, of course, an essential complement to that recommended in paragraph 70 above. Your Committee will, if disallowance and affirmation procedures are put in place, be reporting more frequently in connection with those procedures.

77. Your Committee will be less tolerant than its predecessors of promises by Departments and Agencies to do or to refrain from doing something in future. Such promises leave the objectionable or defective subordinate law in force, unless it is or is soon to become spent. They are also exceedingly difficult to keep track of. Even if the Committee had staff for such a purpose, it would be an unjustified waste of manpower. It appears, too, that Departments and Agencies who have given such promises in the past have had difficulty in remembering them and seeing that they are honoured.

78. In future, where the Committee has a criticism of a statutory instrument and is not satisfied with the explanation or the promise of remedial action promised by the Designated Instruments Officer of the Department or Agency concerned, the Committee will forthwith communicate its objection direct to the Minister and request appropriate remedial action. The Minister will be given an opportunity to communicate or to appear before the Committee before a report is made to the Houses. If the Minister fails to respond within a short space or if the Committee is not satisfied with the Minister's explana-

tions or proposed action, the matter will be reported forthwith to the Houses, with a recommendation for disallowance or refusal of affirmation if the procedures recommended in this Report are in place.

79. In its scrutiny of subordinate legislation your Committee has on many occasions to consider the question of legality, that is whether a law is *ultra* or *intra vires* the enabling powers granted by Parliament. Very often in the past Committees have been told that there is an opinion of the Department of Justice that a statutory instrument is *intra vires*. Sometimes it is said that there is an opinion of the law officers of the Crown to this effect. Your Committee notes that there is only one law officer of the Crown in Canada, the Attorney General, and he is *ex officio*. Nevertheless, the Committee's precedessors were careful not to ask for a copy of the actual legal opinion furnished by one of the solicitors in the employ of the Department of Justice. However, the Committee can not see why, in principle, copies of such opinions should not be made available when they have been expressly relied upon by a Minister or a senior official. Certainly when an opinion on some aspect of a subordinate law is given by the only law officer of the Crown at the national level, the Attorney General, or by his deputy, and is referred to as the justification for government action, the Committee considers that it should be made available to it, as recommended in your Committee's predecessors' Report of the 1977 Session on Freedom of Information:

> "Documents the disclosure of which would reveal . . . (b) legal opinions or advice provided for the use of the Government unless a Minister or other senior Government official refers to a legal opinion in support of a Government action in which case the legal opinion would not be protected."

In the Commonwealth of Australia the Senate Committee on Regulations and Ordinances is supplied with the opinions of the Law Officers given in connection with the validity or consequences of subordinate legislation.

The Committee wishes to reaffirm that a mere statement that a particular course of action or omission is *intra vires* or is supported by an opinion of a solicitor of the Department of Justice, or of the Attorney General himself, is an affront to the Houses. At the very least, reasoned argument should always be given both to the Committee and to the Houses. Your Committee sees no reason why legal opinions expressly relied upon should not be made available, especially when the Committee's legal advice is a matter of public record and is communicated in detail to Departments and Agencies of the Government of Canada.

80. Statutory Instruments published in Part II of the Canada Gazette or purchased individually from the Privy Council Office are now accompanied by Explanatory Notes. Each note sets out in simple language the purport of the instrument, often in synoptic form. This is a great step forward and was accomplished after several years prodding by the Committee in the 30th Parliament. When that Committee first began operations, it sought to have supplied to it for each statutory instrument an Explanatory Memorandum which would set out the rationale of the instrument and explain its provisions. Such a memorandum is routinely provided to the Statutory Instruments Committee at Westminster. At Canberra the Regulations and Ordinances Committee is supplied with what is in fact a copy of the memoramdum to the Governor General with only the heading and address removed. A request for either a separate memorandum on each instrument or a "copy" of the explanation accompanying the submission to the Governor in Council was rejected. The latter document was said to be secret. Your Committee readily acknowledges that it cannot expect to be supplied with documents prepared expressly for or in connection with the deliberations of the Cabinet or of a Cabinet Committee except those documents composed of mainly factual or statistical material.

Recently, examples of the explanations accompanying some submissions to Council or to Ministers for statutory instruments have come to light in a new, and very well produced, "Information Manual for the Processing of Orders-in-Council and Other Statutory Instruments" put out by the Department of National Revenue (Customs and Excise). Some of the statutory instruments involved have been scrutinized by your Committee's predecessors. The substance of these explanations, had it been routinely available to those Committees, would have obviated the need in each case for at least one exchange of correspondence which must have absorbed as much labour and effort at the Customs' as it did at the Committee's end. Very often requests have to be made in writing for an explanation of an instrument and some provision in it. If explanatory memoranda can be supplied at both Westminster and Canberra, your Committee should receive them also. Given the time limits that will attend the recommended disallowance and affirmation procedures, the Committee must be in a position to consider a subordinate law, or a draft of one, as soon as it is received. An accompanying explanatory memorandum setting out in detail the purport, antecedents, and authority for the law will be essential. In particular, the Committee will need to be informed in detail where

(a) new powers are being exercised;

(b) substantial changes are being made in the existing legislation;

(c) the powers exercised are linked with some other legislation, convention or treaty which is not referred to in the new subordinate law or its accompanying explanatory note, especially when that legislative connection or treaty is recent;

(d) the enabling powers are difficult to follow and an annotation or explanation of them would aid comprehension; or

(e) a subordinate law is to be amended which itself has been subject to previous amendment so that it is difficult to follow what is proposed.

81. Your Committee's efforts to scrutinize subordinate legislation will be of no effect whatever if the Government does not commit itself to respecting the Committee's criteria for scrutiny. Those criteria cover the question of the legality of subordi-

nate law—the issue of *ultra vires*—and fourteen instances of impropriety not necessarily involving illegality. In the reaction of government spokesmen to the reports your Committee's predecessors made to the Houses and in correspondence with those Committees, it is apparent that there is a marked tendency to ignore those other fourteen criteria and to dwell on *vires*. If the Committee reports that a subordinate law is *ultra vires*, it is said that it is not a court and that the Government's legal opinion is that the subordinate law is valid. If the Committee reports that a subordinate law infringes one or more of the other fourteen criteria, it is said that since it is not alleged that the law is *ultra vires* it is proper that it stand. Your Committee's effectiveness will be severely hampered if its criteria relating to impropriety continue to be so ignored.

G. HARD WORK FOR ALL

82. Your Committee is well aware that the recommendations contained in this Report will throw a considerable burden on its own members. They will also cause not only a deal of hard work in Departments and Agencies of the Government, but also the abandonment of many long followed practices and deeply ingrained attitudes. Neither Parliament nor the Executive will serve the people by evading urgent and important reform or by slipping aside from difficulty. "Difficulty", Burke said, "is a severe instructor", but, as your Committee thinks, an indispensable one. "This amicable conflict with difficulty obliges us to an intimate acquaintance with our object and compels us to consider it in all its relations. It will not suffice us to be superficial. It is the want of nerves for understanding for such a task; it is the degenerate fondness for taking short-cuts, and little fallacious facilities, that has in so many parts of the world created governments with arbitrary powers . . . ".

SUMMARY OF RECOMMENDATIONS

A NEW "SUBORDINATE LEGISLATION ACT"

1. That a new Act, entitled "The Subordinate Legislation Act", replace the present Statutory Instruments Act and the relevant sections of the Interpretation Act.—paragraph 61.

2. That the new Subordinate Legislation Act contain the definition of subordinate legislation as generally recommended by the MacGuigan Committee in 1969.—paragraphs 57, 61.

3. That the new Act expressly provide for the Standing Joint Committee on Regulatory Review thus putting the Committee's existence on a permanent footing.—paragraph 61.

4. That the Act should provide that all subordinate legislation and other instruments stand permanently referred to the Standing Joint Committee on Regulatory Review.—paragraph 61.

5. That the Committee's criteria for scrutiny be included in the new Act.—paragraph 62.

6. That the Subordinate Legislation Act include three basic rules or presumptions:

a) the invalidity of sub-delegation of law making power;

b) the presumption against retroactivity of subordinate laws, and

c) the rule that the incorporation of an external standard into subordinate law by reference is only valid if it is of a fixed and not a variable standard.—paragraph 64.

7. That the present section 11 of the Statutory Instruments Act be amended to require that the onus rests on the Crown of proving publication of a subordinate law in the Canada Gazette at the time of an alleged commission of an offence of contravening that law.—paragraph 65.

8. That the procedures governing disallowance and affirmation, ordered according to the following recommendations, should be included in the new "Subordinate Legislation Act".—paragraph 61.

9. That the new Act provide for the notice and comment procedures recommended by the Committee.—paragraph 61.

10. That all subordinate laws, guidelines and interpretative rulings and policy statements should stand referred to Committee.—paragraph 60.

11. That the Government should undertake a survey of the statutes and known subordinate laws of Canada to identify all subordinate laws.—paragraph 59.

ENABLING CLAUSES

12. That the deficiencies your Committee and its predecessors have pointed out in existing statutes be corrected by amending Bills introduced in the Senate upon the recommendation of the Regulatory Review Committee and made the subject of all-party agreement.—paragraph 8.

13. That the Regulatory Review Committee be charged with the duty and responsibility of examining and reporting upon all powers in Bills to make subordinate law or to issue, make or establish other instruments.—paragraph 70.

14. That enabling clauses in Bills be more specifically drafted as is suggested in paragraph 69.

15. That, when enabling powers are being sought, the proposed subordinate laws to be made under them be tabled and studied by the appropriate Standing Committees at the same time they are studying the Bills.—paragraph 17.

16. That there be instituted a system under which the responsible Minister will make a report to Parliament, or the Government will publish a White Paper, outlining the action the Government will take on any report of a Parliamentary Committee with respect to subordinate legislation and law making within three months of the report's presentation to a House of Parliament. Each of the Houses should maintain a register recording the tabling dates of appropriate Committee reports and the date of presentation to the House of any Government statement on it or the date of any White Paper published in response to it.—paragraph 56.

17. That all subordinate legislation should be tabled and laid before Parliament immediately on registration. The Votes and Proceedings of the Commons and the Minutes and

Proceedings of the Senate should list under "Returns and Reports Deposited with the Clerk" the title of each subordinate law, the Act and the section or sections under which it is made, its date of registration and the last date on which disallowance may be moved.—paragraph 59.

18. That the Rules and Standing Orders of the Houses should be amended to allow scrutiny and review by Standing Committees of subordinate legislation, either on policy or on merits, on their own initiative or on reference from the Standing Joint Committee on Regulatory Review.—paragraph 16.

19. That the Standing Joint Committee on Regulatory Review have jurisdiction to scrutinize draft instruments as to legality and propriety, to report to the Houses upon them and to make representations to the sponsoring Departments and Agencies.—paragraph 26.

DISALLOWANCE AND AFFIRMATION PROCEDURES

20. That disallowance of subordinate legislation that has been made and the affirmation of draft subordinate laws (commonly called negative and affirmative vote procedures) be established as regular and invariable parts of the Canadian system of subordinate law.—paragraph 15.

21. That all subordinate legislation not subject to a statutory affirmative procedure be subject to being disallowed on resolution of either House and that the Executive be barred from re-making any statutory instrument so disallowed for a period of six months from its disallowance.—paragraph 24.

22. That if any resolution for disallowance of a statutory instrument is moved, and is not withdrawn, the statutory instrument shall be deemed to have been disallowed if a debate on the resolution does not take place and culminate in a vote within a fixed number of sitting days.—paragraph 24.

23. That the affirmation procedure should be used where the exercise of the enabling powers may:

a) substantially affect the provisions of the enabling or any other statute;

b) impose or increase taxation, fees or charges;

c) lay down a policy not clearly identifiable in the enabling Act or make a new departure in policy; or

d) involve considerations of special importance.—paragraph 26.

24. That a commitment be made by the Government to use the affirmation procedure where practicable and to follow a 21 day rule wherever possible, even in cases where the notice and comment provisions are not applied.—paragraph 26.

25. That the procedure for affirmative resolutions in either House be that contained in section 28.1 of the Interpretation Act.—paragraph 27.

26. That the Rules and Standing Orders of the Houses be amended to facilitate the affirmation procedure.—paragraph 26.

27. That the Interpretation Act provide that: no debate be held on a motion to affirm an instrument until the Regulatory Review Committee has been given an opportunity to report on it within a specified time and until the appropriate Standing Committee has reported on its merits or that it does not wish to do so or the specified time has expired.—paragraph 27.

28. That the affirmative procedure under section 18 of the Government Organization Act, R.S.C. 1970 2nd Supplement, C. 14, and section 4(2) of the Unemployment Insurance Act, 1971, S.C. 1970-71-72, C. 48, should be adopted for general use in Canada, as the orders tabled and laid before Parliament under them have no effect until affirmed.—paragraph 28.

29. That draft subordinate laws which are subject to affirmation should stand referred to the Regulatory Review Committee for scrutiny and report before the debate and vote on a motion to affirm takes place.—paragraph 28.

30. That, as the disallowance procedure in section 28.1 of the Interpretation Act is inadequate, and that the six following principles should be followed:

1. Subordinate laws are void and of no effect if not presented in each House within fifteen sitting days of their making.

2. Notice of motion for disallowance in either House must be moved within fifteen sitting days of the tabling or laying of a subordinate law in that House.

3. A notice of motion for disallowance of a subordinate law must be resolved within twenty sitting days, otherwise that law is deemed to be disallowed.

4. The debate on a motion for disallowance of a subordinate law must not be commenced until the expiry of the time limit for receipt of a report from the Regulatory Review Committee as to that law's legality and propriety and from the appropriate Standing Committee on its merits.

5. If a notice of motion for disallowance is unresolved in the Senate or in the House of Commons at the end of a Session or on dissolution of the House of Commons, the subordinate legislation which is the subject of the motion is deemed to be presented to the House concerned at the beginning of the next Session.

6. Subordinate legislation the same in substance as that disallowed may not be made within six months after disallowance or deemed disallowance without the consent of the House in which disallowance occurred.—paragraph 29.

31. That a minimum number of five signatures be required for a motion for disallowance in either House.—paragraph 29.

32. That any enabling power in the Subordinate Legislation Act which provides for the making of regulations exempting any subordinate law from any provision of the Act be made subject to affirmation by both Houses.—paragraph 63.

33. That section 28.1(2) of the Interpretation Act be carried forward so that where a subordinate law has been disallowed or is deemed to have been disallowed any law that was revoked or amended by the making of that law shall be deemed to have been revived at the date of disallowance.—paragraph 30.

NOTICE AND COMMENT PROCEDURES

34. That a mandatory notice and comment procedure covering all new subordinate legislation be introduced in Canada.—paragraph 41.

35. That the Committee supports the Economic Council of Canada in its recommendation that a sixty day notice and comment procedure for all new regulations which have a significant implication in terms of cost or impact on the distribution of income and are susceptible to cost benefit analyses. The Committee, however, would extend the use of notice and comment procedures to all new regulations.—paragraphs 38, 46.

36. That a notice to be published of a proposed subordinate law should be accompanied by a clear statement of the reasons for the proposed regulation, the policy to be furthered by it, and the socio-economic impact analysis where that has been developed pursuant to the existing Health, Safety and Fairness policy of the Treasury Board on the recommendation of the Economic Council of Canada.—paragraph 46.

37. That the socio-economic impact analysis be extended to as many new regulations as is possible.—paragraph 46.

38. That all opinions of advisory bodies and councils be tabled in Parliament with new subordinate laws or draft ones under a Canadian 21 day rule to assist any member who wishes to debate the merits of the law.—paragraph 46.

39. That the notice of a proposed subordinate law be published in the Canada Gazette.—paragraph 47.

40. That both the document which forms the factual basis of the decision to make a new subordinate law and the comments submitted on it should be open to public scrutiny and that any Freedom of Information legislation which is introduced so provide.—paragraph 48.

41. That the notice indicate the policy to be effected and the object to be achieved and invite representations as to both the policy and the means to be employed.—paragraph 49.

42. That, wherever possible, notice of proposed regulation making should be given before a draft regulation is prepared and published.—paragraph 49.

43. That, if a draft subordinate law is significantly altered as a result of submissions received, it should be readvertised with a further 30 day time limit for comments.—paragraph 48.

44. That a regulatory budget, giving a clear notice of all planned non-emergency subordinate laws be prepared, updated and brought forth every quarter.—paragraph 50.

45. That any subordinate legislation exempted from the notice and comment procedures be subject to the following conditions:

a) as soon as a draft is prepared for the Legal Advisors to the Privy Council, it is sent to the Standing Joint Committee on Regulatory Review;

b) cause is shown to the Committee why the regulation is required urgently or need not wait upon the sixty day notice period. While the Committee is sitting cause would have to be shown immediately. If a regulation is made when there is no Committee, cause would have to be shown as soon as the Committee was reconstituted;

c) in any case where the Committee considers cause has not been shown, it shall report the fact to the Houses forthwith and recommend disallowance where the regulation has already been made and refusal of affirmation where the regulation is subject to either of those procedures.—paragraph 51.

46. That the sanction for failure to show cause or to observe the conditions precedent for notice and comment to the Regulatory Review Committee be the invalidity of the subordinate law.—paragraph 53.

47. That interpretative rulings, Departmental guidelines and statements of policy to be applied to individual cases be subject to public input in their formation and be subject to the notice and comment procedure recommended for subordinate legislation.—paragraphs 54, 59.

48. That the quarterly consolidated index and table of statutory instruments should include reference to regulations which have been exempted from publication, according to their title (which should be as descriptive as possible), the Act and the section or sections under which they were made, their date and the date of their registration.—paragraph 59.

49. That statutes make use of a provision stating that regulations made thereunder or under specified sections thereof do not become effective until published or some specified time thereafter.—paragraph 59.

EXPLANATORY MEMORANDUM

50. That an explanatory memorandum be supplied to the Standing Joint Committee on Regulatory Review with each new subordinate law, whether in draft or in final form.—paragraph 80.

51. That such an explanatory memorandum contain explanations in detail of:

a) new powers which are being exercised;

b) substantial changes which are being made in the existing legislation;

c) the powers exercised which are linked with some other legislation, convention or treaty which is not referred to in the new subordinate law or its accompanying explanatory note, especially when that legislative connection or treaty is recent;

d) the enabling powers which are difficult to follow and for which an annotation or explanation of them would aid comprehension; and

e) a subordinate law which is to be amended and which itself has been subject to previous amendment so that it is difficult to follow what is proposed.—paragraph 80.

REGULATORY COUNCIL

52. That a Regulatory Council should be established with members from the regulatory agencies, government departments, public interest groups and industry.—paragraph 35.

53. That the Regulatory Council should maintain a continuous review of the regulatory process, including the making and scrutiny of subordinate law and of means of eliminating unnecessary regulatory effort.—paragraph 35.

54. That the Regulatory Council should make any reports they deem necessary suggesting alterations in procedures and alternative methods of giving publicity to proposed subordinate law making.—paragraph 35.

55. That the Regulatory Council review the operation of the notice and comment procedure at regular intervals to see if more stringent or different procedural requirements are necessary in particular cases of subordinate law-making or in respect of particular agencies or departments of Government.—paragraph 52.

56. That the Regulatory Council be given a mandate to study the whole question of "quasi-law" of interpretative and policy statements, guidelines and manuals, applied by administrators.—paragraph 35.

57. That all departmental directives and guidelines as to the exercise of discretion under a statute or subordinate law where the public is affected by such discretion be published and subject to parliamentary scrutiny.—paragraph 59.

VOTES IN APPROPRIATION ACTS

58. That the making of extensive subordinate laws under Votes in Appropriation Acts should stop and that all existing subordinate laws made under Votes be subject to review as to merits by the appropriate Standing Committees.—paragraph 12.

LEGAL OPINIONS OF THE DEPARTMENT OF JUSTICE

59. That the legal opinions given by a solicitor of the Department of Justice or of the Attorney-General himself, when expressly relied upon for a particular course of action or omission in subordinate law making, be made available to the Committee and to the public.—paragraph 79.

DRAFTING PRINCIPLES

60. That the principles and techniques for the drafting of subordinate legislation detailed in paragraphs 68 to 73, be scrupulously followed.

REGULATIONS UNDER THE FISHERIES ACT

61. That the Fisheries Act be amended to permit sub-delegated law-making by the Minister and by designated officials.—paragraph 34.

62. That such sub-delegated laws be exempt from all notice and comment procedures and from the pre-scrutiny requirements of examination by the Legal Advisors to the Privy Council Office.—paragraph 34.

63. That these laws come into force on their being made known locally where they are to apply.—paragraph 34.

64. That these laws remain subject to *ex post facto* scrutiny by the Regulatory Review Committee, to which they should be required to be sent.—paragraph 34.

65. That a reference be given to the Standing Committee on Fisheries and Forestry to engage in a detailed study of all aspects of the Fisheries Act and the policies pursued under it, and that the Standing Joint Committee on Regulatory Review be empowered to report on all subordinate law making powers contained in the present Act.—paragraph 71.

SUNSET PROCEDURES

66. That, after a subordinate law has been in force for a reasonable time, its effectiveness should be evaluated. While such evaluations will of necessity have to be generally performed by Government Departments and Agencies, your Committee recommends, as does the Economic Council of Canada, that they be referred to the appropriate Standing Committees of the Houses for review.—paragraphs 14, 55.

FOOTNOTES

—1 "26. Every statutory instrument issued, made or established after the coming into force of this Act, other than an instrument the inspection of which and the obtaining of copies of which are precluded by any regulations made pursuant to paragraph (d) of section 27, shall stand permanently referred to any Committee of the House of Commons, of the Senate or of both Houses of Parliament that may be established for the purpose of reviewing and scrutinizing statutory instruments." S.C. 1970-71-72, c. 38.

—2 Third Report of the Special Committee of the House of Commons on Statutory Instruments, 1968-69 Session.

—3 These traditions and opinions are referred to in section E of this Report.

—4 Laid in draft and no effect until affirmed (2); Ceases to have effect after fixed period unless affirmed (4); Disallowance by both Houses (11); Disallowance by either House (2); Disallowance by House of Commons alone (2).

—5 This will necessarily include almost every statutory instrument made under existing statutes.

—6 S.C. 1975, C. 75, section 46.

—7 R.S.C. 2nd Supplement, C. 29, section 1(3).

—8 "Responsible Regulation", November 1979, Interim Report of the Economic Council of Canada under its Regulation Reference.

—9 The definitions of "health, safety and fairness" and the listed Statutes will be found in Appendix IV along with a

summary of the Treasury Board procedures, prepared by G. Walter Miller of the Library of Parliament.

—10 Aerosol Sprays, March 1979 and Use of Arsenic in Gold Roasting, October 1979.

—11 H. Janisch: Policy Making in Regulations 1979, 17 OHLJ, 46 at 95, quoted D.J. Mullan "Rule-Making Hearings: A General Statute for Ontario" Research Publication No. 9, Ontario Commission on Freedom of Information and Individual Privacy, page 114.

—12 No. 553. *Rule* (a) This section applies, according to the provisions thereof, except to the extent that there is involved; (1) a military or foreign affairs function of the United States; or (2) a matter relating to agency management or personnel or to public property, loans, grants, benefits, or contracts. (b) General notice of proposed rule making shall be published in the Federal Register, unless persons subject thereto are named and either personally served or otherwise have actual notice thereof in accordance with law. The notice shall include; (1) a statement of the time, place, and nature of public rule making proceedings; (2) reference to the legal authority under which the rule is proposed; and (3) either the terms of substance of the proposed rule or a description of the subjects and issues involved. Except when notice or hearing is required by statute, this subsection does not apply; (A) to interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice; or (B) when the agency for good cause finds (and incorporates the finding and a brief statement of reasons therefor in the rules issued) that notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest. (c) After notice required by this section, the agency shall give interested persons an opportunity to participate in the rule making through submission of written data, views, or arguments with or without opportunity for oral presentation. After consideration of the relevant matter presented, the agency shall incorporate in the rules adopted a concise general statement of their basis and purpose. When rules are required by statute to be made on the record after opportunity for an agency hearing, sections 556 and 557 of this title apply instead of this subsection. (d) The required publication or service of a substantive rule shall be made not less than 30 days before its effective date, except; (1) a substantive rule which grants or recognizes an exemption or relieves a restriction; (2) interpretative rules and statements of policy; or (3) as otherwise provided by the agency for good cause found and published with the rule. (e) Each agency shall give an interested person the right to petition for the issuance, amendment, or repeal of a rule. (Pub. L. 89-554, Sept. 6, 1966, 80 Stat. 383).

The Committee is indebted to Professor D.J. Mullan for his commentary on the MacGuigan and McRuer objections to notice and comment procedures and for his analysis of the Administrative Procedures Act provisions and of the exceptions contained in section 553. See Commission on Freedom of Information and Individual Privacy: "Rule-making Hearings: A General Statute for Ontario" Research Publication No. 9.

—13 *A Report of the Commission on Federal Paperwork: Rule-making* (Washington: U.S. Government Printing Office, 1977) p. 48 quoted Mullan, op cit, p. 156.

—14 Mullan, op cit, p. 141.

—15 A summary of those procedures prepared by G. Walter Miller of the Library of Parliament, Research Branch, is attached as Appendix V. A more detailed study will be found in Mullan, op. cit. Chapter V.

—16 *Ibid*, p. 43-44.

—17 Third Report of the Special Committee of the House of Commons of Canada on Statutory Instruments, Session 1968-69.

—18 First Special Report from the Joint Committee on Statutory Instruments, Session 1977-78, H.L. 51; H.C. 169; para. 12.

APPENDIX I

SUBORDINATE LAW, ORDERS IN COUNCIL, "MINISTERIAL ORDERS", REGULATIONS, STATUTORY INSTRUMENTS AND OFFICIAL DOCUMENTS

1. There is no magic in nomenclature. It is generally the nature of a document which is important, not its name. (Unfortunately, there are exceptions to this proposition within the definitions of "regulation" and of "statutory instrument" in the Statutory Instruments Act.)

2. Virtually all acts of the Crown, of its servants and agents, which have legal effect are carried out by or evidenced in writing. The resulting documents bear many names and there is little consistency in the names of documents (regulation, order, by-law, warrant, etc.) in which acts or powers are executed, exercised or evidenced. The form of some documents and of appointments to some offices, the sealing requirements and the signatures required are set out in the Formal Documents Regulations made under the Seals Act.

3. The formal decision of the Governor in Council to issue a document or to make an appointment is in almost all cases embodied in an Order in Council. Similarly, the decision to issue a Proclamation is embodied in an Order in Council.

4. An Order in Council is an Order of the Sovereign, or of Her representative for the time being whether Governor-General or Administrator, made after receiving the advice (not necessarily the consent although that is now, politically, always essential) of the Privy Council. For the giving of advice no particular quorum of Council is now required by law. By tradition dating from 1627 a minimum of three Councillors, in addition to the Sovereign, is required. This replaced an earlier requirement of Henry VIII that a minimum of two Councillors attend upon the Sovereign. In Canada a quorum of four seems customarily to have sat. Queen Victoria's Instructions to the first Governor General, Viscount Monck, provided for a quorum of four Councillors and this requirement has been

followed as a tradition ever since. In contrast with the practice in the other countries of the Monarchical Commonwealth, the Governor General does not preside at meetings of the Council and has not done so for many decades. Dr. Forsey advises that the last occasion occurred during the Great War, H.R.H. the Duke of Connaught presiding.

5. The Order in Council is the universal workhorse of Canadian administration. This is particularly so since so many statutes provide that the subordinate laws made under them and the administrative acts and appointments required by them shall be done and made by the "Governor in Council". The consequence of this is that, since the Governor in Council acts by Order in Council, subordinate laws, appointments and administrative acts are all embodied in or authorized by Orders in Council, although the documents that result may be termed regulations, orders, warrants, rules or anything else Parliament called them in the enabling statutes. The form of making them all is an Order in Council.

6. In many cases Parliament provides that some delegate may make laws or do some act "with the approval of the Governor in Council". The approval, when it is forthcoming, is signified in an Order in Council.

7. Consequently, of all the Orders in Council made in any year only a proportion, at present about one fifth, can be classified as making or as approving the making of subordinate laws, whether those subordinate laws go under the name of regulations, rules, by-laws, orders, tariffs or whatever. In answer to a question of Mr. Leonard Jones (H.C. Debates October 17, 1977 p. 8259) the following statistics were given:

Total number of Orders in Council made in 1976		3326
Pursuant to Statute	3265	
Under the Royal Prerogative	61	

DESCRIPTION OF ORDERS IN COUNCIL FOR THE YEAR 1976

	Number	Percentage
Appointments (includes re-appointments, resignations and fixing salaries)	750	22.55
Regulations and other Statutory Instruments	653	19.63
Lands and other property (includes exchanges, acquisitions, transfers to or from a Province, sales of lands under the surplus Crown Assets Act and under the Veterans' Land Act)	481	14.46
Contracts and other agreements	289	8.70
Pardons and Revocations (under Criminal Records Act)	234	7.03
Foreign Investment Reveiw Act	232	6.97
Payments, loans, contributions, grants and gifts	161	4.84
Remission Orders	82	2.46
Satisfied Securities	75	2.25
Judges Act, other than appointments (annuities to widows, approving residence, retirements, etc.)	55	1.65
Railways	41	1.23
Ex gratis payments	35	1.05
Other	238	7.18
Total	3,326	100.00

8. Parliament occasionally delegates subordinate law-making power to persons other than the Governor General in Council. The Post Office Act, for example, confers extensive subordinate law-making power directly on the Postmaster General. The Aeronautics Act allows the Governor in Council to empower the Minister of Transport to make extensive subordinate laws (confusingly called "Orders"). Under a series of Acts, the Canadian Transport Commission enjoys extensive law-making power.

9. Amongst subordinate laws the Statutory Instruments Act introduces a series of highly artificial distinctions. Some subordinate laws, by whomsoever they are made, are categorized as "statutory instruments" and of these some are further categorized as "regulations" (although they may be called regulations, by-laws, tariffs, rules or whatever). Only "regulations" and certain other statutory instruments and types of statutory instruments, as determined by Parliament or by the Clerk of the Privy Council, must be registered in the Privy Council Office and published in the Canada Gazette, Part II.

10. A list or schedule of all Orders in Council made is tabled in the House of Commons monthly and copies of the list are available from the Sessional Papers Office. No such list is tabled in the Senate. A copy of any Order in Council, other than one exempted from inspection pursuant to the Statutory Instruments Act—(1) may be obtained from the office of the Assistant Clerk of the Privy Council, 15th Floor, Varette Building, 130 Albert Street, Ottawa.

11. It follows from the foregoing that

(i) subordinate laws not made by or approved by Order in Council will not appear on the monthly list of Orders in Council;

(ii) only a portion of the Orders in Council on the monthly list will be subordinate legislation whether regulations or other statutory instruments;

(iii) only a portion of the Orders in Council on the monthly list will appear in the Canada Gazette Part II; others may appear in Part I of the Gazette or not be published at all.

12. In other jurisdictions of the British Commonwealth enjoying the same constitutional forms as does Canada, it is far more common to confer subordinate law-making power on Ministers and on boards, commissions and tribunals. Consequently, in those jurisdictions there will be far fewer instances of subordinate laws being embodied in Orders in Council or Minutes of the Privy or Executive Council.

13. In the United Kingdom, in particular, use of the Order in Council to make subordinate law is rare, being confined largely to emergency laws, and constitutional arrangements for colonies and dependencies. In addition, the United Kingdom displays a greater sophistication in the use of royal instruments and seals than does Canada with the result that the numbers of Orders in Council necessary to authorize appointments and governmental actions is correspondingly less.

14. In the United Kingdom most primary subordinate law is made by Secretaries of State or by other Ministers of the Crown. Virtually all primary subordinate laws fall into the United Kingdom definition of statutory instruments. Again, however, the documents in which subordinate laws are contained go under various names, regulations, orders, schemes, directions, by-laws, warrants, resolutions, although by far the greater number of them all is made by Ministers.

15. In considering United Kingdom subordinate legislation, there is no magic, special significance or even specific meaning in the phrase "Ministerial order".

16. An analysis of United Kingdom statutory instruments made in 1976 is attached.

17. There is no reason to suppose from statistics now available that Canada is any more or less governed by laws made outside Parliament than is the United Kingdom. While it may appear that the total number of statutory instruments or their equivalents in Canada, Dominion and Provincial, would far exceed the 2,248 for the United Kingdom in 1976, it must be remembered that

(i) the functions of local government are far more extensive in the United Kingdom than in Canada;

(ii) there has developed in the United Kingdom an orderly system of Ministerial Circulars, Letters and Directives which contain many subordinate rules but which are not included in the category "statutory instrument". It is known that much the same practice obtains in Departments of the Government of Canada through the issuing of "Guidelines" and "Manuals". However, these are generally secret, unlike their United Kingdom counterparts, and it is impossible to form any estimate as to their number or as to the number of substantive rules in them;

(iii) the definition of "statutory instrument" in the United Kingdom has been treated as not extending to include rules made in the exercise of a sub-delegated power.

18. It is often said in the Press, and is popularly believed, that in Canada the Cabinet makes all regulations (and other statutory instruments) made by Order in Council. This is not true. First, the Governor General, whose approval is an essential element, is not part of the Cabinet. Secondly, while the Cabinet, sometimes after a recommendation of a Cabinet Committee, does consider some especially important or sensitive regulations, by far the greater number is recommended for His Excellency's approval by the Special Committee of Council, which consists of ten Privy Councillors with a quorum of four. The decision as to whether a regulation has sufficient policy implications to warrant going to a Cabinet Committee or directly to Cabinet is made essentially by the recommending Minister, occasionally by Cabinet itself.

FOOTNOTE

—1 The details are set out in section 21 of the Statutory Instruments Regulations. In peacetime this restriction, so far as it bears on Orders in Council, relates to pardons and the precise salary portions of appointments.

STATUTORY INSTRUMENTS MADE IN THE U.K. IN 1976

1. General statutory instruments	1,114
Local statutory instruments	1,134
	2,248

NOTE The local instruments are not always printed and are not included in the annual volume of statutory instruments.

2. Analysis of the 1,114 general statutory instruments:

Orders	484
Regulations	381
Orders in Council	128
Rules	53
Acts of Sederunt	39
Acts of Adjournment	4
Schemes	13
Approval instruments	4
Orders of Council	3
Directions	2
Bylaws	1
Warrant	1
Resolution	1

NOTE: (a) Acts of Sederunt and Act of Adjournal are rules governing procedure of Scottish Courts.

(b) Orders of Council are orders made by the Privy Council, not in the presence of the Sovereign, approving rules regulating professional education and conduct in regard to certain professions, e.g. doctors, dentists, opticians.

3. Of the general statutory instruments mentioned in paragraph 2,

(a) 103 required affirmative approval of both Houses;

(b) 627 were subject to annulment by either House;

(c) 42 required affirmative approval of the House of Commons only;

(d) 95 were subject to annulment by the House of Commons.

4. Prerogative Orders in Council—167

NOTE: These are orders made under the prerogative, not under statutory powers, relating to colonies, mostly providing new constitutions.

APPENDIX II

CRITERIA FOR SCRUTINY OF STATUTORY INSTRUMENTS

In scrutinizing statutory instruments the Standing Joint Committee on Regulations and other Statutory Instruments uses the following criteria, approved in their present form by the two Houses in February, 1978:

Whether any Regulation or other Statutory Instrument within its terms of reference, in the judgement of the Committee:

1. (a) is not authorized by the terms of the enabling statute, or, if it is made pursuant to the prerogative, its terms are not in conformity with the common law; or

(b) does not clearly state therein the precise authority for the making of the Instrument;

2. has not complied with the provisions of the *Statutory Instruments Act* with respect to transmittal, recording, numbering or publication;

3. (a) has not complied with any tabling provision or other condition set forth in the enabling statute; or

(b) does not clearly state therein the time and manner of compliance with any such condition;

4. makes some unusual or unexpected use of the powers conferred by the enabling statute or by the prerogative;

5. trespasses unduly on the rights and liberties of the subject;

6. (a) tends directly or indirectly to exclude the jurisdiction of the Courts without explicit authorization therefor in the enabling statute; or

(b) makes the rights and liberties of the subject dependent on administrative discretion rather than on the judicial process;

7. purports to have retroactive effect where the enabling statute confers no express authority so to provide or, where such authority is so provided, the retroactive effect appears to be oppressive, harsh or unnecessary;

8. appears for any reason to infringe the rule of law or the rules of natural justice;

9. provides without good and sufficient reason that it shall come into force before registration by the Clerk of the Privy Council;

10. in the absence of express authority to that effect in the enabling statute or prerogative, appears to amount to the exercise of a substantive legislative power properly the subject of direct parliamentary enactment, and not merely to the formulation of subordinate provisions of a technical or administrative character properly the subject of delegated legislation;

11. without express provision to the effect having been made in the enabling statute or prerogative, imposes a fine, imprisonment or other penalty, or shifts the onus of proof of innocence to the person accused of an offence;

12. imposes a charge on the public revenues or contains provisions requiring payment to be made to the Crown or to any other authority in consideration of any license or service to be rendered, or prescribes the amount of any such charge or payment, without express authority to that effect having been provided in the enabling statute or prerogative;

13. is not in conformity with the *Canadian Bill of Rights*;

14. is unclear in its meaning or otherwise defective in its drafting;

15. for any other reason requires elucidation as to its form or purport.

APPENDIX III

PROCEDURES FOR PARLIAMENTARY CONTROL OF DELEGATED LEGISLATION IN THE UNITED KINGDOM AND IN THE COMMONWEALTH OF AUSTRALIA

A. *The United Kingdom*

1. Statutory instruments fall into four classes:

(i) those having been laid before Parliament subject to annulment (i.e. disallowance) by either House or by the House of Commons alone with respect to instruments under financial legislation, within forty sitting days of laying;

(ii)(a) those which must be laid in draft and which can not be made unless affirmed by both Houses, or the Commons alone in the case of financial instruments, within twenty-eight or forty days, usually the latter;

(b) those which having been made must be laid and cease to have effect unless affirmed within twenty-eight or forty days, usually the latter;

(iii) those which must be laid but need not be affirmed and can not be disallowed; and

(iv) those which need not be laid and need not be affirmed and can not be disallowed.

2. The Standing Joint Committee on Statutory Instruments has jurisdiction to scrutinize and draw the attention of the Houses (or the House of Commons alone with respect to financial instruments) to any instrument from any of the four classes. Classes (i) and (ii)—those subject to affirmation or

annulment—constitute approximately two thirds of all instruments, and a higher proportion of those under modern legislation. Class (i) comprises approximately one half of all instruments.

3. No debate on or vote for affirmation of an instrument takes place until the Committee has scrutinized it and reported to the Houses or the House of Commons as the case may be.

4. The Government follows a practice of tabling the drafts of instruments subject to annulment at least twenty-one days before they are made to allow greater time for Committee scrutiny and Committee report. This is called the "21 day rule". Some procedures are in place including debate in a Standing Committee to facilitate prayers for annulment.

5. Whether a Bill provides for affirmation or annulment of instruments to be made under it when enacted is a matter decided upon by the Minister introducing the Bill. However, skeletal statutes generally require affirmation for instruments made under them.

B. *The Commonwealth of Australia (Sections 48-50 of the Acts Interpretation Act)*

1. Regulations must be notified in the Commonwealth Gazette and take effect from the date of notification or some later date. They must also be laid before each House within fifteen sitting days of their making. Regulations not so laid are void.

2. Either House may by passage of a resolution disallow any regulation provided notice of motion is given within fifteen sitting days (usually a period of five weeks) of this being laid.

3. If a motion for a resolution to disallow is not called on and disposed of within fifteen sitting days of notice of the motion, the regulation specified in the motion is deemed to have been disallowed on that fifteenth day.

4. Disallowance or deemed disallowance has the same effect as repeal.

5. Where a regulation has been disallowed, or is deemed to have been disallowed, no regulation, being the same in substance as that disallowed or deemed to have been disallowed, may be made within six months of disallowance unless the House disallowing or in which deemed disallowance took place approves.

6. Territorial Ordinances and Regulations, Rules of Court and By-laws of public sector corporations and some orders of regulating authorities under the Broadcasting and Television Act are subject to the same procedures as above.

7. The House of Representatives has never taken any part in the scrutiny and control of delegated legislation, which has been a function zealously pursued by the Senate. Motions for disallowance usually follow upon an adverse report from the Regulations and Ordinances Committee of the Senate (at work since 1932). Instruments disapproved of by that Committee, if not withdrawn by the Government, are habitually disallowed by the Senate.

APPENDIX IV

SOCIO-ECONOMIC IMPACT ANALYSIS OF THE TREASURY BOARD

Regulation: a regulation as defined by Section 2(1) of the *Statutory Instruments Act*. (This definition includes amendments to existing regulations.) Where a standard or set of standards is incorporated by reference into a regulation, the standard or set of standards should be considered as a part of the regulation for the purposes of the SEIA policy.

Health or safety regulation: a regulation or an amendment to a regulation made pursuant to any of the statutes listed in Appendix A, which

(a) concerns the health or safety (in the broadest sense) of the general public or of particular segments thereof, or the protection of the environment, except that

(b) *to the extent that* a regulation concerns economic rate-setting, metric conversion, the eligibility criteria for health or safety programs or policies, *or* the financial administration of health or safety programs, it is deemed not to be a health or safety regulation for the purposes of the SEIA policy.

For example, regulations concerning environmental contaminants, hazardous or potentially hazardous goods or substances, food contamination prevention, occupational health or safety, fall within the definition. Regulations (such as the *Canada Assistance Plan* regulations) concerning eligibility criteria or the mechanics of health funding or expenditures do not. Note that a proposed regulation falling within the definition and also containing aspects of economic rate-setting, metric conversion or eligibility criteria would be subject to the policy but the excluded areas need not be addressed.

Fairness regulation: a regulation or an amendment to a regulation, made pursuant to any of the statutes listed in Appendix A, which

(a) concerns protection against fraud, deception, or inaccuracy in the reporting of information, except that

(b) *to the extent that* a regulation concerns economic rate-setting or metric conversion, it is deemed not to be a fairness regulation for the purposes of the SEIA policy.

For example, regulations prescribing minimum or mandatory quality standards, prescribing grade names in the broadest sense, requiring accuracy in weighing or measuring, requiring the accurate disclosure of information or requiring that disclosed information be accurate fall within the definition. Note that a regulation which would otherwise fall completely within the definition is only excluded to the extent that it concerns economic rate-setting or metric conversion; this means that such a regulation might still have aspects which would fall within the area of fairness, and consequently, would still be subject to the requirements of the SEIA policy.

New HSF regulation: an HSF regulation or an amendment to an HSF regulation which was promulgated on August 1,

1978 or thereafter, *and* which was made under the authority of any statute listed in Appendix A on the date on which the regulation or amendment was promulgated; or any proposed HSF regulation or any proposed amendment to an HSF regulation which is to be made under the authority of any statute listed in Appendix A.

Major HSF regulation: an HSF regulation whose economic or social impact either exceeds the cost criteria *or* entails a sizeable potential adverse effect on specific groups or on technological progress, market structure and competition. The precise cost criteria and the other criteria for distinguishing between major and minor new HSF regulations are described in Appendix B. Most major HSF regulations will be considered major because of the cost criteria. The other criteria are included to ensure that no HSF regulation which has other important implications of potential concern to interested groups, or the public at large, goes unassessed.

.3.3 *Content of analysis*

.3.3.1 *Content of the SEIA* References are made to examples of socio-economic impact analyses in Appendix E. These examples provide guidance on the information and detail to be included in an SEIA.

At present, a prescribed format for all SEIAs is not considered appropriate. However, it is possible that a suitable format for the majority of SEIAs may emerge as the number performed increases. Until such time, *departments and agencies shall ensure that each SEIA provides the following information presented in the order given*:

(a) Background information on the proposed regulation: a description of the proposed regulation including its terms and legal authority; its purpose and objectives; brief outline of how the concern arose; the nature and role of consultations which took place in the development of the proposed regulation; and why an SEIA was performed.

(b) Analysis of the potential allocative effects:

—identification of the methodology used to carry out the analysis and of the time horizon used in the analysis;

—section on costs: identification and estimation of all costs associated with compliance with the proposed regulation including all assumptions made; identification of data sources used in estimates; the discounted present value(s) of the total costs including identification of the real rate(s) of discount used; outline of any sensitivity analysis performed; tables, graphs etc. as appropriate;

—section on benefits: same information as for costs; when cost-effectiveness methodology is used, a brief explanation of why estimates were or were not discounted;

—cost-benefit or cost-effectiveness comparisons: net present values, benefit-cost or cost-effectiveness ratios for all cases, i.e. including different assumptions used in performing sensitivity analyses or when different sets of data are available, etc.;

—section on alternatives: identification of all technological and policy-instrument alternatives considered and discussion of feasibility of each alternative, including the status-quo alternative; for each feasible alternative, costs and benefits should be identified, estimated and compared as is appropriate.

(c) Analysis of the non-allocative effects: a discussion of the potential impact of the proposed regulation on the distribution of income, market structure and competition, technological progress, international competitiveness, output, employment, the balance of payments, inflation, etc.; details of the size and/or direction of such impacts which are significant.

(d) Summary and conclusions including the reasons for omitting any of the above identified items.

(e) Identification of the office or person(s) to contact regarding the SEIA.

.3.3.2 *Contents of the summary of the SEIA* The terms of, the legal authority for, and the purpose of a major new HSF regulation shall be published in advance in Part I of the *Canada Gazette*, along with a summary of the SEIA. The following paragraphs list the type of information which shall be included in the summary of the SEIA to be published:

(a) a statement of the reason(s) why the proposed HSF regulation is considered as major (e.g. the proposed HSF regulation was identified as major and subjected to a socio-economic impact analysis because it could lead to increased social costs for the national economy of $10 million or more in any one year);

(b) a statement on the methodology (e.g. benefit-cost, cost-effectiveness) and on the time horizon used to analyze the allocative effects of the proposed HSF regulation;

(c) a summary of the expected social costs (e.g. capital expenditures, operating and maintenance costs required for compliance) and their present values under the real social discount rates suggested and, when appropriate, under different sets of assumptions;

(d) a summary of the expected social benefits (e.g. to save energy, to reduce injuries, to save lives) and of either their present values under the real social discount rates suggested (when cost-benefit analysis can be used) or their magnitude (when the social benefits can only be expressed in physical terms). When appropriate, a range should be provided in view of different sets of assumptions;

(e) a statement on the net present values, benefit-cost or cost-effectiveness ratios obtained from using various sets of assumptions;

(f) a summary of the technological or policy-instrument (when appropriate) alternatives considered in order to meet the same objective(s) as the proposed HSF regulation and, if the alternatives are practicable, the net present values, benefit-cost or cost-effectiveness ratios shall be provided;

(g) a summary of the potential non-allocative effects considered within the complete SEIA (e.g. impact on the distribution of income, on prices, on international trade, on market structure and competition). For those variables on which the proposed HSF regulation is expected to have an

impact, the size and direction of the impact shall be provided;

(h) when appropriate, a statement of the reason(s) why one or more of the above items were not considered;

(i) identification of the office from which and person(s) from whom the complete SEIA can be obtained.

Sponsoring departments should consult their respective information divisions on the development and issue of general publicity packages. For example, an SEIA of proposed school bus safety standards would likely have the following interested audiences: school boards, school bus manufacturers, transportation specialists and safety organizations. All groups have publications related to their special interest and news releases should be prepared for each of them. Special efforts should be made to reach small groups (e.g. the small-business community) that may be affected by the regulation.

LIST OF RELEVANT STATUTES

The statutes that confer the power to make regulations in the health, safety and fairness area include:

Aeronautics
Animal Disease and Protection
Arctic Waters Pollution Prevention
Atomic Energy Control
Canada Agricultural Products Standards
Canada Dairy Products
Canada Grain
Canada Labour Code
Canada Shipping
Canada Water
Clean Air
Consumer Packaging and Labelling
Criminal Code (Section 188); February 1979
Department of National Health and Welfare
Department of Transport
Electricity Inspection
Environmental Contaminants
Explosives
Fair Wages and Hours of Labour
Feeds
Fertilizers
Fish Inspection
Fisheries (Section 33)
Food and Drugs
Fruit, Vegetables and Honey
Gas Inspection
Government Harbours and Piers
Hamilton Harbour Commissioners
Harbour Commissions
Hay and Straw Inspection
Hazardous Products
Inspection and Sale
Livestock and Livestock Products
Maple Products Industry
Meat Inspection
Milk Test
Motor Vehicle Safety
Motor Vehicle Tire Safety
Narcotic Control
National Energy Board
National Harbours Board
National Housing
National Parks
National Trade Mark and True Labelling
Navigable Waters Protection
Northern Inland Waters
Ocean Dumping Control
Oil and Gas Production and Conservation
Pest Control Products
Pilotage
Plant Quarantine
Precious Metals Marking
Public Lands Grants
Quarantine
Radiation Emitting Devices
Railway
St. Lawrence Seaway Authority
Seeds
Territorial Lands
Textile Labelling
Toronto Harbour Commissioners
Weights and Measures

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A. The Canadian SEIA

On December 14, 1977 the President of the Treasury Board and the Minister of Consumer and Corporate Affairs announced changes to the regulation-making process by requiring a Socio-Economic Impact Analysis (SEIA) program, for major proposed health, safety and fairness—(2) regulations.—(3) The program, which came into effect August 1, 1978, provides an opportunity for increased public participation in regulation-making through a "notice and comment" procedure and requires regulations in the areas of health, safety, fairness, and environmental protection to be subjected to a socio-economic impact analysis.—(4) The program constitutes an important movement toward reform of the regulatory process as it requires an evaluation of the policy effects of proposed new regulations.—(5)

The SEIA program will subject only new regulations to the system of evaluation, and only *major* regulations in the health, safety, fairness and environmental protection field will be included; the magnitude of "social costs"—(6) is to be the major criterion for distinguishing between major and minor

regulations, with those, for example, with expected social costs of over $10 million in one year classified as "major". Special procedures are provided for major new health, safety and fairness regulations related to cases of emergency, when fast action is necessary.

Federal departments and agencies are responsible for initiating consultations with interested parties when new regulations are contemplated, for identifying major new health, safety, fairness and environmental regulations and for preparing the socio-economic impact analyses, using guidelines provided by the Technical Advisory Group on Impact Assessment (TAG). That Group maintains an assistance and advisory role, providing guidance on the preparation of SEIA's and advising whether proposed regulations are within the class of health, safety, fairness, and environmental protection.

A proposed regulation within the class and a summary of the SEIA must be published in the *Canada Gazette* at least sixty days prior to the date when the regulation is to be promulgated.

The summary of the SEIA to be pre-published is to include—(7): a statement of the reasons why the regulation is considered as major; a statement on the methodology and time horizon used to analyse the effects of the regulation; a summary of the expected social costs and expected social benefits; a summary of the alternatives considered to meet the same objectives as the proposed regulation; a summary of the potential non-allocative effects considered (for example, impact on the distribution of income, on prices, on international trade, on market structure and competiton); identification of the office from which and the person from whom the complete SEIA can be obtained. The responsible department or agency is required to make the complete SEIA publicly available and must respond to comments and requests for changes.

As noted above, the SEIA only became effective on August 1, 1978; as of December 1979, only one report has actually been released to the public, an evaluation of the socio-economic effects of various proposals for regulating the use of chlorofluoromethanes in aerosol sprays.—(8) Thus it is too early to assess the effectiveness of the program. It can be questioned whether the policy will actually affect regulatory decision-making or whether it will be used as a method of rationalizing decisions already taken.—(9) The requirement of consultation with non-government interest groups when new regulations are contemplated would appear to be very beneficial in this regard. In this consultation, it is necessary that participation of diverse interests is encouraged so that the process not serve to further only the special interests of politically effective groups.

Another consideration to be examined is whether the SEIA process would be more useful in an extensive though less intensive review of existing regulations; both examination of new proposals and existing regulations are, of course, beneficial. Finally, consideration should be given to extending the process to cover economic as well as health, safety and fairness regulations, as is the situation in the U.S.

FOOTNOTES

—2 The term "fairness" refers to protection against fraud or deceptive practices.

—3 The details of this program are contained in Treasury Board Canada, *Administrative Policy Manual*, chapter 490.

—4 Thus all economic or rate-setting regulations are expressly excluded.

—5 The SEIA program is discussed in Robert D. Anderson, forthcoming.

—6 The "social costs" are the value of all the additional resources which would have to be used to meet the requirements of the regulation or which would have to be transferred outside the country to meet the higher costs of imported goods and services as a result of the regulation.

—7 *Administrative Policy Manual*, chapter 490, s. .3.3.2.

—8 Environment Canada, *Preliminary Study of Socio-Economic Impact of the Proposed Regulation of Chlorofluoromethanes Act*, Ottawa Environment Canada Planning, Policy and Analysis Branch, April 1979.

—9 As the U.S. experience illustrates. See discussion below.

APPENDIX V

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B. The United States Experience

In the United States provision is made for public input into the regulation-making process, by requiring publication of proposed rules and consideration of responses, and at the discretion of the rule-maker, the possibility of an oral hearing on the proposed rules.

The U.S. *Administrative Procedure Act*, passed in 1946, provides for a "notice and comment" procedure. The Act requires notice in the Federal Register, the U.S. equivalent of the *Canada Gazette*, of proposed rule-making to be given at least thirty days before its effective date. The notice must include the time, place and nature of public rule-making proceedings, if any, reference to the legal authority under which the rules—(1) is proposed and information on the rule or the issues involved. Agencies—(2) are required to give interested persons an opportunity to participate in rule-making through submission of written data, views, or arguments with or without opportunity for oral presentation. The agency is obliged, after taking account of the material submitted, to incorporate in the rules a concise statement of their basis and purpose.

These rule-making provisions apply only to substantive rules; they do not apply to interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice, as well as rules involving military or foreign affairs. An agency itself may ignore the notice and public procedure requirements if "for good cause", they are impracticable, unnecessary, or contrary to the public interest"—(3).

The requirements concerning thirty-day notice only may be avoided in cases involving a substantive rule which grants or recognizes an exemption or relieves a restriction; interpretative rules and statements of policy; or as otherwise provided by the agency for good cause found and published with the rule—(4).

Section 553 applies to so-called "informal rule-making". Other statutes may contain requirements that rules be made on the record after a hearing; in these cases, while the notice provisions in section 553 apply, the public participation in the rule-making process is governed by sections 556 and 557, which provide for such matters as the taking of evidence, handing down decisions, and compiling a record.

There appears to be a general satisfaction with the procedures:

> "A survey of the American periodical literature and the various administrative law texts some thirty-two years after the enactment of the *Administration Procedure Act* reveals no suggestion at all that section 553 should be repealed. The extra workload it has imposed on many regulatory agencies and departments of state seems to have been accepted willingly because of the valuable information generated by the 'notice and comment' procedure and, also in part, because of the fact that the opportunity for prior involvement in the development of rules has the tendency of defusing criticism and making those rules more acceptable politically"—(5).

And, as stated by Professor K. C. Davis in Administrative Law of the Seventies, "the system is simple and overwhelmingly successful"—(6).

Movement for reform has instead been in the other direction: for a narrowing of the exceptions to the "notice and comment" procedure. Professor Davis has called for such a move:

> "Unfortunately, a large portion of all legislative rules are issued without party participation, because of the many exceptions to s. 553. Congress should and probably will scale down those exceptions"—(7).

The Administrative Conference of the United States—(8), at its Fifteenth Plenary Session in December 1976, urged administrative agencies to follow the section 553 procedure for interpretative rules of general applicability if likely to have a "substantial impact" on the public—(9), noting that it was extremely difficult to distinguish interpretative rules, exempted from the Act, from substantive rules, which are subject to the Act. In addition to this and other calls for removal or restriction on exemptions, there have been indications that the Act does not provide for an appropriate level of public participation. There have been suggestions, for example, that, while trial-type hearings may be inappropriate for rule-making, something more than "notice and comment" procedures may be required, as for example legislative-type hearings, a discovery system, the imposition of formal rules governing the compilation of a rule-making record, or perhaps consultation before publication of a rule in the Federal Register—(10).

The need for change has also been recognized by legislators, as evidenced by the number of statutes enacted in the past few years which require some procedures in addition to "notice and comment" during rule-making—(11). In addition, many regulatory agencies have voluntarily adopted procedures going beyond the requirements of the *Administrative Procedure Act*—(12). U.S. federal courts have also at times extended the requirements applying to the rule-making procedure: in requiring rule-making hearings for certain types of interpretative and procedural rules, in deciding that the procedures set out in the *Administrative Procedure Act* should be treated as a minimum requirement, and requiring much fuller participation in some cases, as for example, where the rule-making involves the determination of narrow adjudicative facts—(13).

The Commission on Federal Paperwork has recommended that the Act be amended to provide for greater opportunity for input at the early drafting stages of a rule by those likely to be affected, presumably so that by the time of publication a rule would have wider acceptance, and thus bring about a reduction in paperwork at later stages of the rule-making process. The Commission also noted that public participation resulted in better rules, and the necessary paperwork added through greater participation is temporary, whereas the paperwork associated with a poorly written rule allowed to go into effect can be endless—(14).

Another consideration that is worthy of note is the rejection by commentators of trial-type procedures in the development of rules—(15).

> "The actual agency experience with these procedural requirements raises serious doubts about their desirability. At best, some agencies have learned to live with them, even though preferable procedures are probably available. At worst, these procedures have warped regulatory programs or resulted in virtual abandonment of them . . . "—(16).

In summation, it appears that there is an overall satisfaction with the Act; concern with the Act centers on the exemptions, and on the fact that there are only two extremes provided for: the "notice and comment" procedure and a trial-like adjudicatory hearing.

Executive Order 12044—(17), issued in March 1978, contains a requirement for executive agencies to follow a "notice and comment" procedure. The Order requires that executive agencies give the public "an early and meaningful opportunity to participate" in the development of regulations—(18). A number of possible methods are listed: publishing an advance notice of proposed rule-making, holding open conferences or public hearings; sending notices of proposed regulations to publications likely to be read by those affected; and notifying parties directly. Agencies are required to give the public 60 days to comment on proposed significant regulations, and where this does not prove possible, the regulation must be accompanied by a brief statement of the reasons for the shorter time period.

The Executive Order also requires executive agencies to make use of a "regulatory calendar"—(19). In order to give the public adequate notice the agencies are required to publish at least semi-annually an agenda of significant regulations under development or review. On the first Monday in October each agency must publish in the Federal Register a schedule showing when their semi-annual agenda will be published; supplements to the agenda may be published at other times if necessary. Each published agenda must, at a minimum, describe the regulations being considered by the agency, the need and legal basis for the action being taken, and the status of regulations previously listed in the agenda. In addition, the agenda must state whether or not a regulatory analysis will be required, and include existing regulations scheduled to be reviewed—(20).

FOOTNOTES

—1 A "rule" is defined as the whole or part of an agency statement of general or particular applicability and future effect designed to implement, interpret, or prescribe law or policy or describing the organization, procedure, or practice requirements of an agency, and includes the approval or prescription for the future of rates, wages, corporate or financial structures or reorganization thereof, prices facilities, appliances, services or allowances therefor or of valuations, costs, or accounting, or practices bearing on any of the foregoing.

—2 "Agency" is defined as any authority of the government of the United States whether or not it is subject to review by another agency, but does not include: the Congress; the courts; the governments of territories or possessions or the District of Columbia; agencies composed of representatives of the parties or representatives of organizations of the parties to the disputes determined by them; courts martial; military authority exercised in the field in time of war or in occupied territory; and certain specific exemptions in other statutes.

—3 5 U.S.C.A. 553(b)(A).

—4 *Ibid.*, 553(d).

—5 Mullan (1979), p. 141.

—6 K. C. Davis, Administrative Law of the Seventies, The Lawyers' Co-operative Publishing Co., Rochester, 1976, at B.01-1, 170.

—7 *Ibid.*, p. 168.

—8 A body consisting of government and agency officials, practicing lawyers, academics and others knowledgeable about federal administrative procedures.

—9 Recommendation 76-5.

—10 These various suggestions are detailed in Mullan (1979), p. 149-50, footnotes 312-317.

—11 Mullan (1979), p. 150.

—12 *Ibid.*, p. 151.

—13 *Ibid.*, p. 152.

—14 *Ibid.*, p. 156.

—15 Approximately fifteen federal statutes require formal trial-type hearings for rule-making.

—16 Mullan (1979), p. 158 quoting Robert W. Hamilton.

—17 3 Code of Federal Regulations (1978) 152. An Executive Order is the most important method by which the President exercises his power, although there is no precise definition of the term.

—18 Section 2(c).

—19 This can be contrasted with the position taken by the Economic Council of Canada set out below.

—20 The regulatory analysis and review of existing regulations are discussed below.

APPENDIX VI

DISPOSITION BY THE GOVERNMENT OF RECOMMENDATIONS IN THE SECOND REPORT OF THE STANDING JOINT COMMITTEE ON REGULATIONS AND OTHER STATUTORY INSTRUMENTS FOR THE 1976-77 SESSION

B. The Committee's criteria for scrutiny of Statutory Instruments

(*Paragraphs 9-13*)

Not acted upon

1. The Committee's criteria for scrutiny should be written into the Statutory Instruments Act so that they will not need to be adopted and concurred in anew by the two Houses at the commencement of every Session and Parliament.

Acted Upon

2. An additional criterion should be added, namely, whether a statutory instrument trespasses unduly on the rights and liberties of the subject.

E. Defects in the Statutory Instruments Act, principally the definition of a Statutory Instrument

(*Paragraphs 21-55*)

Rejected

1. As a general rule no subordinate legislation should come into effect before it is published.

Not acted upon

2. All subordinate legislation, unless expressly excepted by the terms of the Statutory Instruments Act, should be registered, published and transmitted to the Standing Joint Committee on Regulations and other Statutory Instruments.

Not acted upon

3. The definitions of "statutory instrument" and "regulation" at present contained in the Statutory Instruments Act should be repealed and replaced by a clear definition of a statutory instrument as a piece of subordinate legislation, with any exceptions from the definition, being also the exceptions to Parliamentary scrutiny, specifically and clearly set out.

Not acted upon

4. The distinction between "regulations" and "other statutory instruments" provided for in the Statutory Instruments Act should be abandoned. There should be but one class of subordinate laws, called statutory instruments, broadly defined in accordance, in general terms, with the definition of "regulation" as contained in the Interpretation Act.

Not acted upon

5. All documents contained within the single class of statutory instruments should be subject to uniform procedure as to registration, publication and restriction on retroactive effect.

Not acted upon

6. The definition of a statutory instrument should not be made to depend upon the insertion in an enabling power of the name of any particular type of document or instrument preceded by the preposition "by".

Not acted upon

7. The new definition of a statutory instrument should be arrived at by taking the sum of the law-making and rule-making exercised by the Crown and its agencies and by any other delegate or sub-delegate of Parliament, and whether made pursuant to or under a statute or to the Prerogative, and by declaring the whole to be subject to Parliamentary scrutiny. If it is then desired to exclude any documents or classes of documents from scrutiny, from registration and publication, those documents or classes of documents would need to be defined expressly. Such definitions should be construed narrowly and a statutory direction to this effect should be included in the Statutory Instruments Act.

Not acted upon

8. The Statutory Instruments Act should provide for a Statutory Instruments Reference Committee having the authority to issue a conclusive determination for the purposes of Parliamentary scrutiny as to whether any particular document is a statutory instrument or not.

Not acted upon

9. Any Departmental Guidelines, Directives or Manuals which contain substantive rules not contained in statutes or in other statutory instruments should be included within the definition of a statutory instrument and be subject to Parliamentary scrutiny. This inclusion should extend to Guidelines, Directives, etc. which constitute instructions to staff where the rules so made are applied to or in respect of non-staff members or where the breach of the rules can lead to disciplinary action against the staff member committing the breach.

Not acted upon

10. Where any statutory instrument is to come into force before registration and publication, the reasons therefor should be provided to the Standing Joint Committee on Regulations and other Statutory Instruments.

Not acted upon

11. Should the distinction between "regulations" and "other statutory instruments" be retained, the words "regulation-making authority" in the Statutory Instruments Act should be re-defined to make clear that in respect of regulations made by the Governor in Council by Order in Council they mean the Department, Ministry or other body which recommends the draft Order to the Governor in Council.

Overtaken by the Consolidation of the Regulations

12. Section 32 of the Statutory Instruments Act should be amended to require the publication of the regulations that have been registered under that section.

F. Matters relating to the form of Statutory Instruments

(*Paragraphs 56-69*)

Acted upon

1. Both the enabling authority for subordinate legislation and other documents or statutory instruments referred to within the body of a statutory instrument should be clearly and adequately identified with the actual place of publication being disclosed.

Acted upon

2. The references to intermediate enabling authority, not being statutes, and to all instruments mentioned within a statutory instrument, should be given by a footnote showing the place and date of publication, and registration number if one exists. The giving of footnote references should not be confined to instruments the details of whose registration and publication can not be traced through Part II of the Canada Gazette.

Acted upon

3. When a statutory enabling power has been amended since the last Revision of the Statutes of Canada, the preamble to a statutory instrument made in reliance on that power should recite not only the relevant section number or numbers and the name of the Act but also the reference to any amending statute which has amended the enabling power.

Acted upon

4. The footnotes to an amending statutory instrument should disclose all the prior amendments relevant to the provision or provisions of the statutory instrument now to be amended.

Acted Upon

5. Statutory instruments should be accompanied by Explanatory Notes. This is especially to be desired in the case of amending statutory instruments. An Explanatory Note should describe the subject matter dealt with in such a way as to indicate the point of the statutory instrument in a purely informative way without entering into justification, argumentation or construction of the law.

G. The withholding of information from the Committee

(*Paragraphs 70-80*)

Acted upon

Those Departments of State and Authorities which make, or propose to the Governor in Council the making of subordinate legislation should explain to the Committee, if called upon,

how it is that a particular piece of subordinate legislation does not infringe one or more of the criteria for scrutiny. An explanation should include legal reasons where such are called for as where the Committee has questioned the vires of a statutory instrument, the interpretation of some apparently obscure or ambiguous provision, or the status of a document as being or not being a statutory instrument.

H. Sub-delegation of rule-making power

(*Paragraphs 81-84*)

Not acted upon

If it is desired or thought necessary to give to a delegate of Parliament power to sub-delegate rule-making power, the power should and must be conferred expressly by the enabling statute.

I. The Language of Delegation

(*Paragraphs 85-95*)

Not acted upon

1. The precise limits of subordinate law-making power should always be defined in clear language in the enabling statute.

Rejected

2. Enabling powers cast in terms of subject matter, and commonly introduced by the word "respecting" should not be included in enabling statutes whilstever the view is held by the Crown that such powers permit both sub-delegation of rule-making power and a power of dispensation in favour of individuals.

Appears no longer to be done

3. No enabling power should confer upon Parliament's delegate the authority to determine or to declare the scope of his own delegated power or the true intention of the enabling statute.

J. The pretended power of dispensing with regulations in favour of individuals

(*Paragraphs 96-103*)

Not acted upon

The pretended power of dispensing with the provisions of subordinate legislation in favour of individuals under colour of enacting further subordinate legislation, being illegal unless expressly authorized by the enabling statute, should be abandoned forthwith.

K. Enabling powers in appropriation acts

(*Paragraphs 104-113*)

Not acted upon

1. The practice of using Votes, whether substantive or dollar Votes, and Items in the Estimates as vehicles for the conferring of enabling powers should come to an end. Subordinate legislation should be made under enabling authority contained in ordinary statutes.

Not acted upon

2. Even if the practice is not terminated immediately, the following particular abuses should stop, viz:

(a) the conferring of subordinate law-making power in Votes and Items in terms which, in the view of the Crown, excludes the subordinate legislation, when made, from the definition of a "statutory instrument", and thus from Parliamentary scrutiny;

(b) the conferring of subordinate law-making power by use of the words "subject to terms and conditions approved by the Governor in Council";

(c) the extension and amplification of the purposes of old votes by a series of subsequent Votes.

L. Scrutiny of enabling powers

(*Paragraph 114*)

Not acted upon

Enabling clauses in Bills should be scrutinized while the Bills are before Parliament by the appropriate Standing Committees or by the Standing Joint Committee on Regulations and other Statutory Instruments.

M. The Text of Instruments subject to amendment

(*Paragraphs 115-118*)

Not acted upon

Statutory instruments that have been much amended should be revoked and remade in complete form. An instrument in respect of which a process of constant amendment is forseeable should be revoked and remade in consolidated form at regular intervals, perhaps annually.

P. Implementation of international agreements by statutory instrument—Remission orders under section 17 of the Financial Administration Act

(*Paragraphs 123-125*)

Not acted upon

Remission Orders made pursuant to section 17 of the Financial Administration Act should be regarded as subordinate legislation and as subject to Parliamentary scrutiny. The exclusion of any class of such Orders from scrutiny should occur only if expressly provided for in the Statutory Instruments Act.

S. Powers of Officers of Agricultural Agencies

(*Paragraphs 128-131*)

Acted upon

1. Rights of entry, powers of inspection and of seizure and the power to demand or take information should be confined exactly within the limits provided for in enabling legislation.

T. Discretionary administrative decisions, The rules of natural justice and a right of appeal

(*Paragraphs 132-138*)

Not acted upon

1. As a general rule, subordinate legislation should set objective criteria governing the taking of decisions provided for in that legislation.

Not acted upon

2. Where tests are set for eligibility or as prerequisites to the taking of some action under subordinate legislation, the test should be cast in objective and not in subjective terms. Tests, prerequisites or criteria dependent upon the formation of opinions or the satisfaction of individuals should be avoided.

Not acted upon

3. The granting of discretionary powers is properly the subject of a statute and not of subordinate law.

Not acted upon

4. Any person aggrieved by a refusal to grant a licence or permit, or by a suspension, cancellation or revocation of a licence or permit, pursuant to subordinate legislation, should be accorded in the subordinate legislation itself a right to be heard in objection, a right to be given reasons and a right to be apprised of any adverse material in any report submitted to the determining official. These rights should be accorded even where a right of appeal might exist, for the subject should not be forced unnecessarily to litigation, and their presence will assist in guaranteeing jurisdiction in the Federal Court under section 28 of the Federal Court Act.

U. Exemptions from Civil Liability

(*Paragraph 139*)

Not acted upon

Subordinate legislation should not attempt to exempt governmental agencies from the legal consequences of their acts or defaults or of those of their employees in either tort or contract.

V. Statutory Instruments made under the Income Tax Act

(*Paragraphs 140-141*)

Not acted upon

The Status of the National Revenue Department's Interpretation Bulletins and Information Circulars, and their equivalents in other Departments of State and agencies, must be carefully examined when the definition of a statutory instrument is amended.

W. Affirmation and disallowance of Statutory Instruments by the House of Parliament

(*Paragraph 142*)

Not acted upon

1. Greater use should be made of affirmative and negative resolution procedures in the drafting of Bills.

Not acted upon

2. A complete code governing both affirmative and negative resolutions should be adopted either by the amendment of section 28A of the Interpretation Act or by the adoption by the two Houses of Standing Orders (preferably identical) setting out in detail the procedures to be followed in the two Houses.

Respectfully submitted,

JOHN M. GODFREY,
Joint Chairman.

THE SENATE

Monday, October 6, 1980

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

HER MAJESTY THE QUEEN MOTHER

COMMUNICATION FROM PRIVATE SECRETARY

The Hon. the Speaker informed the Senate that the Clerk of the Senate had received the following communication from the Private Secretary to the Queen Mother:

CLARENCE HOUSE
S.W. 1

31st July 1980

Dear Mr. Fortier:

I write to tell you how grateful Queen Elizabeth The Queen Mother is for the message of congratulations on her birthday that you have conveyed to Her Majesty on behalf of the Senate of Canada.

The Queen Mother is extremely appreciative of this kind thought and is deeply touched by the sentiments contained in the message.

Yours sincerely,

Martin Gilliat,
Private Secretary to Queen Elizabeth
The Queen Mother

Robert Fortier, Esq.,
Clerk of the Senate.

THE LATE HON. SARTO FOURNIER

TRIBUTES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, it was with profound sadness that we learned of the passing of our good friend and colleague, the Honourable Sarto Fournier, on July 23 last. All of us who serve in this chamber, and all of those who served with the senator in his many other activities and pursuits during a long and distinguished career in law and in public life, join in this great feeling of loss.

All who worked with the late Senator Fournier admired his great ability and capacity. He served Canada for over 27 years. He served in the Commons for 18 years, between 1935 and 1953. Appointed to the Senate in 1953, Senator Fournier was elected mayor of Montreal, as well, in 1957. In all of these responsibilities he served with great distinction. With this superb background, the late Senator Sarto Fournier brought to this chamber a knowledge of public affairs which proved to be of great assistance in the course of his service here.

We shall all miss his goodwill, his capacity, his wisdom and his keen sense of humour. Our condolences go to his wife, Elizabeth, and his two daughters.

[*Translation*]

I wish to offer my deepest sympathy to his wife, Elizabeth, and his two daughters.

Hon. Jacques Flynn (Leader of the Opposition): The career of Senator Sarto Fournier is probably unique in our history. In him, we have lost one of our two most senior members in Parliament, the other being Senator Azellus Denis. Both were elected to the House of Commons in 1935 and both then continued their political careers in the Senate.

However, Senator Fournier's case was exceptional because he was elected to the House of Commons even before being admitted to the Bar. He was a law student at the time. According to the story, at the convention where he was chosen as a candidate, he was so surprised at what was happening to him—because at that time, like today, being chosen as a Liberal candidate was the same as being elected—that he fainted.

Senator Denis: Of happiness.

Senator Flynn: Of course. He was re-elected up to 1953, when he was appointed to the Senate.

He was also interested in municipal politics. On several occasions he stood as a candidate for mayor. In 1957 he was successful where many others have failed when he defeated Mayor Drapeau. To have succeeded even once is quite an achievement. It is perhaps as much an achievement as being elected as a Conservative in the Quebec-South constituency in 1958. In any event he had a very interesting career. Sarto Fournier had an engaging personality. He did not take himself too seriously and he had a great sense of humour. He did his work honestly and we remember him fondly. We, of the official opposition, wish to offer our most sincere condolences to his wife and two daughters.

Hon. Azellus Denis: Honourable senators, I would like to join those who have spoken before me in offering my deepest sympathy to the family of our colleague, the late Sarto Fournier.

For me, he was more than a colleague. He was a friend. He was a personal friend who shared with me many sorrows and many joys for nearly 45 years.

We were elected at the same time, in 1935, a long time ago, and this was the beginning of a friendship which goes back to our arrival on the political scene. Most of the time we even shared the same office and were seated next to each other in the House of Commons and in the Senate.

As Senator Flynn said, Senator Fournier was born into a low income family. In spite of that, he had enough courage to work evenings and weekends to pay his tuition so that he could complete his college and university studies. This will to work and this legitimate desire to succeed led him to devote himself for nearly 20 years, if I am not mistaken, as the member of Parliament for Maisonneuve-Rosemont, in addition to serving a term of office as mayor of Montreal, as the government leader has said.

A great many colleagues benefited from his exceptional oratorical talents during many election campaigns, and his party was therefore able to take advantage of his precious services; while helping his former colleagues, he helped his party obtain the success that it has known until now.

Once more, I would like to join my colleagues in offering my deepest sympathy to the family of my good friend. I share the sorrow of the great number of people who admired him.

● (2005)

[*English*]

Hon. Lionel Choquette: Honourable senators, I was most sad, on the 23rd July last, to hear the news of the death of my good personal friend Sarto Fournier.

I had known Senator Fournier intimately since 1935. I had been a candidate on the wrong side of the fence in 1935, in Ottawa East, and he had been elected somewhere in Montreal. We arranged oftentimes to meet at different political meetings. Since then we had always been great friends.

When I was summoned to the Senate in 1958 he had already been elected mayor of Montreal a year previously, where he distinguished himself, as everybody knows.

I travelled with Senator Fournier to Panama at least four or five times, as well as to Quebec City and Montreal, on business. I was very struck by the fact that when I first went to Montreal he phoned me and said, "I would like you to stop with me at the Mount Royal Hotel. I'll explain to you why later." He said, "I have some special attachment to this place."

Everybody who had many years of service in that hotel knew him quite intimately, and remembered him. He said, "I worked here as a waiter in the years I took my law course at McGill University."

● (2010)

There was never a dull moment in all of my travels with him. He had a series of anecdotes that he had gleaned during his political travels with men like Ernest Lapointe and P. J. A. Cardin. He told stories galore, and had acquired a reputation as an excellent raconteur. I got to know his wife who also travelled with us. He had an affectionate name for her that would be equivalent to "mon petit choux"; it was "minoune." You could see they were two great lovers all of the time. To Mrs. Fournier and to the two daughters whom I had the pleasure of meeting, I offer my most sincere condolences.

[*Translation*]

THE HONOURABLE MICHEL FOURNIER

TRIBUTES ON RETIREMENT FROM SENATE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I rise today to pay tribute to Michel Fournier, who retired on September 22 last after over 45 years of public service at all levels of government.

Michel was truly representative of the regional aspect of this house and of the priceless experience that senators coming from different regions bring to the national government.

Senator Fournier began his long and fruitful political career at the municipal level in 1935. Ten years later he was elected for the first time to the Legislative Assembly of New Brunswick, which he left as Minister of Industry and Development in 1963.

[*English*]

We in the Senate were fortunate to be able to count Michel Fournier as a colleague. He is a great credit to the province of New Brunswick and to Canada. He was an able and energetic regional representative here.

We are going to miss him for his lasting contribution to the Senate, and I am sure all of us wish him well in his retirement.

Hon. Senators: Hear, hear.

Hon. Cyril B. Sherwood: Honourable senators, when I was first elected to the New Brunswick legislature in 1952, Senator Michel Fournier had been a member there for seven years. He remained a member of the New Brunswick legislature until 1963—another 11 years. He served as Minister of Industry and Development from 1960 to 1963 and then as a senator in this chamber for another nine years. His youthful appearance certainly belies his years of service.

Senator Michel Fournier was always a friendly, gracious gentleman. I am sure we all join in wishing him good health and satisfaction in his retirement.

Hon. Senators: Hear, hear.

[*Translation*]

Hon. Norbert Thériault: Honourable senators, allow me to express my feelings on the occasion of Senator Michel Fournier's retirement. I had the pleasure of serving in the New Brunswick government from 1960 to 1963 with Michel, a devoted, sincere and friendly fellow, who always managed to win and keep the trust of his electors, a fellow who worked hard for everyone. The province and the Acadian people of New Brunswick owe a lot to Michel Fournier. That is why, in two weeks from now, we shall be getting together and giving him a party in his home town.

[*English*]

THE LATE HON. DANIEL J. MacDONALD, P.C.

TRIBUTES TO FORMER MINISTER OF VETERANS AFFAIRS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, last week we lost an outstanding Canadi-

an in the person of the Honourable Dan MacDonald, the Minister of Veterans Affairs. Dan MacDonald was an inspiration to his fellow Canadians and certainly to his fellow parliamentarians whether they served in the other place or in the Senate. A double amputee, this courageous man was, as the Prime Minister pointed out in his eulogy, an outstanding Minister of Veterans Affairs. He was a man who understood, listened to and cared about the veterans of this country. In this he was joined by others in other political parties in a concern for the veterans of this nation. He was a veteran himself and saw to it that Canada was a leader among nations insofar as veterans legislation was concerned.

● (2015)

In fact, during our last royal assent before we adjourned in July, honourable senators will recall that Dan MacDonald was with us during that ceremony. He turned to me as we walked down the Senate aisle, and he said that it was one of the proudest moments of his life to be here for royal assent for a number of measures that he had wanted to achieve for a good deal of time on behalf of the veterans. It is gratifying to note, and it should be said, that many of these efforts were supported with great vigour by certain members of the opposition. It is to their credit. The heartfelt condolences of all of us go out to Dan MacDonald's wife and family. He was a great son of Prince Edward Island, and a very great Canadian.

Hon. Jack Marshall: Honourable senators, I feel privileged and honoured to pay a personal tribute to the Honourable Dan J. MacDonald. As veterans affairs critic in the other place for many years, I had the occasion frequently to be in close contact with the minister, and, as a result of our common aims on behalf of the veterans of Canada, we established a mutual bond that crossed over partisan politics.

Dan MacDonald knew better than anyone of the commitment made by Canada to the hundreds of thousands of veterans who made the supreme sacrifice, that of offering their lives in two world wars and the Korean conflict, many of whom after service returned to Canada maimed and disabled and denied the Canadian opportunity. Dan MacDonald knew this because he himself was one of the unfortunate. He had experienced double amputation through service to his country. Despite his wounds, he exemplified the true grit of a Canadian. Despite the daily pain and suffering that he endured, he rose from being a small farmer to the heights of Canadianism. He achieved high political status in his province, and later national status as the representative of his comrades in battle who fought to ensure peace and freedom in our Dominion. Dan MacDonald ignored medical advice because of his dedication to the cause of Canada's veterans. Because of our close relationship in Parliament, I was recently interviewed by the national press on my feelings about him. Without any hesitation I said that Dan MacDonald had given more than could be asked of any Canadian when he offered his life twice for his country. The first time was as a soldier in World War II, and the second time was when, as Minister of Veterans Affairs, he ignored the pressures of pain and adversity, which surely hastened his death, to fulfill what he felt was his commitment to better the plight of the veteran.

May I then, on behalf of my leader and my colleagues, offer our sincere feelings of comradeship and respect to Dan's wife, Pauline, and his family, on the sad loss to our country.

Hon. M. Lorne Bonnell: Honourable senators, I join in the expression of deepest sympathy to Dan's wife, Pauline, and his family, his grandchildren and his brothers and sisters, who loved him dearly, and whom he loved dearly.

● (2020)

Dan MacDonald was born in a rural area of Prince Edward Island in 1918 when the soldiers were coming home from the First World War. He was a farm boy, dedicated to the good earth—the top six inches of Prince Edward Island. But when the call to duty came in 1939 Dan enlisted, became a sergeant and a leader among his fellow men. In Italy, in 1944, he lost an arm and a leg, but he was still prepared to fight on and never became discouraged.

In 1945 he returned home to Bothwell and a big rally. A beautiful girl was there to welcome him home. Her name was Pauline, and he married her. He worked on the farm, and pulled out roots, stumps and trees alongside his father, with an arm and a leg off. He built a barn; he shingled the roof himself.

I can remember going down to Bothwell in 1962 to try to persuade Dan MacDonald to run for the legislature in his home district, for the party to which I belonged. He said he did not have the time; he would love to serve but he had much to do and a small family to support. I made a second trip, and on this occasion he surrendered. He ran and was elected to the Legislature of Prince Edward Island at a time when his party was in opposition. It was the first comeback of his party, when Dan was able to turn the tide in that district and win that seat. He became an active member of Her Majesty's loyal opposition.

In 1966 Dan offered himself again, but only three weeks before that election his colleague died as a result of a heart attack. The election in that district was called off, and there was a deferred election. In 1966 the then premier, Walter Shaw, and the new young Leader of the Opposition, Alex Campbell, each ended up with 15 seats. The deferred election was held on July 11, and Dan MacDonald and his colleague, Bruce Stewart, had the whole thing hanging on their success or failure. Dan paraded up and down the lanes on his artificial leg, made house calls and talked to all his people. They tell me that on one occasion a dog attacked him. He offered it his artificial leg and said, "You son of a gun, if you want to bit something, bit this one."

Honourable senators will probably remember that that election was called the election of the promised land. Dan was there in the promised land. If you moved you were promised a pension, and if you didn't move you were promised pavement. It got to the point where the farmers of the area had signs in their front fields saying: "Please don't pave this field."

● (2025)

In spite of that, Dan MacDonald was able to win that election, and eventually he became the Minister of Agriculture in the Campbell government. He was a good minister. He understood the needs of farmers and fishermen, because he was one himself.

I can remember going to Dan again in 1972 and saying, "Dan, we need that King's County seat federally. You will have to resign and run federally." But he said he was quite happy where he was. Again I made a second trip, and he then surrendered and ran federally. That was in 1972 when the Liberals formed a minority government, and Dan MacDonald's was about the only seat won from the Conservatives in that election.

He then became the Minister of Veterans Affairs, and continued in that portfolio, except for one short break, when he suffered a heart attack. He lost the May 1979 election, but was returned to Ottawa this year in better health than ever to again take charge of the Department of Veterans Affairs, a department which he loved because he admired and respected his comrades in action.

I have said on many occasions—and I will say it again today—that the Honourable Dan MacDonald was probably the best Minister of Veterans Affairs that Canada ever had or is likely ever to have. Dan MacDonald was a common man. He was a people's man. He walked with crowds and kept his virtue; he walked with kings and never lost the common touch. With the passing of Dan MacDonald, Prince Edward Island lost a great islander; Canada lost a great Canadian; and I lost a great friend.

I extend my sympathy to his wife and family.

Hon. Heath Macquarrie: Honourable senators, I will not attempt to paint the lily of obituary praise to a great Canadian. However, I should like to associate myself with the sentiments expressed here, in Prince Edward Island and indeed nationally, since the passing of the Honourable Dan MacDonald.

We from Prince Edward Island were very proud of him. I was happy and honoured to know him as a friend over a good many years. Many fine and deserved tributes have been paid to his splendid war record. He was, indeed, a man of valour, but it could never be said of him that he was a man of vanity.

One of the most attractive characteristics of Dan MacDonald to me was his complete lack of pretension or, to use a more modern, if not so eloquent, expression, his total unphoniness. That is something which is fine and worthy, and made him a most excellent minister in the other place in dealing with that intricate and difficult situation which many honourable senators know—the handling of questions from members of a vigorous opposition.

● (2030)

I remember one time when the Honourable Dan was being pressed about some report. The suggestion was that the report was a little late in forthcoming or that there might be reasons why it was not—was it being suppressed; was there some cover-up? The Honourable Dan said, very simply, "Mr. Speaker, when that report is ready, I sure will table it." End of that particular question.

We are proud of him in Prince Edward Island, and I like very much the suggestion made on the day he died by my successor, Mr. McMillan, that the veterans building to be constructed in Charlottetown be called The Honourable Daniel MacDonald Memorial Building. He, like all good men, requires no symbolical, concrete or physical memorialization; but, nevertheless, I think he deserves it. In words uttered long ago, I would say, simply, "Here was a man."

SMALL LOANS ACT
CRIMINAL CODE

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-44, to amend the Small Loans Act and to provide for its repeal and to amend the Criminal Code.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Senator Perrault, with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Copies of reports from the Canadian Pension Plan Advisory Committee, dated June 1980, relating to:

(1) Appeal Procedures

(2) Minimum Contributory Requirements for Survivors' and Disability Benefits

(3) Indexation of Benefits

(4) Retirement Ages

Report of the Correctional Investigator for the period June 1, 1978 to May 31, 1979, issued by the Department of the Solicitor General.

Copies of document entitled "Declaration of Solidarity of Canadian Women Parliamentarians to Recognize Equal Rights for Indian Women".

Copies of a letter from the Prime Minister of Canada to the President of the United States, dated March 12, 1980, concerning the northern natural gas pipeline project. (*English text*).

Copies of Order in Council P.C. 1980-1969, dated July 17, 1980, approving variations in Licence No. GL-56.

Copies of Order in Council P.C. 1980-1968, dated July 17, 1980, approving Orders to Pan-Alberta Gas Ltd. and

Consolidated Natural Gas Limited and also approving licences to Pan-Alberta Gas Ltd.

Copies of Order in Council P.C. 1980-1967, dated July 17, 1980, approving Order No. NPO-2-80 made by the National Energy Board on April 2, 1980.

Report of Uranium Canada, Limited, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1979, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Report of the number and amount of Loans to Immigrants made under section 121(1) of the *Immigration Act, 1976*, for the fiscal year ended March 31, 1980, pursuant to section 121(4) of the said Act, Chapter 52, Statutes of Canada, 1976-77.

Report on the administration of the *Canada Student Loans Act* for the loan year ended June 30, 1979, pursuant to section 18 of the said Act, Chapter S-17, R.S.C., 1970.

Report of the Army Benevolent Fund Board, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1980, pursuant to section 13 of the *Army Benevolent Fund Act*, Chapter A-16, R.S.C., 1970.

Report on operations under the *Regional Development Incentives Act* for the month of May, 1980, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Report of the Superintendent of Insurance on the Administration of the *Pension Benefit Standards Act* for the fiscal year ended March 31, 1980, pursuant to section 22 of the said Act, Chapter P-8, R.S.C., 1970.

Report of the National Farm Products Marketing Council, including a statement of expenses, for the fiscal year ended March 31, 1980, pursuant to section 16 of the *Farm Products Marketing Agencies Act*, Chapter 65, Statutes of Canada, 1970-71-72.

Copies of "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada" issued by the Office of the Prime Minister.

HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

EXPRESSION OF ADMIRATION FOR POLISH WORKERS—NOTICE OF MOTION

Hon. Stanley Haidasz: Honourable senators, with leave, I move, seconded by Senator Guay:

> That as preparatory meetings are now being held for the Madrid Review Conference on the Final Act of Helsinki, to which Canada is a signatory country, the Senate of Canada express its admiration for the courageous and prudent way in which the Polish workers struggled for free trade unions and other fundamental freedoms and human rights, and urge all signatory countries to faithfully observe the provisions of the Final Act of Helsinki to ensure social justice and security.

[Senator Perrault.]

The Hon. the Speaker: Is leave granted, honourable senators?

Senator Flynn: What leave? It is a notice of motion.

Senator Frith: It is a notice of motion, Mr. Speaker, so the honourable senator does not need leave.

[*Translation*]

The Hon. the Speaker: I apologize, honourable senators, but we have before us a proposal which is seconded by the Honourable Senator Guay. This is a formal motion.

Senator Flynn: I understood it was a notice of motion.

• (2035)

[*English*]

Is this a notice of motion?

Senator Haidasz: I was asking leave, honourable senators, to present this motion today.

Senator Flynn: No. Tomorrow.

The Hon. the Speaker: Leave is not granted.

QUESTION PERIOD

[*English*]

BUSINESS OF THE SENATE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, may I say at the outset that I am pleased once again to be in the company of the Leader of the Government. I say "once again" because I was in British Columbia over the weekend and had the occasion to fly back from Vancouver with him today. And I know I speak for the rest of my colleagues when I say that we are pleased to be back. But I wonder why the leader was in such a rush to bring us back, and I wonder why we are here this evening.

I cannot see anything that really requires our presence at this time instead of next week, when everyone had arranged to return. Recalling the Senate at this time seems to have complicated somewhat the plans of many of our colleagues who could not be here this evening.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I want to say, too, how much I enjoyed travelling from the west coast on the same flight with the honourable senator. I am sure that he was glad to note that there was no anti-aircraft fire as we flew over the western provinces. Indeed, I want to assure him that western reaction to the government's constitutional proposals has been most gratifying, but discussion of the Constitution in this place must await another day.

One of the reasons we are here this evening—but only one of the reasons—is the matter of the constitutional proposals. Honourable senators are aware of the government's notice of motion placed on the order paper in the other place last week,

and they are also aware that the motion is being debated now in the other place. It proposes that a special joint committee of the Senate and the House of Commons be appointed to consider and report upon the document entitled "Proposed Resolution for a Joint Address to Her Majesty the Queen Respecting the Constitution of Canada". We are here this evening because it was felt that there was at least a possibility that the members of the other place might wish to deal with that resolution today and send a message to members of this place asking that we unite with them in the formation of and participation in the activities of this joint committee to consider the constitutional resolutions.

In addition, honourable senators, there is a bill which has come from the other place and which has been introduced this evening. There are a number of questions of major importance which have developed in the past few weeks and months. There are also a number of delayed answers in respect of which an assiduous effort has been made to gather and collate information in recent weeks. These are some of the reasons for sitting this evening, but there are others.

Senator Flynn: I can see that Senator Perrault has not changed much during the last two months. If anything, he is getting worse. I think he is taking us for granted. It seems that he feels he can give us any reason whatever and we will swallow it. Of course, on his side there are many members who are prepared to do that, but one of these days some of them will awaken and tell him that this is not the way to treat the Senate. He has given no reason except that there was going to be that motion in the other place, but that does not concern us. He would be very naïve indeed to believe after the provocative speech made by the Prime Minister last Thursday that this resolution could pass the House of Commons unanimously and without debate.

● (2040)

Senator Perrault: Well, honourable senators, as the Leader of the Opposition is aware, the motion proposes that "a message be sent to the Senate requesting that House to unite with this House—" that is the Commons—"for the above purpose, and to select, if the Senate deems it to be advisable, members to act on the proposed special joint committee."

In view of the dialogue which has taken place since the Right Honourable Prime Minister made his announcement last week, when he spoke to the nation in such eloquent fashion, perhaps it was too much to expect that the resolution would be dealt with today. However, I want to say that some have been so encouraged by the remarks of the Honourable William Davis, the Premier of Ontario, that it was felt there was at least the possibility of a motion from the other place this evening.

Senator Flynn: If the Honourable Leader of the Government wants to speak of what the Honourable William Davis said about this proposal of the Prime Minister's being the answer to Quebec's aspirations after the referendum of last May, then he does not know what he is talking about.

Senator Perrault: In any case, honourable senators, in due course it is expected that the members of the other place will make their judgment on this motion.

Senator Flynn: Agreed.

Senator Perrault: And that we will have a full opportunity for a vigorous debate here.

Senator Asselin: Not this year.

Senator Perrault: There is always that possibility.

Senator Asselin: No, no.

ENERGY

AGREEMENT IN PRINCIPLE BETWEEN NEWFOUNDLAND AND NEW YORK STATE FOR THE SALE OF HYDRO-ELECTRIC POWER

Hon. Jack Marshall: Honourable senators, I should like to direct a question to either the Leader of the Government in the Senate or the Minister of State for Economic Development. The question relates somewhat to the First Ministers' Conference or matters arising therefrom.

In view of the fact that the Province of Newfoundland has a potential agreement, or an agreement in principle, to sell 600 megawatts of hydro-electric power from the Lower Churchill to the New York Power Authority, would the Leader of the Government or the Minister of State for Economic Development advise whether the government is prepared to support access to such power through the Province of Quebec?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will take that question as notice. However, I recall that at one stage during the constitutional conference it was pointed out that to date there had been no application made by the Government of Newfoundland for that transmission line.

Senator Marshall: I beg to differ with my colleague. At the First Ministers' Conference the Prime Minister told Premier Peckford publicly, in fact, that the federal government would intervene with Quebec if Newfoundland could come up with a contract to sell its power. Indeed, they have come up with a contract with the Power Authority of the State of New York.

I am willing to give the minister time to discuss it with his colleagues in cabinet, but I would like an answer to this question, because of the importance of the development of the Lower Churchill in the creation of energy which can save the country millions and millions of dollars. Can the minister either prepare an answer or have an answer prepared so that he can report to the Senate, thus enabling the people of Newfoundland to know what is happening so that they may have some assurance of the development of the Lower Churchill in Newfoundland to provide more energy for all of Canada?

Senator Olson: Honourable senators, I shall take that question as notice. If there has been some further development since that conference took place, obviously that will come out in the replies I will receive; but I think the honourable senator will have also to realize that, whatever progress has been

made, it will nevertheless require a formal application by the Government of Newfoundland for a transmission line and the right to install such a transmission line—an application which I do not believe has been made to this date.

Senator Marshall: I have a supplementary question. Can the minister confirm that the National Energy Board has the power to order access to transmission lines for an international contract such as would be developed for the transfer of electric power from Canada to New York?

Senator Olson: Honourable senators, I would not want to get involved in giving an interpretation on that. Obviously, the National Energy Board will, after it has received an application, look at the law and decide whether or not it has the power my honourable friend is referring to.

THE CONSTITUTION

STATUS OF REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE

Hon. Lowell Murray: Honourable senators, I wish to ask the Leader of the Government whether, in view of the current interest in constitutional reform, he can explain why there has not been forthcoming tonight the report of the subcommittee of the Legal and Constitutional Affairs Committee on which a number of our colleagues worked this summer? Even though the committee was unduly restricted in its terms of reference, as we on this side pointed out at the time, its report would be interesting and timely, if it is to be brought in immediately.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I believe we are all aware of the outstanding work done by senators from both sides of this house as members of that subcommittee.

I understand that the Legal and Constitutional Affairs Committee will be meeting later this week to consider the matter of when the report should be tabled. I would not wish to anticipate what might take place at that meeting.

Senator Murray: Can the minister say, or, alternatively, can Senator Lamontagne, the chairman of the subcommittee, or Senator Goldenberg, the chairman of the committee, say whether there is a report ready or not?

Hon. H. Carl Goldenberg: Honourable senators, the committee, as Senator Murray has said, met a number of times during the summer. It agreed on the substance of its report on two of the matters referred to it. It has not had the opportunity of giving full consideration to the third matter.

In any event, the aspects of the Constitution referred to the committee, which were dealt with by a subcommittee under the chairmanship of Senator Lamontagne, are not directly related to the government proposals in the resolution to which reference has been made.

We will present a report in due course, but as I have said and as Senator Flynn knows, we did not have within our terms of reference any of the specific items which appear in the proposals to which Senator Murray made reference.

[Senator Olson.]

Senator Murray: I would not enter a quibble at this point except to say that the proposed resolution, the proposed address, does, according to some rather authoritative interpretations, have a most profound effect upon the powers of this place. If I recall the terms of reference correctly, the role of the second chamber was discussed by that subcommittee.

Senator Goldenberg: The second part of the report will deal with the Senate, but I do not think Senator Murray is correct when he says that the proposals in the resolution deal with the Senate in terms of the future of the Senate as referred to the committee.

Senator Murray: The Senate will be written out of renewal if that resolution passes.

● (2050)

DELAYED ANSWERS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a number of delayed answers. Indeed, it has been a busy summer assembling all the data sought by members of the official opposition. Holidays were postponed in order to prepare this great sheaf of documentation.

I would not wish to act in an unparliamentary fashion, but the quantity of material is such that it might be satisfactory to the opposition if I read some of the short replies and placed some of the other material on the record. If honourable senators have any further questions we shall be glad to provide replies.

Hon. Jacques Flynn (Leader of the Opposition): Perhaps if the Leader of the Government would give us the subject matter of each reply, we might then be able to decide.

Senator Perrault: I thank the Leader of the Opposition for another constructive suggestion.

Senator Argue: That is why we came back—for a constructive suggestion.

FOREIGN AFFAIRS

CANADIAN AMBASSADOR FOR DISARMAMENT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have an answer to a question asked by Senator Macquarrie on June 5 concerning the appointment of a Canadian Ambassador for Disarmament.

Mr. A. R. Menzies, currently the Canadian Ambassador to the People's Republic of China, will take up the duties of Canadian Ambassador for Disarmament in the fall after he completes his present assignment.

PARLIAMENT BUILDINGS

EAST BLOCK—OFFICE ACCOMMODATION FOR SENATORS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have an answer to a question asked by

Senator Lang on June 4, 1980, concerning accommodation in the East Block and the presence of House of Commons security forces in that building.

Senator Flynn: The senator is not here, so the reply can be printed.

(*The answer follows:*)

Public Works was advised by the Sergeant-at-Arms that the Honourable Don Johnston was assigned space in the East Block under the authority of Madam Speaker.

As a consequence of the partial occupancy of space by the House of Commons, the security services normal to a construction site were no longer considered adequate by the Sergeant-at-Arms and he undertook to provide the necessary services of the House of Commons security staff.

THE CABINET

MINISTERIAL RESPONSIBILITY IN THE SENATE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on April 15, the Leader of the Opposition asked a question concerning ministerial responsibility.

Hon. Jacques Flynn (Leader of the Opposition): That will be a long reply. It can be printed.

Senator Perrault: Thank you.

(*The answer follows:*)

Senator Argue is responsible to Parliament for the Canadian Wheat Board and Senator Olson is responsible to Parliament for the Economic Development portfolio and the Northern Pipeline Agency. Since both of these portfolios cover quite a wide range of areas, it is not possible to strictly define the exact responsibility of each minister within an extremely narrow area. Outside of the areas for which each of my colleagues represent through their portfolios, each of us does his best to represent and be responsible for this particular region, as do all honourable senators.

THE CONSTITUTION

ASPECTS OF SENATE STUDY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have an answer to a question asked by the Leader of the Opposition on June 11 concerning the discussion of immigration, cultural policy and social affairs as part of constitutional reform.

Immigration, cultural policy and social affairs are subjects of ongoing discussion at the federal-provincial level. It was agreed, however, by both provinces and the federal government that these subjects were not priorities for discussion during the September First Ministers' Conference. Therefore, these subjects will be topics of discussion at some future time.

Honourable senators are aware that the government has expressed its view that there should be conferences to discuss constitutional matters, particularly over the next two years.

THE ENVIRONMENT

CONVERSION OF U.S. ELECTRICITY GENERATING STATIONS—POTENTIAL INCREASE IN AIR POLLUTION

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have an answer to a question asked by Senator Sherwood on June 26 concerning the potential increase in air pollution from the conversion of U.S. electricity generating stations.

(*The answer follows:*)

At a meeting between United States and Canadian officials on February 29, just prior to the legislation being introduced into the Congress, strong Canadian concerns were expressed over the fact that the coal conversion program would aggravate the already serious problem of acid rain. These concerns were reiterated by the Minister of the Environment in April at a meeting with Mr. Costle, Administrator of EPA, and Mr. Andrus, Secretary of Interior. The bill which was passed recently by only the U.S. Senate, specifically exempts the converting plants from the stringent new source performance standards of the U.S. Clean Air Act. The plants will be controlled to the extent required for existing facilities. Canada would have preferred to see a bill which required the application of best available control technology. The bill does include limited provision for grants to help defray the capital costs of pollution control equipment including coal washing facilities.

FREEDOM OF INFORMATION

ORDER IN COUNCIL APPOINTMENTS—SALARIES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Muir on June 27 concerning the salaries of Order in Council appointees.

Hon. Robert Muir: Put it on the record; that will be satisfactory.

(*The answer follows:*)

The Minister of Finance undertook on June 27, 1980, when it came to his attention that this information on salary ranges had not been included in the lists, to ensure that in future when these salary ranges are established as the result of a current review they will be included as part of the information.

NATIONAL DEFENCE

SPACE RESEARCH CORPORATION

Hon. Raymond J. Perrault (Leader of the Government): On June 27 Senator Macquarrie asked a question concerning the purchase of Space Research Corporation by the national government.

(*The answer follows:*)

The Government of Canada through any of its branches, agencies or corporations, has not given any consideration to buying into Space Research Corporation (Quebec) and becoming a partner of this company and putting us in a role with the Government of South Africa. The government is, however, giving consideration to the purchase of certain physical assets of this company, such as lands, buildings and equipment used in research, development and production of ammunition and to operate these facilities independently of SRC(Q) so as to provide to the Department of National Defence the supply of ammunition the Canadian forces require.

HEALTH AND WELFARE

MARIJUANA—NATIONAL EDUCATION PROGRAM

Hon. Raymond J. Perrault (Leader of the Government): On June 27, Senator Haidasz asked a question concerning a national education program aimed at decreasing the use of marijuana.

Senator Haidasz: The reply may be printed.

(*The answer follows:*)

The government indicated in the Speech from the Throne on April 14, 1980, that it intends to move cannabis from the Narcotic Control Act to the Food and Drugs Act and to remove the possibility of imprisonment for possession of small amounts. There is, however, no intention of "legalizing" marijuana.

The Department of National Health and Welfare is particularly concerned that Canadians may be unaware of health risks associated with cannabis use, risks which are similar to those resulting from the use of alcohol and tobacco, affecting the respiratory system. The possibility exists that the sexual development and subsequent reproductive capacity of young people may be affected. Continuing heavy use might also have a cumulative negative impact on a student's academic and social growth.

It is with these issues in mind that officials in the Department of National Health and Welfare, the Department of Justice, and the Ministry of the Solicitor General have been studying the problem. The department will be proposing a national education campaign to alert Canadians to the health hazards of using cannabis.

• (2100)

TRANSPORT

ATLANTIC CANADA—PASSENGER AND FREIGHT FACILITIES

Hon. Raymond J. Perrault (Leader of the Government): On July 9, Senator Muir asked a question concerning the hiring of buses by VIA Rail to transport people in the Atlantic region.

Hon. Robert Muir: I should like that reply to be reported to the house because the CN service by VIA Rail still continues to be cut back in the Atlantic region, particularly Cape Breton Island.

Senator Perrault: VIA Rail is contracted by Transport Canada to operate two rail diesel cars known as RDCs, daily between Sydney and Truro which complements the daily RDC train service between Sydney-Halifax via Truro.

During the peak summer months, passenger volumes occasionally exceed the seating capacity offered. This is a problem that occurs throughout the entire rail passenger network operated by VIA and not just in the Atlantic region. VIA officials state that the only recourse open to them is to hire buses and/or taxis to transport the passengers unable to get a seat on the train.

I am sure the honourable senator can appreciate the fact that VIA is unable to keep spare equipment on hand at all times to meet unexpected increases in ridership. Not only are the costs of such a measure prohibitive, there is not enough equipment available to do so.

However, there were an unusual number of instances where there were more passengers than there were seats available during June of this year on the Truro-Sydney service. Consequently, VIA took the necessary steps to rectify this recurring problem. Through a reassignment of equipment from other services, VIA assigned an additional RDC to the Truro-Sydney service effective July 4.

CANADIAN BROADCASTING CORPORATION

HIRING OF CONVICTED WATERGATE CONSPIRATOR

Hon. Raymond J. Perrault (Leader of the Government): Senator Goldenberg asked a question on July 10 concerning the hiring of G. Gordon Liddy by the CBC to report on the political campaign in the United States.

The newspaper reports on this matter were premature. The CBC has not entered into any such contract with G. Gordon Liddy.

Senator Flynn: Not as yet.

SCIENCE AND TECHNOLOGY

NUCLEAR FUSION RESEARCH

Hon. Raymond J. Perrault (Leader of the Government): On July 15, Senator Yuzyk asked a question concerning Canada's participation in nuclear fusion research. The reply is rather lengthy.

Senator Flynn: Place it on the record.

(*The answer follows:*)

Research in controlled nuclear fusion is proceeding in several countries and is the subject of intensive international collaboration. There are at least two different proposed methods of achieving controlled nuclear fusion which show promise of achieving engineering and economic feasibility. These are the magnetic-confinement and inertial-confinement methods. Until such time as the engineering feasibility of these methods has been demonstrated, perhaps by 1990, and the preferred method

chosen, it is not considered possible to make a realistic estimate of the costs of fusion power systems.

Although it is not possible now to estimate realistically the costs of fusion power systems, whether imported in toto or with significant contributions by Canadian industry, the impact of total dependence on foreign technology can be assessed.

Failure to mount a minimal program of fusion R/D sufficient to secure access to a significant portion of fusion technology developed in other countries would probably mean Canada would eventually have to import fusion reactor systems with only limited participation by Canadian industry, mainly in low technology areas. The resultant inability of Canadian industry to contribute significantly to the high-technolgy content of fusion power systems could greatly increase the overall costs to Canada of acquiring fusion power systems. It will be possible to make realistic estimates of those increased costs once the engineering concepts of future fusion power systems are more fully established.

If Canada does not participate to a significant extent in fusion research our access to the detailed knowledge of fusion technology developments in other countries will become increasingly restricted. Work on fusion in other countries is already moving from the research phase to the engineering phase and the knowledge related to engineering and technological developments is tending to be restricted to the various national programs of fusion development or to those countries who collaborate in major international programs on fusion developments. In the last two years there have been several instances where Canada's ability to access the fusion developments in other countries, and our representation on international organizations concerned with fusion R/D, has been limited because of the absence of a Canadian program of fusion R/D which is seen to be of significance on an international scale.

Indications have been received by officials of the National Research Council, from representatives of the U.S. and Japanese governments and from the International Energy Agency, that Canadian participation in research on fusion would be welcomed. Some small collaborative research programs are in place now and the opportunities for larger collaborative programs in specific research areas have been discussed. The possibilities of pursuing these larger collaborative opportunities are dependent on a decision by Canada to support a national program of fusion R/D.

NATIONAL DEFENCE

POLICY RESPECTING NUCLEAR WEAPONS

Hon. Raymond J. Perrault (Leader of the Government): I have a reply to a question asked by Senator Asselin on July 15, concerning an alleged contradiction between the Prime Minister and the Minister of National Defence in a statement on nuclear policy.

Senator Asselin: The reply may be printed.

Senator Perrault: If the honourable senator has any further questions, we will take them under consideration.

(*The answer follows:*)

The position of the government on disarmament and nuclear weapons remains unchanged. Nor is there any contradiction in statements made by the Prime Minister and the Minister of National Defence. The statement made by the Minister of National Defence referred, as both the minister and the Prime Minister have pointed out, to the NATO situation, not to Canadian policy. The question posed to the minister was specifically related to NATO. Moreover, the minister expressed the view that the mere threat of existence of such a weapon as the neutron bomb would in itself have a deterrent effect.

LABOUR

RESTRICTIVE PROVINCIAL EMPLOYMENT LEGISLATION

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Muir on July 16, concerning the mobility of construction workers between Quebec and Ontario. I believe that was a supplementary to a previous question asked by the honourable senator.

Senator Muir: The reply may be placed on the record.

(*The answer follows:*)

Residents of Ontario may work in the construction industry in Quebec but under limited circumstances. Under section 3.07 of regulation No. 5 made pursuant to section 32 of the Construction Industry Labour Relations Act, S.Q. 1968, c.45 (the "regulation"), an employee residing outside of Quebec may work in that province if such employee obtains a special classification certificate from a board created under the regulation. To obtain this certificate, the employee must acquire a guarantee of employment from an employer registered with the said board and must satisfy it that (*a*) there is no available employee holding a classification certificate for the employment secured by the said employee, or (*b*) that the employee belongs to the employer's regular work force. If such a certificate is obtained, the duration of the certificate is determined by the board pursuant to section 3.10 of the regulation. Further, section 3.12 of the regulation provides that the holder of a special classification certificate may be restricted to definite works, a region or locality, to a site or to an employee.

Residents of Quebec are allowed to work in the construction industry of the province of Ontario without any restriction. There is presently no legislation enacted in Ontario which is similar to the Quebec regulation.

THE ECONOMY

NATIONAL ANTI-POVERTY ORGANIZATION

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on July 16, Senator Muir asked a question concerning the National Anti-Poverty Organization.

As you will recall, Senator Muir raised the question of whether the government could assure the National Anti-Poverty Organization, known as NAPO, that it would receive the second phase of its federal grant for 1980, which was due on July 2.

I am pleased to inform the Senate that an interim payment of $25,687.61 was made to NAPO on July 17 in order to enable the organization to meet its obligations for June and July. In the meantime, the department has arranged, with the agreement of NAPO, to have an independent firm assess the organization's financial position with a view to recommending a plan for debt retirement.

OFFICIAL LANGUAGES

REPORT OF COMMISSIONER—AGREEMENT BETWEEN GOVERNMENT OF CANADA AND FÉDÉRATION DES FRANCOPHONES HORS QUÉBEC

Hon. Raymond J. Perrault (Leader of the Government): Senator Murray asked a question on July 16, concerning negotiations with the Fédération des Francophones Hors Québec.

Senator Murray: The reply may be placed on the record.

(*The answer follows:*)

> As the Honourable Secretary of State said on July 15, 1980, the government has never promised to set up a joint commission comprised of members of the government and the Fédération of Francophones outside Quebec. The honourable senator will remember no doubt that this type of suggestion had been favoured by his government during the electoral period to elicit votes from certain francophone circles outside Quebec, a tactic which incidentally did not seem to work.
>
> From the government's point of view, there has never been any doubt as to our commitment with regard to francophones outside Quebec either by a constitutional or government policy point of view.

FEDERAL BUILDINGS

CONCESSION AT PLACE DU PORTAGE, HULL, QUEBEC

Hon. Raymond J. Perrault (Leader of the Government): On July 17 Senator Phillips asked a question concerning the food concession at Place du Portage in Hull.

(*The answer follows:*)

> Since it became necessary, on March 15, 1980, to replace the food service concessionaire at Place du Portage 1, Hull, Quebec, Public Works Canada invited the Canadian National Institute for the Blind, a non-profit organization, to continue these services in view of their relatively low overhead and their capacity to serve meals at reasonable prices tailored to public servant needs.
>
> This new arrangement is effective as borne out by increasing sales volume and the maintenance of high food quality.

TRANSPORT

MISSISSAUGA DERAILMENT—CONDITION OF CNR TRACKAGE

Hon. Raymond J. Perrault (Leader of the Government): Senator Marshall asked a question on July 17 relating to the rail system of CNR. A professor at the University of Carleton had described the CNR system in somewhat unflattering terms.

(*The answer follows:*)

> Safety as a principal operating philosophy is a necessity if CN Rail is to achieve its objective of meeting transportation demands while operating as a commercially viable company. In recent years CN Rail has implemented major upgrading programs involving its roadbed and structures in order to improve capacity and reduce the possibility of derailments. These programs include the installation of heavier rails, improved ballast, and some 6,000 miles of continuous welded rail. Programs are continuing to add 450 miles of continuous welded rail, 300,000 concrete ties and 2 million new wooden ties to the system annually. CN is a leader in the industry in the development of high speed automated track changeout and maintenance equipment which add significantly to the productivity of its maintenance forces.
>
> Over the next five years CN Rail will spend close to $2 billion upgrading and maintaining its rail roadbed and structures. In addition to these programs, CN is continuously upgrading and increasing its rolling stock. Equipment programs will cost CN almost $900 million over the same five-year period and will involve, on average, the purchase of 35 new locomotives and 2,000 railcars per year.
>
> Transport Canada, on behalf of the Minister of Transport, will continue to monitor the activities of CN Rail and other Canadian railway companies to ensure that every reasonable effort is made to safely meet demands for rail transportation in Canada. Transport Canada scrutinizes CN's capital budget each year as part of the process requirement to gain approval within government. Particular attention will be given to the area of railway safety.

Hon. Jack Marshall: Honourable senators, the Leader of the Government has indicated the hard work that has been done during the summer in order to provide replies to so many questions. As I look at the order paper, I notice questions that were asked away back on May 1, May 13, June 4, June 11, June 17 and July 8 have not been answered. Can the Leader of

the Government give us an explanation as to why it has been difficult to reply to such simple questions.

Senator Perrault: Honourable senators, it is more difficult to prepare material for some questions than for others. All I can say is that we shall commit ourselves to even greater diligence than heretofore.

PUBLIC SERVICE

STRIKE OF CLERICAL AND REGULATORY EMPLOYEES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a late report has been made available regarding the situation at the Toronto International Airport. The firefighters are honouring the clerks' picket line. Planes are not leaving Toronto for safety reasons. The rest of the system is stable. There will be no movement in Toronto until the morning.

As far as the strike itself is concerned, I have been advised in a late note that the mediator has commenced his negotiations with Mr. Stewart and Mr. Dennis McDermott of the CLC at the Skyline Hotel. The negotiations are still under way.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, October 7, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the names of Messrs. Manly and Robinson (Burnaby) had been substituted for those of Messrs. Robinson (Etobicoke-Lakeshore) and Manly on the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Economic Council of Canada, including its financial statement certified by the Auditor General, for the fiscal year ended March 31, 1980, pursuant to section 21(1) of the *Economic Council of Canada Act,* Chapter E-1, R.S.C., 1970.

Report of the Minister of Supply and Services relating to gold coins for the period ended June 30, 1980, pursuant to section 4.1 of the *Currency and Exchange Act,* as amended by Chapter 35, Statutes of Canada, 1977-78.

Reports on operations under the *Regional Development Incentives Act,* for the months of June and July, 1980, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Report of the President of The Social Sciences and Humanities Research Council of Canada for the fiscal year ended March 31, 1980, pursuant to section 21 of the *Social Sciences and Humanities Research Council Act,* Part I of Chapter 24, Statutes of Canada, 1976-77.

Report of the Department of Industry, Trade and Commerce for the fiscal year ended March 31, 1979, pursuant to section 8 of the *Department of Industry, Trade and Commerce Act,* Chapter I-11, R.S.C., 1970.

Reports of the Textile and Clothing Board, Volumes 1 and 2, dated June 30, 1980, to the Minister of Industry, Trade and Commerce, pursuant to section 17(1) of the *Textile and Clothing Board Act,* Chapter 39, Statutes of Canada, 1970-71-72, respecting textile and clothing inquiry.

Report of Canadian Commercial Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1980, pursuant to section 13(1) of the *Canadian Commercial Corporation Act,* Chapter C-6, and sections 75(3) and 77(3) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

Copies of Orders in Council P.C. 1980-1789 and P.C. 1980-1790, dated July 3, 1980, approving Orders numbered NP-MO-1-80 and NP-MO-2-80 respectively, rescinding in part and adding to the terms and conditions set out or deemed to be set out in Schedule III to the *Northern Pipeline Act,* pursuant to section 22 of the Act, Chapter 20, Statutes of Canada, 1977-78.

Report on the administration of the *Canadian Forces Superannuation Act,* for the fiscal year ended March 31, 1980, pursuant to section 28 of the said Act, Chapter C-9, R.S.C., 1970.

Report of Defence Construction (1951) Limited, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1980, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

Statement by the Department of National Defence of moneys received and disbursed in the Special Account (Replacement of Materiel) for the fiscal year ended March 31, 1980, pursuant to section 11(4) of the *National Defence Act,* Chapter N-4, R.S.C., 1970.

Copies of Statement on operations under the *Returned Soldiers' Insurance Act* for the fiscal year ended March 31, 1980, pursuant to section 17(1) of the said Act, Chapter 59, Statutes of Canada, 1951.

Copies of Statement on operations under the *Veterans Insurance Act* for the fiscal year ended March 31, 1980, pursuant to section 18(1) of the said Act, Chapter V-3, R.S.C., 1970.

Copies of Statement of expenditures and financial commitments made under the *Veterans' Land Act* for the fiscal year ended March 31, 1980, pursuant to section 49 of the said Act, Chapter V-4, R.S.C., 1970.

Report on the activities of the Food and Agriculture Organization (FAO) for the fiscal year 1979-80, pursuant to section 3 of the *Food and Agriculture Organization of the United Nations Act,* Chapter F-26, R.S.C., 1970.

Copies of financial statement on the operation and maintenance of the Great Slave Lake Railway for the year ended December 31, 1979, together with a statement

showing the net capital investment as at December 31, 1979, pursuant to section 9, Chapter 56, Statutes of Canada, 1960-61.

Report of The St. Lawrence Seaway Authority, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1980, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970, together with the 1979 Operations Report.

Reports of the Atlantic Pilotage Authority, the Laurentian Pilotage Authority, the Great Lakes Pilotage Authority, Ltd., and the Pacific Pilotage Authority, including their accounts and financial statements certified by the Auditor General, for the year ended December 31, 1979, pursuant to section 28 of the *Pilotage Act,* Chapter 52, Statutes of Canada, 1970-71-72.

Capital Budget of the Pacific Pilotage Authority for the year ending December 31, 1980, pursuant to section 70(2) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970, together with copies of Order in Council P.C. 1980-2046, dated July 31, 1980, approving same.

QUESTION PERIOD

[*English*]

THE CONSTITUTION DEBATE

INTERPRETATION OF SECTION 44 OF PROPOSED CONSTITUTION ACT, 1980

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, in order to prepare for the coming debate on the resolution which is before the other place concerning the Constitution I have started reading with careful attention the document entitled "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada."

Today I just want to ask a question of the Leader of the Government on section 44. I am reading what is relevant to my question:

> 44. An amendment to the Constitution of Canada may be made by proclamation under subsection 41(1) or section 43 without a resolution of the Senate authorizing the issue of the proclamation if, within ninety days after the passage by the House of Commons of a resolution authorizing its issue, the Senate has not passed such a resolution and if, at any time after the expiration of those ninety days, the House of Commons again passes the resolution—

Do I understand correctly that if this address goes to Westminster and becomes law, thereafter any amendment to our Constitution, including the abolition of the Senate, could be made without the Senate having a word to say about it?

• (1410)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, we are really not engaged in the process of debating this proposed resolution.

Senator Flynn: It is a question.

Senator Perrault: It is not for me to provide a definitive interpretation of that section. Quite understandably, a number of senators have asked questions with respect to section 44 and with respect to a number of other sections of this proposed resolution and the appended suggested bill that it is hoped will be dealt with by the British Parliament. I want to provide assurances, and I am certain the Leader of the Opposition is aware of the fact that after a debate has been concluded in the other place and the motion dealt with, there is every chance that the Senate will be invited to unite with the other place in sending the resolution to Westminster. Before that takes place, of course, there will be a debate in the Senate itself on the subject matter of the bill and the various sections contained therein.

Honourable senators, I do not think it would be in order to initiate a debate at this time before the resolution has been received.

Senator Flynn: I am not asking for a debate; I am just asking if the intention of the government is the one I read into the text. Does the government know what it is doing?

Senator Perrault: Honourable senators, the government has the best intentions in its efforts to advance this resolution through Parliament.

Senator Flynn: I can see that.

Senator Perrault: An opportunity will be accorded for full debate in the other place and in this place. It is surmised that ten senators could be members of a joint committee. Whatever the number, should we be asked to participate, there will be more than adequate opportunities for honourable senators to debate the various sections and to obtain explanations of the wording of the address to Her Majesty and the proposed appended bill.

[*Translation*]

Hon. Arthur Tremblay: I have a supplementary question. If I understand clearly the answer that was just given to Senator Flynn, we have yet to reach the stage where the full meaning of the content of the resolution will be explained. We have not reached that stage yet.

Are the emissaries, sent to London by the Canadian Parliament—

Senator Asselin: The government.

Senator Tremblay: —by the Canadian government, giving the same answer to the British who want to know the meaning of the content of the resolution to be debated?

If those emissaries can, before the proper time that will come when the resolution is passed, enlighten the British and clarify for them the real meaning of the resolution, then why

could not the Senate, as an integral part of the Canadian parliamentary institution, receive the same clarifications now?

[*English*]

Senator Perrault: Honourable senators, there is no attempt being made to deny information about any aspect of this bill.

As far as the visit to the United Kingdom by two members of the ministry is concerned, I understand that Her gracious Majesty demonstrated a lively interest in all aspects of the question of constitutional change and patriation; indeed, some reports have suggested that the conversations ranged through a luncheon as well as an hour-and-a-half further meeting with Her Majesty. Of course, explanations were given to the British government and to the Queen with respect to the various sections of the bill.

During the process of what will be a very detailed debate, a great deal of information will be provided by the government. If the committee is established, it will be empowered to call witnesses. Indeed, I am sure that members of the opposition will have access to exhaustive detail before the committee process has been completed. However, this is not the time when the bill and its contents should be debated. We have yet to receive a message from the other place asking us to consider the proposed resolution, but it would not be in order and it is not our parliamentary procedure to move into substantive debate at this stage.

Senator Flynn: It is only a question. We are trying to understand this resolution.

• (1415)

Hon. Daniel Riley: I have a question for the Leader of the Government in the Senate. Are the press reports true when they state that two ministers of the Government of Canada spent all of four minutes with the Prime Minister of Great Britain discussing this resolution?

Senator Murray: Four and a half minutes.

Senator Perrault: Honourable senators, I do not know the time involved by Canada's representatives in speaking to the Right Honourable the British Prime Minister and to the leaders of the political parties in the British Parliament. I have no specific report as to the time involved in those meetings. That information will be sought. However, over a number of weeks and months, many parliamentary contacts have been made in Great Britain and assurances have been given, I understand, that the British Parliament is prepared to deal expeditiously with the constitutional resolution.

Hon. Azellus Denis: Am I right in understanding that before December 9 the only people allowed to debate this matter will be the 15 members of the subcommittee?

Senator Perrault: Honourable senators, that is not correct but I am pleased to clarify the situation. A debate is under way now in the other place. After the motion under consideration has been dealt with there, and if a decision is taken to invite the Senate to participate in a joint committee, a message to that effect will be sent to this chamber. It will then be up to honourable senators to decide whether they wish to participate in that committee's activities, and presumably that decision will follow a debate in this house. It would be inconceivable that the Leader of the Opposition would agree to the acceptance of such an invitation without speaking. As well, I know that many of his colleagues and senators on the government side will wish to speak. There will be many, many opportunities for debate.

To make things abundantly clear, what the House of Commons is debating now is a motion that a joint committee consider and report upon a document entitled "Proposed Resolution for a Joint Address to Her Majesty the Queen Respecting the Constitution of Canada." Parliament is considering a motion to study proposals to patriate Canada's Constitution with certain amendments. A motion is now being debated in the Commons to determine whether or not that resolution and the appended proposed bill should be referred to a joint committee of the Senate and Commons. That is the motion that is being debated there. In the process of that debate, a good deal of discussion is taking place with respect to the content of the proposed bill. After the debate has been concluded in the other place, a vote will be taken to refer the resolution to a joint committee and to send a message to the Senate asking us to participate in the committee, and then the debate process would begin here. So there will be many opportunities for honourable senators to participate in discussion and debate.

Senator Denis: Could a good part of those resolutions be amended before they are sent to the committee?

Senator Perrault: No, in the other place they are only debating the motion to refer this matter to a joint committee. It is not possible to amend before that committee has been established.

Hon. David Walker: Honourable senators, is it not effrontery on the part of the Trudeau government to send over to the British House of Commons something more than what they expected would be simply the repatriation of the Canadian Constitution? Now the Prime Minister has added to that in this resolution some further clauses, particularly section 44, for the British Parliament to pass, something that he could not pass in the Parliament of Canada. In his attempt to by-pass the Canadian Parliament, is he not deceiving the British Parliament?

• (1420)

Senator Perrault: Honourable senators, I cannot agree that there is any deceit involved. First of all, let us understand what the government is attempting to do here. The first idea is to patriate the Constitution—

Senator Walker: We agree with that.

Senator Perrault: —with no amendments possible, unless there is the consent of all the provinces, for a two-year period. If there is no agreement on a new amending formula during that two-year period, then it is proposed that the Victoria formula be adopted, which would require consent by two of the Atlantic provinces representing at least 50 per cent of that region's population and two of the western provinces represent-

ing at least 50 per cent of that region's population, and provinces representing 25 per cent of the population of Canada. In addition, there are a number of other amendments relating to human rights in this country. In the case of that human rights package, all of the provinces have at one point expressed their support—

Senator Flynn: No.

Senator Perrault: —for those rights—

Senator Flynn: Not so.

Senator Perrault: —which this government would hope to entrench and enshrine.

Senator Walker: Section 44 of the proposed resolution states:

> An amendment to the Constitution of Canada may be made by proclamation under subsection 41(1) or section 43 without a resolution of the Senate authorizing the issue of the proclamation if, within ninety days after the passage by the House of Commons of a resolution authorizing its issue, the Senate has not passed such a resolution and if, at any time after the expiration of those ninety days, the House of Commons again passes the resolution, but any period when Parliament is prorogued or dissolved shall not be counted in computing those ninety days.

Patriating the Constitution is a brand new, important and vital amendment to the Constitution of Canada, in which the Prime Minister, in his effort to finally become the dictator, is attempting to take unto the House of Commons, which he can control, the whole of the passage of any such legislation, and from then on he won't have to get the support of the Senate. It is one of the most shocking bits of effrontery that I have ever seen any statesman attempt to impose on Parliament.

Senator Perrault: Here again, honourable senators, we are now getting into a debate on this proposed resolution, and I would suggest that section 44 relates as well to other sections—

Senator Asselin: Which ones?

Senator Perrault: —which require the support of the Senate and the Commons—

Senator Walker: Oh no.

Senator Flynn: No.

Senator Perrault: —and a number of the provinces to bring proposed amendments into place. I don't think this is the time or place to get into a detailed debate on the content of the proposed resolution, when the proposed resolution itself is under discussion in the other chamber. There will be full Senate representation, including representation from the official opposition, on the proposed Senate-Commons joint committee, where these questions, which are entirely appropriate, can be answered and dealt with. I am not questioning the right of honourable senators to pose their questions, but this is not the best time to pose them.

Hon. G. I. Smith: I must ask the Leader of the Government to remember that yesterday he tabled this document in this house. I always understood that when a document was tabled in this house it was for the perusal of the members thereof, and for the members, if they wished and thought it useful, to ask the Leader of the Government questions based on the content of those papers. I do not understand this sudden reluctance, because the matter has not come before us officially by a message from the other house, to deal with legitimate questions based upon the content of a document that was tabled here yesterday.

● (1425)

Senator Perrault: Honourable senators, of course the proposed resolution was tabled here, and I know it gives rise to questions. Indeed, a number of questions have been asked of me personally by various members of the Senate. However, what I do not think would be appropriate—and I find no parliamentary precedent for it—is to have a full debate on the motion, the resolution and the appended bill before they come to us for debate and discussion. We must decide at the appropriate time whether (a) we will participate in the joint committee, or (b) we will join in the debate. That is the only point I make.

Senator Walker: Isn't the very essence of the reason we are here—we do not want to debate the particulars of it—that we should protest in the event that somebody should try to pull the wool over the eyes of the British House of Commons and the British House of Lords by sending them a bill which, under clause 44, would annihilate the Senate as a body with any power. Anything that it rejected could be passed again by the House of Commons without any suggestion of another vote.

Senator Flynn: Senator Haidasz has a reply for his leader.

Senator Walker: I did not hear what he said.

This is paramount, and it needs an answer before we can go any further. Clause 44 would eliminate the Senate as a power in this land, and to make the British House of Commons responsible for that heinous error is really effrontry, in my consideration. To have those two soft-soapers go over and address Her Gracious Majesty the Queen, two completely insignificant people, is shocking, because the effect of this measure is to destroy the Constitution of Canada as we understand it.

Senator Perrault: The honourable senator has made his point very passionately, and he will have many further opportunities to make this and similar points. If, for example, his leader would have him serve on the proposed joint committee, I am sure Senator Walker would make an outstanding contribution. Certainly there will be an opportunity to debate the issue in the house. There are many clauses in the proposed bill which are open to interpretation and explanation. There are a number of technicalities which invite further clarification. Even at this early point, the debate in the other place, for example, has featured useful observations by members of all the parties. These will be considered very carefully by the government, which has stated that it will listen closely to all

arguments and proposals for amendment that could be advanced in committee.

Clause 44 states:

> An amendment to the Constitution of Canada may be made by proclamation under subsection 41(1) or section 43 without a resolution of the Senate authorizing the issue of the proclamation—

And so on. However, clause 41(1) states:

> An amendment to the Constitution of Canada may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by
>
> (a) resolutions of the Senate and House of Commons; and
>
> (b) resolutions of the legislative assemblies of at least a majority of the provinces that includes
>
> (i) every province—

In other words, the Victoria formula, agreed to by all of the provinces in 1971 in the city of Victoria.

I know the honourable senator may disagree and say that because of other considerations there is not adequate protection for this chamber. I want to reassure him again that there will be a full opportunity for consideration and debate of his and other views. There will be no restriction on the right of honourable senators to speak. The Senate could have, I understand, ten representatives out of the 25 on the committee.

Senator Flynn: Why do you say you understand? On what basis do you say you understand?

Hon. Joseph-Philippe Guay: Honourable senators, I have two questions I would like to ask by way of supplementaries.

First of all, I am wondering whether the leader was accurate a moment ago when he referred to this as a bill. I thought this was a resolution that we were dealing with.

Also, the Leader of the Opposition made reference to clause 44 of the resolution. While I do not want to discuss any particulars contained in clause 44 of the resolution, I am wondering whether the Government of Canada will require the sanction of the Senate before referring the resolution to the committee and the assent by the Senate to that resolution before it is referred to the British Parliament.

● (1430)

Senator Perrault: Honourable senators, let me give the words of the government notice of motion so we will understand what the proposal of the government is:

> That a Special Joint Committee of the Senate and of the House of Commons be appointed to consider and report upon the document entitled "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada" published by the government on October 2, 1980, and to recommend in their report whether or not such an Address, with such amendments as the Committee considers necessary, should be presented by both Houses of Parliament to Her Majesty the Queen;

That is the first section.

[Senator Perrault.]

> That 15 Members of the House of Commons to be designated no later than three sitting days after the adoption of this motion be members on the part of this House of the Special Joint Committee;
>
> That the committee have power to appoint from among its members such subcommittees as may be deemed advisable and necessary and to delegate to such sub-committees all or any of their powers except the power to report directly to the House;
>
> That the committee have power to sit during sittings and adjournments of the House of Commons;
>
> That the committee have power to send for persons, papers and records, and to examine witnesses and to print such papers and evidence from day to day as may be ordered by the committee;
>
> That the committee submit their report not later than December 9, 1980;
>
> That the quorum of the Committee be 12 members, whenever a vote, resolution or other decision is taken, so long as both Houses are represented and that the Joint Chairmen be authorized—

That is a joint chairmanship involving the Senate and the House of Commons.

> —that the joint Chairmen be authorized to hold meetings, to receive evidence and authorize the printing thereof, when 6 members are present so long as both Houses are represented; and
>
> That a Message be sent to the Senate requesting that House to unite with this House for the above purpose, and to select, if the Senate deems it to be advisable, Members to act on the proposed Special Joint Committee.

It seems to me that the government notice of motion and the government motion observe the highest standards of parliamentary practice. Here we have an attempt by the government to assure democratic and orderly procedures—yes, and hopefully, perhaps, to achieve something like a consensus at the very least to reduce the areas of dispute or difference as far as that is possible.

It seems to me that it would be of great value to present to Her Majesty a joint address where there is a substantial consensus in Parliament and across the country. I know that many questions will arise and many sections may be open to misinterpretation, but the assurance that I am pleased to give, is that the government will afford every possible opportunity for the kind of debate to go forward that will be consistent with parliamentary tradition.

The honourable senator has asked an important question. Witnesses will be called before that committee, perhaps expert witnesses, representatives of the government, to provide explanations to honourable senators. It is hoped that the honourable senator will be more satisfied after he hears those explanations.

Senator Walker: Honourable senators, I have nothing more to add but I should like to clarify the leader's answer. I suggest to him that section 41 does one thing, and most of us are in

entire agreement with that, but section 44 is something entirely new and entirely different. It has a profound effect on the Senate and the whole Constitution of Canada, and the working of it. That is what my protest is about, and it has nothing to do with any other ambiguity at this time.

● (1435)

Senator Perrault: I want to assure the honourable senator that his protest and the statement that he has made today will be brought to the attention of the Prime Minister and those responsible for the consideration of this resolution. I want to give him that commitment.

Senator Walker: Then it is only proper to say that to embroil Her Majesty in a matter of this kind is really an insult.

LEAKED CABINET DOCUMENT—GOVERNMENT ADVERTISING PROGRAM

Hon. Lowell Murray: Honourable senators, I have a question for the Leader of the Government in the Senate concerning this process which has now been launched. I invite him to recall the famous "document" from the federal-provincial relations office to the cabinet that was leaked last summer. To refresh his memory I should like to quote one or two passages from it:

> The fundamental question to be addressed concerns the legitimacy of spending taxpayers' dollars to promote what will be deemed by many to be a politically partisan position.

And a little later:

> But once the government has decided what action that it intends to take, and Parliament has been reconvened to debate that proposed action, the role of advertising changes. At that point, public funds are being used to sell the governing party's position, yet such funds are not made available to Opposition parties. Thus, the Opposition has no effective way to respond, in contrast to the provinces which can (and did during the summer) respond by running their own advertising programs.

I would draw the minister's attention particularly to this sentence:

> Under these circumstances, Ministers need to decide if advertising is politically legitimate.

My question to the minister is to ask how that matter has been resolved by the government and whether, in fact, an advertising program is continuing or going forward in relation to these matters while they are still being debated in the other place and before they even come to this chamber for debate.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, may I say as a participant in the much discussed Lake Louise meetings, at which this memorandum is supposed to have been considered, that this document, from which the senator has quoted in a highly selective fashion, was prepared by one public servant. It was his personal opinion on a certain number of matters.

I know that the honourable senator, with his extensive background in government, realizes that many, many documents are prepared by many advisers to governments on many occasions—in fact, on almost every occasion.

The document he refers to is not an official cabinet document prepared as a result of cabinet consideration. It does not represent any decision of cabinet. I know the honourable senator is aware of that and I know that his innate sense of fair play will inspire him to admit that.

If this had been a cabinet document, a cabinet decision, I think the kind of interpretation which he is attempting to draw from that memorandum would have a great deal more import.

So far as the advertising program is concerned, I hope honourable senators do not feel that that was politically inspired. Indeed, at no time did it talk about the Government of Canada. It talked about the values which most Canadians hold in common: a great love for their country, a desire to see all sections of it stronger, an appeal for fair play and tolerance and understanding. And I know that the great party of which the honourable senator is a member subscribes to those principles as well. Surely this was a bipartisan or a multipartisan advertising campaign, really putting forth in rather attractive and inspiring terms the values that we hold in common as Canadians.

I will undertake, however, honourable senators, to obtain, insofar as I am able, further information about the scheduling of this campaign and when it may conclude.

If these public announcements were being used to promote one partisan viewpoint in this dialogue at the present time, I could understand his criticism. It is likely that I would feel very much as the honourable senator feels, but it is not a partisan campaign.

● (1440)

Senator Murray: Honourable senators, first, the great party, of which I am a member, moved to disband those hucksters and banish them from the Canadian Unity Information Office during the brief time that we were in power, and I regret to see them resuscitated by the present administration.

Secondly, the document in question does not purport to report a cabinet decision. It was a presentation to the cabinet by the bureaucrats, as the Leader of the Government stated. I understand his desire to disavow it since what it does is pose a moral dilemma to the cabinet—and, of course, this is not a cabinet that is accustomed to dealing in moral dilemmas. It cannot even grasp the meaning of a moral dilemma.

Senator Steuart: They can count the votes.

Senator Murray: Senator Steuart quite properly intervenes by saying that they can count the votes, and I will give them that. My question is whether an advertising program is indeed continuing on these matters while they are being discussed in the other place and before they arrive here for debate.

Senator Perrault: That information will be sought. However, as I recall, there are at least six references in the memorandum, from which the honourable senator has quoted, expressing the national government's great desire to achieve an agreement with the provinces on the range of issues. Indeed, if one reviews the recent constitutional conference it is apparent that almost all of the "flexibility" was on the side of the federal representatives at those meetings.

The attitude of some of the premiers was that agreement among themselves should have been sufficient to inspire the federal government to agree to further power-sharing. Indeed, a few weeks ago one provincial premier who attended the conference said, "We regard the federal government as an agent for the provinces." Honourable senators must surely regard that as an incredible statement.

In all of the areas under discussion—in respect of the 12 issues under discussion—the federal government made offers which, in effect, would have given the provincial governments greater power and greater latitude in many if not almost all of those areas.

An Hon. Senator: Right on!

Senator Perrault: I would like the honourable senator, who is so critical of the government, to cite one instance where there was any great degree of flexibility demonstrated by the provincial first ministers regarding specific matters affecting federal government interests such as the so-called human rights package. As I recall, two or three provinces expressed support for the patriation of the Constitution, but complete unanimity could not be achieved on that point. Some of the provinces gave general support for minority education rights, but there was no unanimity on that point.

Almost all of the flexibility in those talks was on the side of the federal representatives—

An Hon. Senator: Oh come on!

Senator Perrault: —and if the honourable senator wishes to quote from an alleged memorandum supposedly under discussion at Lake Louise, I suggest, in all fairness, that the memorandum reflected clearly the resolve of the government and its earnest endeavour to achieve agreement with the provinces.

Senator Murray: Since the Leader of the Government has invited me to debate the question, I will ask him to point out to the Senate where in the proposed resolution there is any reflection whatsoever of the preoccupations which the provincial governments brought to the table at the summer conference.

Senator Perrault: I will be glad to cite one or two instances, but here again we get into the subject matter of the debate. But I can cite the equalization section, which is the wording prepared by one provincial government. The matter of language education rights was agreed upon in 1978 by all of the provinces. It was agreed that this was a right that should be enjoyed by language minorities across the country.

Time after time the provincial governments have expressed their support for human rights. Indeed some provinces have codes of human rights which are almost similar to the human rights package which we propose should be entrenched.

If the honourable senator wishes to initiate an inquiry, he has the right to do so; but I do not think that we should be debating this resolution further.

[*Translation*]

INTERPRETATION OF SECTION 42 OF THE PROPOSED CONSTITUTION ACT, 1980

Hon. Arthur Tremblay: A supplementary, to better understand the notion of flexibility the Leader of the Government has in mind. I would like to ask him the following question about section 42 of the proposed resolution which reads as follows:

> An amendment to the Constitution of Canada may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by a referendum held throughout Canada under subsection (2) at which
>
> (*a*) a majority of persons voting thereat—

Is that the definition of the flexibility of this government—to suppress the provinces, the legislatures, in the amending process? I think that aspect is very important as it is in fact a fundamental amendment to the federative regime itself. Does the flexibility of this government consist in suppressing opponents in the process when it comes to amendments to the Constitution?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, it remains to be seen whether this section will in fact serve adequately to meet the need that the government believes it should. It can be said, however, that should some unanticipated chain of events result in an amendment to the Constitution that is injurious to one section of the country, that section could facilitate a referendum appeal to the people of all regions of Canada to ensure that those regional rights are protected. That is one reason for section 42.

Perhaps it could be amended, or modified, or changed. That is for Parliament to decide. Certainly, the honourable senator will have his opportunity to advance constructive suggestions. The referendum procedure does not constitute a diminution of the power of the provinces to the benefit of the federal government. It is not a flowing of power to the federal government; it is a flowing of power to the people. A referendum would require the support of people in all regions of Canada. It would be a vote of confidence in the ability of the people, in the ultimate, to make decisions of importance to this nation.

The honourable senator may dispute that and say that along the way there should be greater consultation. That is a debate which, I am sure, will take place in the other place and in this chamber. The intent is, in the ultimate, to safeguard the rights of Canadians from coast to coast.

[*Translation*]

Senator Tremblay: A supplementary. I think we are beginning to see more and more the importance of scrutinizing the

text itself if we want later on to prepare for the debate we will be having. The Leader of the Government just told us that under section 42 there is no flowing of power in one direction or the other to a level of government or the other. But the constitutional amendment in section 42 is by definition an amendment to the division of powers, otherwise it is not a constitutional amendment. There is necessarily in that section 42 the possibility that Parliament acting alone through a referendum, going over the provincial legislatures in the process, could amend the Constitution in any respect. There is no limitation contained in that section as to the matter with which the amendment could deal. No circumstance to which the Leader of the Government referred is suggested to describe the manner in which an amendment under this section would apply. It is a straight amending formula put side by side with the formula that is contained in section 41 and placed exactly on the same footing. Therefore it is the Parliament of Canada that will decide which one. That is my reading of the literal sense of that section. I note, if I understood his answer correctly, that the reading of the Leader of the Government is altogether different. So I would ask him to enlighten me on his own reading and show me that it is really a reading of the text and not a paraphrase that changes the nature of it.

• (1450)

[*English*]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on a point of order, I think that since this is Question Period it might be that the last intervention, from an authority on constitutional matters, interesting as it is—and I say that without a hint of sarcasm—is nevertheless not in order at this time. Also, perhaps honourable senators will permit me to say at least what I anticipate is going to be the procedure with reference to this matter, so that while we are waiting for the resolution to get here we can streamline our procedure or have interventions to indicate how best we might be able to deal with it in this chamber.

On the first point there is no question—it probably does not even need to be said—that since this document has been tabled it is a public document and it is perfectly in order for senators to raise questions about it. I hope we have not given the impression that we are suggesting that this document is not subject to questions during Question Period. The purpose of my intervention on the last point was that the question tended to be une constatation au lieu de questions, but perhaps that is too small a point.

As I understand the situation we can keep discussing this document during Question Period since it is there, and since it is perfectly in order to ask questions about it; but I think we should remember that in due course the resolution will come over to us, at which point the first thing we will have to decide is whether we want to join the House of Commons in this joint committee. It will be the government's intention to urge senators to do so, but that does not necessarily mean that it will be the Senate's position.

So that will be the first general point we will have to discuss, namely, do we want to participate with the House of Commons in this joint committee? It seems to me that it will be relevant for us at that point to discuss the resolution again, as distinct from the motion, because I believe it would be in order for any senator to say, "Before I decide whether I want to join in this committee I want to know what is going to be referred to the committee."

By way of footnote I would like to say that in my view a lot of the things we are talking about now with regard to this resolution we will be able to talk about again when the resolution comes to us. At that time we can also discuss the size of the committee. There is a suggestion that it should consist of 15 members of the House of Commons and ten senators. That, of course, may not be adequate. Honourable senators may think that the committee should be bigger, and that there should be more senators on it. It would certainly be relevant for us to talk about that.

Eventually I take it that we will, or will not, join with them. The likelihood is that we will join with them, but it is not a matter of certainty, in view of the modifications that we have suggested with reference to its size and with regard to our participation in it.

As members of the committee, of course, having debated to some extent the resolution while discussing the motion, we will then be able to have our representatives discuss it in the committee. Then, when that committee reports, with or without amendments, we will have the opportunity to debate the report of the committee, which will again give us a chance to deal with it.

Senator Flynn: We know all of that.

Senator Frith: Well, let me finish. I am sure I am stating the obvious to my colleague, but there may be some people here who do not know all that.

Senator Flynn: On your side!

Senator Frith: I thought that perhaps the opposition did not know that because they are insisting on debating, it seems to me, the contents of the resolution. That is why we might find it worthwhile to discuss all of the many opportunities we are going to get to debate it, even though it is perfectly in order to discuss it as a document now.

We will also get a chance to debate the motion when it comes to passing or not passing the resolution. If, in addition to all of that, we want to spend a lot of time in Question Period on it, so be it; but I think that when we are talking about how much time we want to spend on it in Question Period we might consider all the future opportunities we are going to have to do the same thing.

Hon. G. I. Smith: Honourable senators, perhaps I might put in the form of a question what really is some comment on what the deputy leader has just said.

Does the deputy leader not think that the more information that is available to honourable senators before these processes which he has mentioned start, and which I agree are likely to occur, the more usefully they will be able to contribute to the

various stages of the debate and the processes he has mentioned?

Senator Frith: Yes.

INTERPRETATION OF SECTION 44 OF PROPOSED CONSTITUTION ACT, 1980

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I would like the Leader of the Government to put the following questions to the Minister of Justice, since he himself does not appear qualified or willing to answer them.

The first question is: Is my interpretation of section 44 correct? Would this section, once Westminster has adopted the resolution, entitle the House of Commons to abolish the Senate without any concurrence by the Senate?

I want the Minister of Justice to tell me whether this interpretation is correct or not.

The second matter is this—and I would like the opinion of the Minister of Justice; not the honourable leader's opinion, and certainly not that of Senator Frith. Would the Minister of Justice tell me whether, if this proposed legislation, the so-called act to amend the Constitution of Canada, were to be passed unilaterally by Parliament, it would be contrary to the decision handed down by the Supreme Court of Canada last year in the reference concerning the Senate. If this be the case, then are we not, by going the Westminster route, simply showing contempt for the Supreme Court of Canada?

Hon. Raymond J. Perrault (Leader of the Government): As is the case in all instances, the comments of the Honourable Leader of the Opposition will be duly noted and information sought.

[*Translation*]

COMPOSITION OF CABINET DELEGATION TO GREAT BRITAIN

Hon. Martial Asselin: I should like to a put a question further to those already asked about the visit of two ministers of the Canadian government who are currently in London to sell to the British government, or rather, to inform the British government about the present constitutional situation in Canada, a step which, like some other honourable senators, I feel is premature and untimely because, once again, it shows contempt for Parliament which has yet to reach a decision: still, they are saying, "Here is what will be decided."

I should like to know why no one in the Canadian government thought of sending a French-Canadian minister with the two others now in London? That would have proved, first of all, that the strongest opposition to the unilateral patriation of the constitution comes from Quebec, from all political parties in Quebec and from the Quebec population. It would also have reaffirmed to the British the existence of the Canadian duality.

To my mind, the fact that no French Canadian member of the federal cabinet was sent to represent the aspirations of Quebec during those consultations constitutes another affront to the French-Canadian people.

[Senator Smith.]

• (1500)

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the two ministers sent to London, one the Honourable John Roberts and the other the Honourable Mark MacGuigan, are both bilingual.

Senator Asselin: I am not talking about that.

Senator Perrault: Let me provide an explanation to you about this matter, and you may or may not accept it. They had meetings with all the party leaders and, of course, Her Majesty the Queen.

Mr. Roberts, of course, was co-chairman of the federal negotiating team during this long process of negotiating with the provinces. The other co-chairman was the Honourable Jean Chrétien who remained behind in Canada to introduce the motion in the other place. He has the important responsibility of piloting this measure through the other place; so it was a division of responsibility.

Senator Flynn: Mr. Pepin could have gone.

Senator Perrault: The Honourable Jean Chrétien was the responsible minister in the other place.

[*Translation*]

Senator Asselin: The minister's answer is absolutely childish. There were French-Canadian ministers other than Mr. Chrétien. Mr. De Bané could have gone. There are nine of them in the cabinet. I have difficulty understanding why the minister could not answer my question. So I will ask him a supplementary.

In the conclusion of the Pepin-Robarts report, it is said that the authors were quite in favor of patriating the Constitution, but not unilaterally. They insisted that the provinces had to be consulted. Before the cabinet made its decision to patriate unilaterally, Mr. Pepin said in a public statement that the federal government could not patriate the Constitution without the agreement of the provinces. Mr. Pepin was positively clear about that. Can Mr. Pepin now remain a member of a cabinet that says precisely the opposite of what he said just for the sake of ministerial solidarity?

[*English*]

Senator Perrault: Honourable senators, Mr. Pepin is certainly well equipped to speak for himself. He is an able, intelligent, articulate, and dedicated parliamentary servant.

Hon. Jacques Flynn (Leader of the Opposition): Articulate, agreed.

Senator Perrault: The second point to be made is that a good deal has happened since the preparation of the Pepin-Robarts report up to the present moment.

Senator Flynn: You can say that again.

Senator Perrault: The patriation dialogue has continued for 57 years in this country.

Senator Asselin: It is just the same old story.

Senator Perrault: There is a developing national consensus that it is time to patriate this Constitution. There is substantial public support in all regions of Canada for this patriation process. I think the support which has been expressed publicly by the Premier of Ontario and other outstanding leaders of the Conservative party in the province of Ontario indicates the view that the Constitution be patriated crosses party lines.

Senator Flynn: Stick to the question. I rise on a point of order.

Senator Perrault: That is not a point of order.

Senator Flynn: I rise on a point of order.

Senator Perrault: What is your point of order?

Senator Flynn: I say that you are not replying to the question and that your remarks are entirely irrelevant. Senator Frith made the same criticism just a moment ago. You should try to answer the question, and if you cannot, just say that you cannot.

Senator Perrault: Here again we have this unique double standard which has been developed, almost as an art form, by the Leader of the Opposition.

Senator Flynn: No.

Senator Perrault: When the situation is such that the Leader of the Opposition wishes to debate at great length a subject totally unrelated to the Question Period, he continues along in his usual eloquent fashion, and a great degree of tolerance is exercised by those on the government side.

Senator Flynn: Not me.

Senator Asselin: I rise on a point of order.

Senator Perrault: As soon as one of the opposition's pet theories is challenged in any way, the Leader of the Opposition jumps up and cries, "Foul!" It is almost like a wrestling match when the champ who is engaged in all sorts of unethical tactics suddenly finds himself on the ropes, and he is the first one to grab the ropes and say the referee must protect him.

Honourable senators, to get back to the matter at hand—

Senator Flynn: It is about time.

Senator Asselin: Please.

Senator Perrault: —a consensus has developed since the Pepin-Robarts report.

Senator Asselin: Can you tell me why Mr. Pepin is a member of the cabinet when he has expressed contrary views?

Senator Perrault: Let me assure the honourable senator that Mr. Pepin is one of the most forthcoming ministers serving Canada today, and all the honourable senator has to do is stride down the hall and ask the question himself.

CONSUMER AND CORPORATE AFFAIRS

ATTEMPTED TAKEOVER OF ROYAL TRUSTCO BY CAMPEAU CORPORATION

Hon. Stanley Haidasz: I should like to give the Leader of the Government a little rest and direct my question to the Minister of State for Economic Development. Could the minister tell us what conclusions have been reached as a result of any investigation conducted by the federal Corporations Branch and the Department of Insurance with regard to the Royal Trustco takeover by the Campeau Corporation? Also, are any investigations by these federal agencies being conducted into a proposed takeover bid of the National Trust Company.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will take the question as notice since I do not have the necessary detailed reply on the tip of my tongue.

Senator Haidasz: As a supplementary question, is the federal government giving consideration to introducing, on a priority basis in this session, a new Trust Companies Act and a new Loan Companies Act, or at least some amendments to the existing act prohibiting takeover bids of trust companies by non-financial institutions or restricting block ownership of trust company shares in order to protect federally-chartered financial institutions from loss of independence resulting from any concentration of ownership?

Senator Olson: I also take that question as notice.

FINANCE

SALE OF GOLD RESERVES

Hon. Jack Austin: Can the Minister of State for Economic Development advise this chamber of the policy of the government with respect to the sale of gold from our monetary reserves? Why are we selling portions of our monetary reserves as gold in the international market?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will make inquiries of the Minister of Finance who is responsible for this area, and provide an answer as soon as I receive it.

INDUSTRY

GOVERNMENT ASSISTANCE TO MASSEY-FERGUSON LIMITED

Hon. Jack Austin: Honourable senators, can the Minister of State for Economic Development advise us whether the government has considered suggesting or has actually suggested to its partially owned commercial corporation, Canada Development Corporation, that it review the financial circumstances of Massey-Ferguson with an end to providing, through that corporation, appropriate commercial assistance to Massey-Ferguson?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the Minister of Industry, Trade and Commerce made an announcement within the last few days concerning a number of considerations which are now being looked at with a view to finding a way of assisting Massey-Ferguson in getting out of its present difficulties. I will

inquire whether any action specifically with regard to the Canada Development Corporation is under way.

INTERNATIONAL TRADE

NEGOTIATIONS RE SALE OF COAL TO JAPAN

Hon. Jack Austin: My third and last question to the minister relates to the northeast coal block. I would ask him whether in these very final stages of negotiation between the coal companies, British Columbia and the possible Japanese purchasers, the minister has kept the details of those negotiations personally close at hand with a view to providing assistance of some kind, particularly with respect to transportation costs?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, there was a long series of discussions between the coal companies involved, the British Columbia government, the federal government and, indeed, the transportation companies, particularly the CN. I do not have details with me as to what was offered by way of freight rates so that the coal companies could negotiate with the prospective purchasers in Japan or in other parts of the world, but my understanding is that this matter is in an advanced or final stage of negotiation.

● (1510)

I can express the hope again today, as I have done a number of times, that the positions are probably so close that we can be at least optimistic that some firm contracts in the volumes that were anticipated at the beginning of the negotiations will now be achieved. It is my understanding there is more than one contract that has been agreed to even to this date and, hopefully, the balance of the volume that was considered earlier this year will be achieved within the next few days, but I cannot be more specific about giving an undertaking as to when two other parties will agree to the negotiated position.

MASS MEDIA

INVESTIGATIONS INTO CLOSINGS OF NEWSPAPERS

Hon. G. I. Smith: Honourable senators, I direct a question to the Leader of the Government, but before I put the question I invite him to recall the closure of the two newspapers, the Ottawa *Journal* and the Winnipeg *Tribune*, a few weeks ago, and to recall also that the government announced shortly thereafter that a team or group of investigators from the government department concerned with monopolies would look into the matter, and at about the same time or not long after appointed a royal commission under the leadership of Dean Tom Kent of Dalhousie University to investigate the same thing.

My question is: Is there any truth in the suggestion that I have heard that approaches have been made to the leadership of the Senate to the effect that the Senate itself should set up a committee charged with the same kind of investigation similar to the type of investigation into the mass media carried out some nine or 10 years ago under the chairmanship of Senator Davey?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, no specific initiative has been forthcoming. I noted as well statements in the media with respect to the possibility of a Senate study, but nothing has gone ahead.

Senator Smith: Honourable senators, perhaps I might ask a supplementary. I suppose it would be reasonable to ask the minister that if such a specific suggestion did come forward the question of costs, and the costs that the taxpayers already have to foot of the two investigations already established by the government, be kept in mind. The question should be asked, and asked very firmly: Are we not spending enough of the taxpayers' money on this question now?

Senator Perrault: Honourable senators, as I have stated, I know of no plans to initiate a Senate inquiry. Presumably, the honourable senator would oppose such an inquiry and this is one of the points that he wishes to make.

Senator Smith: In response to that, I will make it very clear what I intend to do or do not intend to do in due course, as the minister always says when he is asked about that kind of thing, and no inference should be drawn from my question.

FINANCE

RELATIONSHIP OF GOLD RESERVES TO MONEY SUPPLY

Hon. Daniel Riley: Honourable senators, I direct a question to the Minister of State for Economic Development. It is supplementary to the first question asked by Senator Austin. As one who has no great knowledge of our gold reserves, I ask: Are there any recent audit figures available, either through the Auditor General's reports or some other form of instrument of auditing, as to the amount of Canadian gold reserves today in relation to the amount of money that has been printed?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will include that question in the inquiry that I make of the Minister of Finance.

ENERGY

AGREEMENT IN PRINCIPLE BETWEEN NEWFOUNDLAND AND NEW YORK STATE FOR THE SALE OF HYDRO-ELECTRIC POWER

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to reply to a question asked by Senator Marshall during Question Period yesterday concerning the transmission of Lower Churchill hydro-electric power across the province of Quebec for sale to the State of New York.

As indicated in my initial reply to the honourable senator's question, the Province of Newfoundland would have to apply to the National Energy Board for permission to export hydro-electric power to the State of New York, and no such application has yet been received. However, the Premier of Newfoundland, Mr. Peckford, has written to the Prime Minister of

Canada, requesting that the federal government ensure that a transmission line can be constructed across the province of Quebec. This request is being studied by the Department of Energy, Mines and Resources, and I will be pleased to further inform the Senate when a reply is sent to the Premier of Newfoundland concerning the federal government's position on this issue.

EMPLOYMENT AND IMMIGRATION

1980 SUMMER YOUTH EMPLOYMENT PROGRAM

Question No. 15 on the Order Paper—**By Hon. Jack Marshall:**

1. By province, give a breakdown showing the number of applications received under 1980 S.Y.E.P. (Public Legal Information).

Reply by the Minister of Employment and Immigration:

As of March 28, 1980, closing date for receipt of applications for the 1980 Summer Youth Employment Program (S.Y.E.P.), 16,183 applications had been received. Following is a breakdown by province:

Province	No. of Applications
Newfoundland	872
Nova Scotia	940
Prince Edward Island	246
New Brunswick	1,017
Quebec	5,193
Ontario	3,715
Manitoba	946
Alberta	778
Saskatchewan	721
Northwest Territories	23
British Columbia	1,663
Yukon	69
Total:	16,183

VETERANS AFFAIRS

VETERANS LAND ADMINISTRATION

Question No. 19 on the Order Paper—**By Hon. Jack Marshall:**

1. What is the number of staff members in the Veterans Land Administration in (a) DVA Headquarters, and (b) in regional offices?

2. What is the increase or decrease in the number of staff members in the Veterans Land Administration since the phase out of the *Veterans Land Act*?

3. What is the job description of the Veterans Land Administration (DVA) as a result of the phase out of the *Veterans Land Act*?

4. Does the Management by Objectives Committee have any projections as to the need for staff in the Veterans Land Administration over the next (a) five years, and (b) ten years?

5. How many accounts for veterans who purchased homes under the *Veterans Land Act* are on file?

6. What is the actual monthly case-load handled by DVA since the phase out of the *Veterans Land Act*, other than monthly payments of accounts?

Reply by the Minister of Veterans Affairs:

1. (a) 32 (b) 195 (actual staff).

2. In the 5 years since the phasing out of Veterans Land Administration (VLA) lending activities, March 31, 1975, VLA staff has been reduced by approximately 220.

3. Following termination of new lending activities March 31, 1975, and those involving additional loans March 31, 1977, the role of VLA has changed to one concerned with property management and contract administration. The administration's principal role, on an ongoing basis, is to assist veterans, their heirs, devisees or personal representatives acquire title to property on which veterans have been established.

4. (a) VLA Program management is projecting the following person-year requirements for the next 4 years.

1980/81—236; 1981/82—225; 1982/83—218; 1983/84—200

(b) No. Program management has no projection of person years beyond 1983/84.

5. Since inception of the Veterans Land Act, approximately 145,000 veterans have been established under its provisions. An individual file was created for each establishment and at present there are in excess of 40,000 accounts still active. All inactive veterans files from Head Office are stored in Public Archives Records Centre facilities.

6. During the past fiscal year, 1979/80, in addition to the important role of ensuring payment arrears are kept to a minimum, VLA staff processed a total of 5018 transactions pertaining to release of security, reverted properties, cash sales, partial sales, easements, leases, and timber and gravel sales. In addition, there was a considerable amount of activity involving estates transactions. Between April 1, 1979, and March 31, 1980, some 570 agreement holders died and in excess of 1000 VLA accounts were reinstated in the name of a personal representative or to a beneficiary and, in addition, a number of accounts were converted or assigned civilian agreements.

SUPPLY AND SERVICES

ROYAL CANADIAN MINT—MINTING OF COINS COMMEMORATING GREAT CANADIANS

Question No. 21 on the Order Paper—**By Hon. Senator Bosa:**

1. Has the Mint received any suggestions for the minting of a $2.00 and a $5.00 coin commemorating great Canadians?

2. If so, is the Mint considering implementing such a suggestion and, if not, why not?

3. What was the result of the Mint's 1980 survey among its subscribers concerning the continuance of the minting of the Canadian silver dollar?

Reply by the Minister of Supply and Services:

Insofar as the Royal Canadian Mint is concerned:

1. Yes, we have received recommendations of this nature from one individual in the past.

2. The Royal Canadian Mint cannot consider such a suggestion at this time because the Currency and Exchange Act does not permit it. Amendments to this act will be considered shortly, and when changes are approved the suggestion will be taken into consideration.

3. Over 90 per cent of the people surveyed have asked that we keep the silver dollar in its present form.

THE ENVIRONMENT

MEMORIAL UNIVERSITY OF NEWFOUNDLAND—GRANT FOR ENVIRONMENTAL RESEARCH

Question No. 23 on the Order Paper—**By Hon. Jack Marshall:**

1. Did Memorial University of Newfoundland apply for a grant for environmental research as related in Release 24/11/06/80—6202?

2. If the answer is yes, was the application turned down and, if so, for what reason?

3. If the answer is no, (a) was the university given the opportunity to apply, and (b) by what means was the program communicated?

Reply by the Minister of the Environment:

Insofar as the Department of the Environment is concerned:

1. Memorial University of Newfoundland did not apply for a grant for environmental research as related in Release 24/11/06/80-6202.

2. Not applicable.

3. (a) The university was given the opportunity to apply for such a grant.

(b) A notice of intent is sent in September of each year to all universities and technical colleges who have the necessary research capabilities and technology. In the case of Memorial University of Newfoundland, this notice of intent was sent to the business office.

AGRICULTURE

POTATO PURCHASE PROGRAM—NEWFOUNDLAND

Question No. 24 on the Order Paper—**By Hon. Jack Marshall:**

[Senator Bosa.]

Since the inception of the federal "Potato Purchase Program," what purchases were made from farmers in the Province of Newfoundland?

Reply by the Minister of Agriculture:

No purchase was made from farmers in the Province of Newfoundland by the Agricultural Stabilization Board, since the inception of the federal "Potato Purchase Program".

SMALL LOANS ACT CRIMINAL CODE

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. A. Irvine Barrow moved the second reading of Bill C-44, to amend the Small Loans Act and to provide for its repeal and to amend the Criminal Code.

He said: Honourable senators, I am pleased to have this opportunity to speak on Bill C-44. Under this bill both borrowers and lenders will benefit significantly not only because it provides for the repeal of the Small Loans Act, but because it also amends the Criminal Code to enable law enforcement authorities to curb the more blatant instances of loan sharking.

The repeal of this act is necessary, in my opinion, to serve the interests of all parties in today's credit marketplace. First of all, the Small Loans Act was, in my view, enacted in an era when the small loans market did not consist of the institutions that are now characteristic of the lending community. Because it exempts the chartered banks from the interest rate ceilings imposed on credit unions, caisses populaires, trust and consumer loan companies and other established lenders, it restricts competition in the small loans market. Also, as the Small Loans Act requires the licensing of lenders who charge in excesss of 12 per cent per annum, it unnecessarily adds to the overhead of institutions which already comply with the registration and reporting requirements set by existing provincial law. These needless administration expenses make lending a more expensive proposition and add significantly to the cost of borrowing.

The act further restricts competition by preventing lenders, other than banks, from extending variable credit. Repeal of the statute would enhance competition and enable financial institutions to better serve their clients.

● (1520)

Lenders are not the only ones who have been adversely affected by the Small Loans Act. Borrowers, too, have been at a disadvantage. Because only loans of $1,500 or less are subject to the unrealistically low interest rate ceilings imposed by the act, consumers are often either unable to obtain loans of less than $1,500, or they are forced to contract for larger, unregulated loans. They may also be forced to turn to disreputable and unsupervised sources for necessary funds.

There are several other reasons for repealing this act. First, borrowers now have access to many more sources of consumer credit than existed when the Small Loans Act became law in

1940. Banks have entered the consumer loan field in a major way. There has been considerable growth in comparable services provided by the credit union and caisse populaire movement, and trust companies, too, have become increasingly active in consumer loan activity.

Secondly, there has been widespread distribution and use of credit cards, with the result that there is less need to obtain cash loans for consumer purchases. In this regard, it is interesting to note that loans covered by the Small Loans Act now account for less than one-half of one per cent of the total consumer credit outstanding.

Thirdly, the provinces have enacted consumer protection legislation that requires lenders to provide fuller disclosure of credit costs, and that provides consumers with various protective measures that did not exist when the Small Loans Act was enacted.

I mentioned at the outset of my remarks that the bill also provides for the amendment of the Criminal Code in order to help curb loan sharking activities. Before I explain the specifics of this amendment, let me say why I think consumer protection in this area is necessary. Borrowers often find themselves incurring credit obligations in excess of their real capital requirements and their ability to repay. Thus they become high risk borrowers, and as a result are particularly susceptible to victimization. Denied access to conventional lending sources by poor credit ratings, such borrowers become easy prey for loan sharks.

The repeal of the Small Loans Act would remove one of the few devices now available to combat loan sharking. However, Bill C-44 would maintain protection by amending the Criminal Code to establish a criminal rate of interest, set at 60 per cent per annum. This rate should be viewed not as a ceiling but as a level above which it would be clearly criminal to charge interest. I want to stress here, too, that for excessive interest rates below the 60 per cent criminal maximum consumers can still seek civil remedy in the courts.

Honourable senators, in my remarks I have attempted to stress the main reasons for the repeal of the Small Loans Act. Such a repeal would be an advantage to both borrowers and lenders.

Unless it is otherwise the wish of the Senate, it is my intention, if this bill receives second reading, to refer it to the Standing Senate Committee on Banking, Trade and Commerce.

On motion of Senator Flynn, debate adjourned.

CORPORATIONS AND LABOUR UNIONS RETURNS ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Wednesday, July 16, the debate on the motion of Senator Stanbury, for the second reading of the Bill S-10, to amend the Corporations and Labour Unions Returns Act.

Hon. John M. Macdonald: Honourable senators, it was on July 16 last that Senator Stanbury moved the second reading of Bill S-10, and at that time he dealt with its provisions in some detail. While it is, therefore, not necessary to go into such detail again, it may be useful, on account of the lapse of time, to say a few words about the effect of the bill.

This is the fourth attempt to amend the Corporations and Labour Unions Returns Act. That act was passed in 1962, and was chapter 26 of the statutes of that year. It is now chapter C-31 of the Revised Statutes of 1970.

The act is divided into three parts. Part I deals with corporations, Part II with labour unions, and Part III is a general section dealing with such matters as what information shall be made available for inspection, privileged communications and the like.

As the sponsor of the bill mentioned, the first proposed amendment was contained in Bill C-7 in 1977. That bill received first and second readings and was considered in the committee of the other place, but did not receive third reading and died on the order paper. In 1978 came Bill C-3, and in 1979 Bill C-12. Neither of these went past first reading. Now we have Bill S-10. All these bills are essentially the same, and strive to improve the original act.

The purpose of the 1962 act was to authorize the collection of financial and other information on certain corporations and labour unions. Over the years the act has come under increasing criticism from both small business and labour unions. Bill S-10 tries to meet and overcome such criticism. Its general purpose is to exempt and free over 70,000 small Canadian corporations from having to make reports now required by the act, and eight of the existing questionnaires will be integrated into one to reduce the overall response burden and provide information of high quality. In addition, information on technology transfers to Canada from abroad will be collected.

In Part II the application of the act has been expanded somewhat to cover more labour unions. Section 9 of the original act stated as follows:

> This Part applies to every labour union carrying on activities as such in Canada and having a local union or branch in Canada, except a labour union that, on the last day of the reporting period of the union in respect of which the description of such union is relevant, had fewer than one hundred members resident in Canada.

The new section is certainly easier to follow. It says:

> This Part applies to every labour union carrying on activities as such in Canada and
>
> (a) having a local union or branch in Canada, or
>
> (b) carrying on activities in Canada independently of any other labour union, except a labour union that, on the last day of the reporting period of the union in respect of which the description of such union is relevant, had fewer than one hundred members resident in Canada.

International unions will report all direct receipts from their Canadian affiliates and all expenditures directly attributed to their operations in Canada, and all unions will report information separately on each of their special funds, such as pension funds or strike funds. There are also other amendments dealing with labour unions.

Since there are thirteen sections in Bill S-10, many of a technical nature, I would think that the bill should go to committee for a detailed study, even though such a study was given by the Commons committee in 1977. It may well be that some companies and some labour unions would now like to make some representations regarding the subject matter of the bill, so I would suggest that it be referred to a committee. Certainly, as far as I know, there is no objection to its receiving second reading at this time.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Hon. Royce Frith (Deputy Leader of the Government), for Senator Stanbury, moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

PRIVACY BILL, 1980

ORDER STANDS

On the Order:

> Second reading of the Bill S-9, intituled: "An Act to extend the present laws of Canada that protect the privacy of individuals and that provide individuals with a right of access to government files containing personal information relating to themselves".—(*Honourable Senator Flynn, P.C.*).

● (1530)

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I do not intend at this time to move the second reading of this bill, because in the other place they are presently examining similar legislation. That is a government bill concerning information, concerning the subject of privacy. If that bill proceeds normally in the other place, it is not necessary to move it here. I let it stand in the Minutes of the Proceedings of the Senate simply in case there would be a change on the part of the government. Therefore I propose a one month deferral or something like that.

Order stands.

[*English*]

RETIREMENT AGE POLICIES

REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

The Senate resumed from Thursday, June 26, 1980, debate on the consideration of the Report of the Special Committee of the Senate on Retirement Age Policies, entitled: "Retirement Without Tears," tabled in the Senate on April 15, 1980.

[Senator Macdonald.]

Hon. John M. Macdonald: Honourable senators, this is an item which has stood in my name for some time, and I wish to take the opportunity this afternoon to say a few words about it.

I realize that a further discussion on the report of the Special Senate Committee on Retirement Age Policies is not something that can compete in interest with the discussion of other matters which may come before us in the next little while or, indeed, which arise during Question Period. Yet, to many people, retirement age policies are policies which affect them directly and, consequently, are to them of great importance and interest.

The study made by the Special Senate Committee on Retirement Age Policies was, to my mind, a very timely one. There can be no doubt that retirement—indeed, the very idea of compulsory retirement—is a cause of apprehension and, indeed, of fear to many people, and perhaps the apprehension and fear arises more from the thought of an inadequate pension than that of retirement itself. The very idea of having to retire at a certain age is very unsettling and a real blow to an active person.

A person who is forced to retire faces a hard and difficult period of adjustment. There can be no doubt that such adjustment is made much easier where the retiring person has an adequate or better than adequate income during his or her retirement years. Even so, in many cases mandatory retirement is bound to cause many difficulties and much personal unhappiness.

On reading "Retirement Without Tears," one must be impressed, not only by the sheer volume of work which must have been involved on the part of the committee, but the manner in which the report itself was prepared. It is obvious the committee spent a great deal of time in hearing the evidence, and in reading and considering all of the briefs and studies submitted to it. The actual preparation of the report must have been a difficult and time-consuming task.

The report is the result of the work of the committee. Its conclusions and recommendations are set out in concise and well written form, which makes them easy to follow and understand.

Honourable senators, if one looks at the terms of reference of the committee and then reads the report in relation to those terms of reference, it becomes obvious that the committee, under its distinguished chairman, did its work well, and has earned the thanks and appreciation of the Senate—thanks and appreciation which have been already freely given. I join with previous speakers in this debate in paying my tribute to the committee for its study and report.

Honourable senators, while one is first of all impressed by the report and the manner in which it was prepared, that is only secondary. It is the content of the report which is important, and its importance lies in its analysis of present retirement policies and its recommendations for the improvement of existing policies and of new policies for the future. It is not to

be expected, or indeed desired, that one would wish to speak on all of the recommendations or, for that matter, to agree with all of them.

Generally speaking, I was interested in the recommendation that the mandatory retirement age should rise to 70 years over a five-year period. I believe it to be an injustice that people be forced to retire when they are 65, and I think the report proves this. Personally, I am opposed to compulsory retirement at any age, and I see no reason why a person cannot draw a pension at a certain age if he has contributed to it while continuing to work. However, I am practical enough to realize that this happy state of affairs is not likely to happen in the immediate future.

Of course, those who wish to retire at age 65 are not the problem. The concern must be for those who do not wish to retire at age 65 but who are forced to do so. These are the people who are willing, anxious and able to continue their ordinary work but who are prohibited from doing so on account of age limits built into pension plans. For such people, forced retirement has at least two adverse, undesirable, and indeed evil results. First of all, there is a substantial loss of income—and we must remember that, under our economic system, few ordinary working people can accumulate any substantial savings from the salaries or wages they receive during their working lives. It must be recognized that under our system of taxation at the various levels of government, it is just not possible for the average worker to save for retirement.

I know it has been suggested that the ordinary worker could do with less during his working years in order to save for retirement, but I do not see where sharing the poverty, as it were, is any solution. I suppose some ill-informed people would think that if one has a low standard of living while working, he or she will not notice the drop to an even lower standard on retirement.

I believe it must be acknowledged that the ordinary average worker will have to depend solely on his pension income to support him during retirement. He will not have an investment income to close the gap between pension income and his former wage or salary; and, at the same time, he cannot expect his living expenses to be much lower, if lower at all. Indeed, if the person owns his own home, his expenses may well increase as maintenance costs, light and power and municipal taxes are all likely to increase—and there may very well be mortgage payments still to meet.

● (1540)

In any event, the net result of retirement will, I fear, often result in a general lowering of a person's standard of living and in many cases it will mean a lowering of a standard of living which was already too low. The report recognizes this and it is one of the reasons why it is against compulsory retirement at 65. On page 26 we see this statement:

> From another point of view, forced retirement may seriously damage the standard of living of the retired persons.

And again it says this:

> Social security payments, in general, will protect people to some extent but sole reliance on such income may entail hardship. Unfortunately, private pensions are often non-existent or small and will not prevent a disastrous drop in income. As a result, mandatory retirement often amounts to a sentence of continuing poverty.

Honourable senators, while forced retirement may bring a disastrous drop in income to an average working person, there can be a still worse result. The report mentions that some individuals are mentally distressed by mandatory retirement. I believe this to be so. I believe it can be truthfully said that forced retirement can bring with it a terrible feeling of frustration and indeed depression. I have often assisted persons to complete applications for old age security and for the supplement to such pensions, people who must retire at 65, and of course they talk about their impending retirement and how they feel about it. They just cannot understand why they must retire. They just cannot understand why they must give up their jobs while they are still able and willing to work. They just cannot understand why the last day of their 64th year they are competent and valuable employees and the next day they are not.

I think too it is apparent that when a person is forced to go on pension when he does not wish to go it can have an unfavourable effect on his character or lifestyle or personality, whatever one wishes to call it and it may very well have an unfavourable effect on his health.

It must be remembered that loss of employment—permanent loss of employment—leaves a person with another major problem. That problem is very real and it is how to occupy the eight hours—usually daylight hours—formerly devoted to his employment. Of course it is often said that people should be prepared for retirement, and I dare say many are. These are fortunate people. They have interests outside of and apart from their work which can be expanded with pleasure, and to them retirement brings no problems. But I think of a great many ordinary, average men and women for whom such preparation for retirement is not possible. And this is understandable. Over the years they have built up and evolved a life pattern, a daily routine which occupied their time apart from the time of employment. They had various social activities. Probably they passed their leisure time in many useful and pleasant ways leaving little or no time for preparation for retirement. Now suddenly all this is changed. There is an extra eight hours at least to be used in one way or another. And to use these eight hours may very well mean a difficult and frustrating problem of adjustment. One cannot abruptly break the habits or the routine of a lifetime. Those extra eight hours of new leisure are hours not usually devoted to community or social activities or to personal improvement or involvement in cultural or educational matters, or even non-educational or non-cultural matters such as the playing of bingo.

So I do think, honourable senators, it has to be acknowledged that enforced retirement with its accompanying frustrations and tensions can very well create in whole or in part a serious health problem. I expect those of us who live in small

communities and who know many people have often noticed and remarked upon the number of people who live only a few years after they retire from active employment. I do not know if this relationship is wholly proven. However, there is a body of opinion which believes that enforced retirement, retirement against the will of the person, can result in premature death.

On page 23 of the report there is an interesting observation on this very point. It mentions that one witness stated that as a result of enforced retirement "imaginary illnesses become real and real illnesses are magnified." The report also observes that the American Medical Association has stated:

> The sudden cessation of productive work and earning power often leads to physical and emotional illness and premature death.

However, to be fair it also notes the Canadian Medical Association does not go quite that far, and the Director of the Centre for the Study of Aging and Human Development at Duke University disagrees with the assertion of the American Medical Association. For what it is worth and only as a result of some personal observation, I am of the opinion that forced retirement does, in many cases, have a serious effect on the health and personality of those directly affected and sometimes results in premature death. And this opinion has been strengthened by an item that appeared in the *Globe and Mail* of July 16 last. I quote it in part:

> Retirement may not be the best way to spend old age, a Statistics Canada study suggests. Preliminary research on people collecting Canada Pension payments shows a high death rate for men in the second year of retirement.

But the report's co-author, one L.A. Lefebvre, says the low death rate in the first year seems to fit into the cycle of the so-called honeymoon phase, when retired people are enjoying their new-found freedom. This high mortality during the second year could be accounted for by a deferred impact or by the onset of boredom and disenchantment relatively soon after the honeymoon phase.

Honourable senators, objections have been stated against the conclusions of the report and views expressed in favour of mandatory retirement at 65. Personally I do not see these objections as being too substantial. While they do have some validity, I think such objections could be overcome in practice. I believe we must, as the report does, consider the effects of forced retirement on the ordinary, average wage or salary earner. I expect the large corporations could arrange some method of retiring senior executives at 65 or earlier if they believed it necessary or desirable to do so. So while taking into consideration that these are arguments against the mandatory age of retirement, I am of the opinion—strongly of the opinion—that the conclusion of the report, in favour of raising such age, is correct and deserves support. And I was pleased to see a Canadian Press report on Wednesday last which stated that Gordon Fairweather, head of the Canadian Human Rights Commission, predicted that mandatory retirement at age 65 will be abolished in the next ten years.

[Senator Macdonald.]

Now, honourable senators, even if one believes compulsory retirement is wrong and should be abolished, I think we must ask ourselves if it is practical to do so in the immediate future, in the five-year period mentioned in the report or in the ten-year prediction of Mr. Fairweather. Personally, I must admit with great regret that I do not think this injustice will be overcome in any of the periods mentioned.

The report mentions that the age of 65 was instituted in the United States during the Great Depression, when unemployment was very high and the principle behind selecting that age was to push those of 65 and over right out of the labour market. In this way, younger unemployed would be given work. I think it is fair to say this idea or principle is in force in Canada today; certainly I know of cases where applications for jobs are made in the knowledge of various persons having to retire at 65. And to change that now would require a persistent public opinion which is not likely to occur in these days of high unemployment and indeed it does not even follow that, when and as economic conditions improve, employment will automatically improve also.

● (1550)

With all the labour-saving devices now available, the need for labour, even in the heavy industries, appears to be lessening. In a recent edition of *Time* magazine there was an interesting article entitled "Detroit's Uphill Battle". It showed a couple of pictures of machines doing the work which used to be done by men—and by skilled men, which is frightening. One picture showed how machines have replaced welders on the production line of the Chrysler plant. The article stated that the new Chrysler welding machines now carry out 98 per cent of the 3,000 spot welds used for body assembly operations on the new K-cars. One can only visualize the number of skilled workmen no longer needed in the Chrysler operation.

I am afraid the proposals of the report cannot be put into effect until unemployment is lowered to about 5 per cent, say, of the labour force, a figure which would probably be considered normal but which is not likely to be achieved in the near future. With ever-increasing mechanization and automation, I do not see an acceptable level of unemployment being brought about, regardless of even substantial improvement in our economy.

Actually, I do not think the report went into the question of employment and its relationship with retirement policies as fully as it might have done. Generally speaking, it takes the point of view that raising the age of retirement would have little effect on the employment of younger people.

On page 50, the report says:

> In the immediate future, therefore, the elimination of mandatory retirement is unlikely to increase the labour force participation of the older population significantly and thereby worsen the employment opportunities of the young.

I just cannot go along with those conclusions or with the reasons given for such conclusions.

Honourable senators, I am of the opinion that raising the age of retirement would worsen the employment situation. For that reason as well as for some others, I do not think the recommendation of the report will gain general acceptance at this time. If that is so, then the question of providing adequate pensions becomes of increasing importance. We must realize, of course, as the report does, that the whole question of providing adequate pensions is difficult and complex. I certainly agree with this statement at page 82:

> Your Committee has concluded, therefore, that only an expanded public pension program could provide pensioners with the protection against inflation that they now need.

Personally, I do not believe such an expanded plan is possible without increasing the government contribution.

The need is greatest, I think, among those who work for low wages—for the minimum wage. These people cannot afford to make higher contributions to a pension plan, even if such contributions are regarded as deferred wages. They need the wages now. And in many, probably most, of these cases, the employer is unable to pay higher wages or afford an increase in the employer's contribution.

I say, therefore, honourable senators, that the fact that a better or an improved pension scheme would require increased governmental expenditure does not bother me for one minute. There are, and there will always be, increased expenditures by government for less worthy purposes.

Honourable senators, as I have mentioned, I agree with the recommendations of the report that the mandatory retirement age should be raised. At the same time, I do not think it is practical to expect to have it raised in the immediate or near future. I hope I am wrong in this, and I will be delighted if it turns out that I am.

Honourable senators, I believe this report has already accomplished a very valuable purpose. It has brought to the attention of the Canadian people a very real problem concerning our so-called senior citizens, and that is good. However, the report also provides valuable guidelines for future policies.

I say the committee has done good work and deserves a sincere "thank you", and I conclude my remarks by quoting the last two paragraphs of the report's Introduction, which is found on pages 9 and 10:

> In conclusion, your Committee has found that retirement policies and the treatment of the aged are inadequate, often discriminatory and sometimes cruel. It is intolerable that today thousands of old people, feeling useless and rejected by society, are unnecessarily bored, ill, lonely, poor and often living in conditions of severe privation.
>
> The main purpose of the study has been to improve retirement policies without increasing government expenditures so that in the future Canada's elderly may live in comfort and dignity, respected and self-respecting, universally accepted as participating members of the community. Your Committee believes that the recommendations are pragmatic and forward-looking as well as compassionate, and can make such a future possible for the majority of old people in our country.

I say this is a wonderful objective, a great vision for the future; and I hope that before too long this vision will become a reality.

On motion of Senator Frith, debate adjourned.

HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

MOTION AUTHORIZING EXPRESSION OF ADMIRATION FOR POLISH WORKERS

Hon. Stanley Haidasz moved pursuant to notice of Monday, October 6, 1980:

> That as preparatory meetings are now being held for the Madrid Review Conference on the Final Act of Helsinki, to which Canada is a signatory country, the Senate of Canada express its admiration for the courageous and prudent way in which the Polish workers struggled for free trade unions and other fundamental freedoms and human rights, and urge all signatory countries to faithfully observe the provisions of the Final Act of Helsinki to ensure social justice and security.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, October 8, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE LATE HONOURABLE JAMES DUGGAN

TRIBUTES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I know you will agree with me that it is appropriate for us to pay tribute to the late Senator Jim Duggan, who passed away in August. As honourable senators will recall, he was with us for a number of years in this place. He retired from the Senate two years ago.

Senator Duggan was truly a man of the people, having spent an entire lifetime working with and for the people involved with the railways in his native province of Newfoundland. He had developed great expertise in the area of transportation, and his advice and counsel in that area was of value to all of us.

Senator Duggan served for many years on numerous labour relations boards and other commissions, always seeking to better the status of his fellow workers. He brought a unique perspective to this chamber, and all of us benefited from his advice and his expertise.

Jim Duggan will be greatly missed. We extend our condolences to his wife, Kathleen, and the six children he left behind, all living in St. John's.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, during the 12 years that James Duggan sat in the Senate, he was a modest, efficient member who made friends with everyone. He left here quietly, but we have fond memories of him. On behalf of the opposition, I join with the Leader of the Government in offering his family our sincere condolences.

Hon. Frederick W. Rowe: Honourable senators, I should also like to add a word of tribute to the expressions of the Leader of the Government and the Leader of the Opposition. As it happens, my career and that of Senator Jim Duggan were thrown together very closely after we became friends when I was only 12 years of age. He came to our railway community of Lewisporte as a railway agent. It was an unusual experience for him and, indeed, for us as well since our community had been founded by Methodist families and was entirely Methodist, not just Protestant, but one hundred per cent Methodist. Jim was the only Roman Catholic in the community, and I think that speaks volumes for him and for the people of that community. The most important organization in the community, apart from the church, was the Loyal Orange Lodge, and Jim and I often laughed over the fact that at every annual function such as a parade, one of the guests of honour of the Orange Lodge was none other than James Duggan, a devoted Irish Roman Catholic. Jim often spoke to me about that experience which, by the way, was something we all enjoyed very much.

I know the phrase is overworked and it is now perhaps a cliché, nevertheless I think I should use it again—Jim Duggan was one of nature's gentlemen.

I was speaking with Mrs. Duggan only two days ago, and she is, of course, heartbroken over the loss of her husband since they spent so many years together, but she is very appreciative of the friendly, generous treatment that her husband received here in the Senate. I shall take care to see to it that she receives a copy of the expressions made here today.

• (1410)

Hon. William J. Petten: Honourable senators, I would like to associate myself with the remarks of the previous speakers.

Senator James Duggan, or Jim as we all knew him, prior to his appointment to this chamber, had been prominent in the labour movement in his province of Newfoundland. We all remember him as a quiet and unassuming person, who, until his health prevented it, was faithful in his attendance in this chamber. Quiet and unassuming he may have been, but many employers would remember Jim at the bargaining table, as that charming Irishman, or the rock-hard negotiator doing his utmost to further the cause of his fellow union members.

Over the past two years, during which time I visited him at his home in St. John's, he maintained an active interest in the proceedings of Parliament and was always eager to hear news of his former colleagues. To his wife, Kathleen, and children, I extend my deepest sympathy.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Document entitled "Canada's National-Provincial Health Program for the 1980's: A Commitment for Renewal", dated August 29, 1980 (The Honourable Emmett M. Hall, Special Commissioner), issued by the Department of National Health and Welfare.

Report of operations under the *Foreign Investment Review Act* for the fiscal year ended March 31, 1980, pursuant to section 30 of the said Act, Chapter 46, Statutes of Canada, 1973-74.

Report of the President of the National Research Council of Canada for the fiscal year ended March 31,

1980, pursuant to section 16 of the *National Research Council Act*, Chapter N-14, R.S.C., 1970.

Report of the President of the Natural Sciences and Engineering Research Council for the fiscal year ended March 31, 1980, pursuant to section 41 of the *Natural Sciences and Engineering Research Council Act*, Part III of Chapter 24, Statutes of Canada, 1976-77.

BANKRUPTCY AND INSOLVENCY

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE TABLED AND PRINTED AS AN APPENDIX

Hon. Salter A. Hayden: Honourable senators, I desire to table the report of the Standing Senate Committee on Banking, Trade and Commerce to which was referred for consideration the subject matter of Bill C-12, respecting bankruptcy and insolvency, and ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

While I am on my feet, I should remind the members of the Senate that on July 17, in anticipation of summer recess commencing that day as far as the Senate was concerned, the Senate authorized the publication and distribution of this report during the recess period, and this was done.

The Hon. the Speaker: Is it agreed, honourable senators, that the report be printed as requested?

Hon. Senators: Agreed.

(*For text of report see appendix, p. 831.*)

NOTICE OF INQUIRY

Senator Hayden: Honourable senators, I desire to give notice that on Tuesday next, October 14, I will call the attention of the Senate to the report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of Bill C-12, intituled, "An Act respecting Bankruptcy and Insolvency," tabled in the Senate this day.

THE CONSTITUTION

PROPOSED RESOLUTION FOR A JOINT ADDRESS TO HER MAJESTY THE QUEEN—NOTICE OF INQUIRY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, yesterday great interest was manifested by certain senators in documents tabled on Monday afternoon in this place. As I stated yesterday on behalf of the government, we would very much welcome a discussion and debate under appropriate Senate rules and procedures and at an appropriate time on the subject matter contained in those documents. The documents involve, of course, the proposed Address to Her Majesty the Queen and the appended draft of the bill which the government hopes will be dealt with eventually by the Parliament in Westminster.

For that reason I am prepared today to give notice, with leave of the Senate and notwithstanding rule 44(2), that tomorrow I will call the attention of the Senate to the document entitled: "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada," tabled in the Senate Monday, October 6, 1980.

• (1415)

I mention tomorrow, because if it is the desire of the opposition to commence this discussion tomorrow and if they would like to place their comments on the record commencing tomorrow, we on this side are certainly prepared to accommodate them. I would be most interested to have the views of the Leader of the Opposition.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, the Leader of the Government was kind enough to discuss this matter with me just before lunch. That short notice, however, did not afford me enough time to consult fully with members on this side, or to form an opinion on the propriety of such a procedure. For that reason I would prefer that this matter be put over to Tuesday next, which would be the proper time according to our rules to start such a debate.

That would give me time to look into the question of procedure. I know that what we are doing looks much the same as when we refer the subject matter of a bill to a committee. But I am not sure whether the method should not be to move that the matter be referred to a committee and have the debate on that motion of reference, rather than an inquiry which launches a debate here, which would precede the other one. I am a little worried that maybe the idea is to avoid questions or shorten the debate that we would have if and when the proposed resolution finally reached us. These are all matters that I want to think about in consultation with those on this side. If it were proposed that the motion be put next Tuesday, this would give us time to form an opinion. We may not have any objection to having the inquiry proceed on Tuesday. By then we will have had time to consider the matter.

Senator Perrault: We on this side would certainly like to accommodate the wishes of the opposition—

Senator Asselin: For once.

Senator Perrault: —in discharging the important responsibilities they hold. For that reason I give notice that on Tuesday next I will call the attention of the Senate to the document entitled "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada," tabled in the Senate, Monday, October 6, 1980.

Hon. Lowell Murray: Might I ask the Leader of the Government, since I presume he will be the lead speaker for the government on this motion, whether, when the matter comes up, he will give a detailed explanation of the reasons why the government is proposing the action it suggests with regard to the powers of the Senate concerning amendment of the Constitution? It is significant that neither in the speech made by the Minister of Justice in the other place the other day, nor in the documents that were put out by the government explaining the

constitutional proposal, was there any real reference to the rather drastic measures that the government proposes with regard to the powers of the Senate in future constitutional amendments.

Senator Perrault: The suggestion advanced by the honourable senator will certainly be given consideration.

QUESTION PERIOD

[*English*]

IRAQI-IRANIAN WAR

INQUIRY WHETHER CANADA HAS TAKEN INITIATIVE TO EFFECT CESSATION OF HOSTILITIES

Hon. Peter Bosa: Honourable senators, can the Leader of the Government in the Senate tell us whether this government has taken any initiatives to bring about a cessation of hostilities between the State of Iraq and the Islamic Republic of Iran?

● (1420)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, given the many other challenges confronting Canadians, I am aware of no direct initiative on our part to intervene as the mediator of the Middle East dispute. Indeed, I have no information at hand to suggest that Canada's services, which have been requested in past disputes, have been requested in this instance.

Some questions have been asked about the Iran-Iraq conflict by many Canadians. Canada supported the Security Council Resolution of September 28, which calls for a mediated settlement. If it continues, war could become a drawn-out stalemate, entailing further damage to the Iraqi and Iranian economies, disrupting oil supplies and destabilizing the Middle East region. It is especially important that shipping through the Strait of Hormuz not be disrupted, a point emphasized by the Prime Minister of Iraq in New York on October 1.

Tanker traffic is moving fairly normally and the threat of closure of the strait has receded somewhat, but only an end to hostilities will guarantee that the war does not spread.

More specifically with respect to the inquiry by the Honourable Senator Bosa, there is no obvious role for Canada in mediating a ceasefire, as it is the view of the government that the Islamic countries are best placed to effect this particular kind of initiative.

There are only 25 to 30 Canadians remaining in Iraq, including the press and six embassy staff, and about the same number are in Iran. To the best of our knowledge, all are well and safe.

THE CONSTITUTION DEBATE

ACCEPTANCE OF RESOLUTION BY BRITISH GOVERNMENT

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I would like to ask the Leader of the Government whether he can confirm the reports of a statement attributed to the Secretary of State for External Affairs, the Honourable Mark MacGuigan, to the effect that the Right Honourable Margaret Thatcher, Prime Minister of Great Britain, has assured him that any resolution of the Parliament of Canada would be accepted by the British government without objection.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, information has been sought with respect to the conversation between the Honourable Mark MacGuigan and the Honourable John Roberts and the Right Honourable the Prime Minister of Great Britain. However, I have no document before me which would serve to provide enlightenment on the question posed by the Leader of the Opposition.

[*Translation*]

Hon. Martial Asselin: Honourable senators, a supplementary question. Is it true that this meeting between the Right Honourable the Prime Minister of Great Britain and the two Canadian delegates lasted only four minutes?

[*English*]

Senator Perrault: Honourable senators will recall that a similar question was posed yesterday. Certain information has been requested, but I am not aware that anyone held a stopwatch in order to time that particular conversation. An inquiry has gone forward.

Senator Steuart: It does not take long to say "yes."

Senator Flynn: When are the ministers returning to Canada?

Senator Perrault: It is my understanding that they are now back safely on Canadian soil.

PARLIAMENTARY AMENDMENT OF PROPOSED CONSTITUTION ACT, 1980

Hon. Heath Macquarrie: Honourable senators, I have a question in further reference to the putative resolution from both houses of Parliament. After all of the discussion yesterday, and discussions elsewhere, may I ask the Leader of the Government if it is his view that the deliberations of the houses, whether in committee or in the full house in each case, could in effect alter the terms of the said resolution?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the Prime Minister, in his public statements, has indicated that proposals for constructive changes and amendments will be given serious consideration by the government. It is felt by the government that there is real merit in having a highly qualified parliamentary committee made up of representatives of the Senate and of the House of Commons direct detailed attention to all of the provisions of what are very important and historic proposals. The attitude of the government throughout the process, I assure you, will be very forthcoming.

● (1425)

Senator Macquarrie: May I also ask, in recalling that this is a parliamentary action, a joint resolution of Parliament, and

accepting the idea, as surely we must, that substantial changes may be made by those parliamentary bodies, was it not considered perhaps premature for the ministers to present a document to Her Majesty and to the Prime Minister in London before Parliament had, in fact, given it final form?

Senator Perrault: The attitutde of the government, honourable senators, is simply this. Her Majesty the Queen, because of her great interest in the subject of the Canadian Constitution and her role as Queen of Canada, has the undeniable right to be kept fully informed and has the right to receive constitutional information and should receive progress reports. Indeed, I suggest that it would be unseemly and wrong if the government were not to keep Her Majesty fully advised of events as they occur with respect to the proposal to patriate the Constitution. It is certainly not out of the question that other visits may be made to Britain by government ministers during the course of the next few weeks.

I would remind honourable senators that prior to this time there have been contacts with representatives of the British government. Surely this process of apprising Her Majesty and representatives of the British government of constitutional developments as they occur constitutes sound parliamentary practice as well as good manners.

LANGUAGE RIGHTS IN PROPOSED CONSTITUTION ACT, 1980

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have another question concerning the document which has been the subject of questions up to now.

I understand that in the proposed charter submitted to the premiers at the conference at the beginning of September it was mentioned that the right of usage of the French and English languages would be applicable to the provinces of New Brunswick, Quebec, Ontario and Manitoba. In the proposal now before the other place, and the document which has been tabled here, this reference has been withdrawn and there is no mention of New Brunswick or Ontario. There is only a reference to section 133 of the B.N.A. Act, which, of course, continues in force, and to section 23 of the Statutes of Manitoba. Can we have an explanation of this? Is this a bargaining point between Mr. Trudeau and Mr. Davis?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I would be pleased to speak to that point more fully when, God willing, the debate takes place. But the intent of the proposal is to ensure that, where numbers warrant, minority language education shall be available in all provinces.

Senator Flynn: I know that. My question is about linguistic rights and the use of the French or the English language in the legislatures of New Brunswick and Ontario. This was in the proposal as submitted to the conference, and has been removed from the present proposal.

Senator Perrault: Honourable senators, may I take that inquiry as notice? Detailed information will be sought and perhaps a reply incorporated in my speech on Tuesday.

[*Translation*]

AIRLINES

SALE OF NORDAIR SHARES—STATEMENT BY MINISTER OF TRANSPORT

Hon. Martial Asselin: Honourable senators, I have a question for the Minister of State for Economic Development, Senator Olson, concerning the current situation with respect to the sale of Nordair shares.

The government he represents, in 1978, I think it was, decided to turn over the shares of Nordair to Air Canada with the view to privatizing that corporation a year later.

When we were in power, we had made the same decision. Of course, the then Minister of Transport had meetings and consultations to see how the federal government would sell to the private sector the Nordair shares held by Air Canada.

We know that different groups met to make proposals to the government and that apparently the present Minister of Transport, the Honourable Jean-Luc Pepin, had made the decision to sell the shares of Nordair to Quebecair and other partners from Ontario and Quebec who had joined Quebecair.

We are told now that all that has been shelved, that after receiving the comments and objections of other groups of businessmen from Quebec and Ontario, Mr. Pepin has decided to let the thing die and no longer maintain the decision to sell the shares of Nordair to private interests, and that Air Canada is going to hold on to the shares it has in Nordair. There is no longer any talk of selling the Nordair interests to private groups.

This matter raises great financial difficulties among certain groups from both Ontario and Quebec who had joined together to purchase the shares of Nordair.

In view of that ambiguous situation, could the minister make a ministerial statement at a later sitting and tell us what is the current position of his government and of the Minister of Transport concerning the sale of Nordair?

• (1430)

[*English*]

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will take the question or certain of its aspects as notice. I should like to say, however, that I appreciate the honourable senator's recalling that the action taken by the government, when he was in office, to put together a proposal for the disposition of Nordair was followed in exactly the same manner by this government.

His intimation that the Minister of Transport had in fact reached a decision as to the sale of that airline is something I would not like to speculate on. Whether he can read the minister's mind, I do not know, but there was no public announcement of any such decision—at least not to my knowledge.

In any event, I will look into the matter and determine whether the minister is ready to make a definitive statement

on the present status, or, indeed, whether there are negotiations still under way.

PUBLIC SERVICE

STATEMENT RE MEMORANDUM OF SETTLEMENT OF STRIKE OF CLERICAL AND REGULATORY EMPLOYEES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I should like to make a statement on the status of the federal government clerks. A similar statement is also being made in the other place this afternoon.

Senator Flynn: Agreed.

Senator Perrault: The Honourable the President of the Treasury Board has announced details of the memorandum of settlement which was signed last night by the Board as employer and the union representing the federal government clerks.

The union has agreed to recommend the settlement to its members. If the agreement is ratified, employees will receive in the first year a 10 per cent wage increase retroactive to November 12, 1979. In addition, employees earning less than $15,000 a year will receive a lump sum payment equalling the difference between 10 per cent of their salary and $1,500.

In the second year of the agreement, employees will receive a 9 per cent increase effective November 12, 1980, and a further 4 per cent on May 12 of 1981.

● (1435)

Over the life of the agreement, the average wage for employees in the group will increase to $15,980 from $12,815.

Included in the new agreement is a family-related leave and benefits package which provides a maternity benefit as well as paid and unpaid leave to permit employees to meet family needs.

Employees subject to disciplinary action will receive notice of discipline from their departments. A special joint review committee is being established to review disciplinary action related to the strike. Employees can have their case reviewed by the committee or they may follow the normal grievance procedure with redress to third party adjudication. Where the joint review teams cannot agree on the appropriateness of the disciplinary action, the case will be referred to a special mediator arbitrator appointed by the Public Service Staff Relations Board.

The President of the Treasury Board has stated, however, that no amnesty has been granted, partial or otherwise. Those who have broken the law must face the consequences, subject only to careful review of the circumstances in individual cases.

The minister has appended a personal statement:

> I believe that we have achieved a settlement which is both fair to our employees and to the taxpayers of Canada—one which avoided the costly precedent of earlier union demands for reduced hours of work and a cost-of-living clause.

He added:

[Senator Olson.]

> I also wish to thank Mr. Jacob Finkelman for his invaluable assistance as a special mediator in our last round of negotiations.

Hon. Jacques Flynn (Leader of the Opposition): Is the Leader of the Government in a position to tell us the difference between the settlement and what was offered before the strike began?

Senator Perrault: That information is not immediately available, but it will be provided.

Senator Flynn: I consider it very important to find that out. If I understood the details correctly, there is an increase of 22 per cent over two years.

Senator Perrault: It is 10 per cent the first year.

Senator Flynn: Then there is a 9 per cent increase and a further 4 per cent increase—

Senator Perrault: Running into the following year.

Senator Flynn: That is 22 per cent over two years?

Senator Perrault: Two and a half years.

Senator Flynn: Would that be the equivalent of the COLA clause?

Senator Perrault: It is not the equivalent of the COLA clause. Of course, it is impossible to predict the rate of inflation. Hopefully the government's policies will result in a reduction in the inflation rate.

Senator Flynn: You may be paying more.

Senator Perrault: May I suggest, honourable senators, that this statement be read and if there are any further questions next week, we shall be pleased to provide the information.

MINISTERIAL STATEMENTS—POINT OF ORDER

Hon. Martial Asselin: Honourable senators, I rise on a point of order.

[*Translation*]

Honourable senators, I have raised this point of order before and I come back to it today. In the other place, the practice is as follows: When a ministerial statement has been prepared in advance, the opposition receives a copy of the statement. This gives enough time to examine the statement, and the opposition can afterwards make its comments.

Today the Leader of the Government has read a ministerial statement which we believe to be important, as it concerns the security of a great number of government employees. We did not receive a copy of this statement. This means that we cannot even reply to it. The Leader of the Opposition must fish for information on certain details which we do not have.

In this case, I believe that we cannot allow the Leader of the Government to continue his statement unless he sends us a copy so that we may examine it and comment on what it contains.

We represent a sector of the population. We are entitled to express the opinion of these people. I believe that the practice followed in the other place should have been established here a long time ago. It is the second time that I rise on this same point of order.

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): In no way can I disagree with the statement made by the honourable senator. Of course, he is perfectly correct. All that can be said is that the statement came in just shortly after we commenced our proceedings this afternoon, and an endeavour should always be made to accommodate the Leader of the Opposition in the manner suggested by the honourable senator.

I will have a copy made immediately for the use of the Leader of the Opposition in his important role, and we will attempt to establish those procedures which will always assure the Leader of the Opposition that privilege.

Honourable senators, unless there are further remarks on the postal settlement—

Senator Flynn: The clerks' settlement.

Senator Perrault: Of course, the clerks' settlement. I certainly don't wish to anticipate any further events.

Senator Frith: It is a new policy. We settle them before they arise.

● (1440)

ECONOMIC DEVELOPMENT

FEDERAL AID FOR CONSTRUCTION OF TRADE AND CONVENTION CENTRES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on July 14, 1980, Senator Roblin asked whether the Honourable Charles Lapointe, Minister of State for Small Businesses, responded to a letter from the mayor of the City of Winnipeg, dated June 11, 1980.

The answer is that he did so, on August 1, 1980.

CANADA-UNITED STATES RELATIONS

IMPORTATION OF AUTOMOBILES FROM JAPAN

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on July 15 the Honourable Senator Walker asked whether the Canadian government had had any discussion with the United States government with respect to possible joint action limiting the importation of Japanese cars into Canada and the United States.

The answer to this question is that the level of Japanese automotive imports into North America is a matter of concern to the Government of Canada. The Minister of Industry, Trade and Commerce has held in-depth discussions on this matter with Governor Askew, the United States Special Trade Representative. The nature of the Japanese penetration differs between the United States and Canadian markets. In terms of Japanese units sold, the number has risen steadily in the United States since late 1978. In Canada the number declined significantly in 1979 from 1978 levels and is only now approaching 1978 levels. The situations facing the United States and Canada are different and, in that context, joint action might be inappropriate. The situation is regularly reviewed in close consultation with United States authorities and appropriate action will be taken if necessary.

A major purpose of the visit of the Minister of Industry, Trade and Commerce to Japan in August was to indicate that the government's preferred response to the present situation is to have an indication of increasing Canadian content in the Japanese cars sold in North America or worldwide. As such, Industry Trade and Commerce recently sent a mission to Japan to follow up on the minister's trip. The progress made by the Japanese motor vehicle manufacturers and parts companies towards increasing their Canadian content will play a large part in the government's decision.

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Tuesday next, October 14, 1980, at 8 o'clock in the evening.

Motion agreed to.

OFFICIAL LANGUAGES

REPORT OF COMMISSIONER—AGREEMENT BETWEEN GOVERNMENT OF CANADA AND FÉDÉRATION DES FRANCOPHONES HORS QUÉBEC—CORRECTION OF OFFICIAL REPORT

Hon. Lowell Murray: Honourable senators, if I may, I would like to make a correction in *Hansard*. It is not a correction in respect of anything I am reported to have said, but, rather, something that the Leader of the Government is reported to have said on Monday evening in answer to a question from me concerning negotiations with the Fédération des francophones hors Québec.

At page 802 of *Hansard* the leader is reported as saying to me, in part:

> The honourable senator will remember no doubt that this type of suggestion had been favoured by his government during the electoral period in illicit votes from certain francophone circles outside Quebec—

I think what the minister intended to say—and the French language *Hansard* bears this out—was:

> —during the electoral period to elicit votes from certain francophone circles—

I wish to say that I find one version as offensive and insulting as the other as to the substance, but I am sure that the honourable the minister would want to be accurately quoted by *Hansard*. The agreement in question was signed by

the Honourable David MacDonald with the Fédération des francophones hors Québec after considerable negotiations initiated at the instance of the Fédération, and not for the rather unworthy motives that are ascribed to him and to us by the minister.

Senator Perrault: I want to thank the honourable senator for bringing this error in spelling to the attention of the Senate.

Senator Flynn: And the other error, too.

NOVA SCOTIA

OFFSHORE MINERAL RIGHTS—BRITISH COLUMBIA REFERENCE CASE—DEBATE CONCLUDED

The Senate resumed from Thursday, July 10, the debate on the inquiry of the Honourable Senator Smith calling the attention of the Senate to the judgment of the Supreme Court of Canada in *Reference re Ownership of Offshore Mineral Rights* (the British Columbia Reference case), (1967) Supreme Court Reports, 792, and (1968) 65 Dominion Law Reports (2d), 353, and submitting that it does not decide the ownership of minerals found off the shores of Nova Scotia.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I am glad to have this opportunity to speak to the inquiry of Senator Smith on the application of the *British Columbia Reference* case to his native province of Nova Scotia.

Honourable senators will remember that Senator Smith's intervention was directed to a very important question. In the remarks I am about to make I intend first to comment on Senator Smith's intervention, giving my analysis of what I understood to be its logic and scheme, and the conclusion it led to. I then propose to raise a question as to part of that intervention. Finally, I propose to make a suggestion as to where I think another solution lies. In doing this I shall not be disagreeing very substantially with what Senator Smith had to say.

It will be recalled that the main purpose of Senator Smith's inquiry was to discuss and expose his understanding of the application of the Supreme Court reference on the province of British Columbia to the province of Nova Scotia relating to the subject of offshore mineral rights. In the last two or three years the question of the rights of certain provinces to mineral resources in the continental shelf and in the offshore area has been an important one for Canadians everywhere. Whether or not a Canadian lives in a province that has offshore mineral rights, he is still concerned as to the ownership of those offshore rights; as to whether they belong to, or need to be shared with, all the citizens of Canada, or whether they fall into the category of exclusively provincial resources.

● (1450)

Let me commence by saying that the provinces own the resources within their boundaries. Perhaps I can be permitted a brief footnote to say that there does, at the present time, again seem to be some misunderstanding about the constitutional proposals now before this house and the other place on that question. With respect, I think there is no question about that, and there is nothing in the present constitutional proposals that suggests there be any change in the question of provincial ownership of resources within provincial boundaries.

[Senator Murray.]

The question that has become such a lively one in Canada—and that has already been a lively one in the United States and Australia—is: What about offshore mineral rights? The specific inquiry centres on the subject of the decision of the Supreme Court of Canada on the question of ownership of offshore mineral rights as the decision applies to the province of British Columbia.

What Senator Smith does in a scholarly and carefully reasoned analysis is, first, to examine the principles established in the British Columbia case, and then to examine their application to the province of Nova Scotia.

The first point he makes is that the decision of the Supreme Court of Canada in the *British Columbia Reference* case clearly does not automatically apply to the province of Nova Scotia. The question is: What principles established in that case might or might not apply to the province of Nova Scotia? In an intervention I made a year or so ago in the debate on the Speech from the Throne of the former government I indicated that, in my opinion, there is clearly a good question as to whether or not the *British Columbia Reference* case applies to Nova Scotia, and that there is perhaps an even stronger reason to doubt its application to the province of Newfoundland.

Senator Smith then deals with the two branches of the *British Columbia Reference* case. In essence, what the Supreme Court of Canada said in that case was that offshore mineral rights in the province of British Columbia did not belong to the province of British Columbia, but to Canada. That was so for two basic reasons. The first reason is that the definition of the limits of the province of British Columbia, when it entered Confederation, did not include the territorial sea or continental shelf. It defined the limits of British Columbia on the west as being the Pacific Ocean. The second reason is—and I will come back to the first reason again—that offshore mineral rights in British Columbia did not belong to the province of British Columbia because the law with reference to ownership of mineral rights on the continental shelf was a relatively new question of international law and was, essentially, an issue of international status. Because British Columbia had never had the status of a nation in the international sense, it could not be said to have these offshore mineral rights. Those are the two reasons—first, because of the definition of limits and, second, because of international status.

If honourable senators would read again Senator Smith's intervention, which is to be found in *Debates of the Senate*, July 10, 1980, at page 613, they will see that Senator Smith, in a scholarly and effective way, completely disposes of the first point by distinguishing Nova Scotia's history and British Columbia's history. He makes it very clear that the limits of the province of Nova Scotia when it entered Confederation were broader than those of British Columbia, and not only that but that Nova Scotia had been exercising rights over

these undersea or maritime properties for well over 100 years, before 1867.

The Supreme Court of Canada in the British Columbia case said it did not quarrel with the fact that the Parliament of the United Kingdom could have given British Columbia rights beyond their territorial borders and extending under the sea, but it had not done so. What Senator Smith sets out to prove, and, in my respectful view, does prove very clearly, is that the United Kingdom Parliament did give Nova Scotia such rights. Nova Scotia had such rights prior to Confederation. Nova Scotia had exercised those rights prior to Confederation and, therefore, that part of the *ratio decidendi* of the *British Columbia Reference* case did not apply to Nova Scotia.

However, on the second point, that is the question of the exercise of international rights, Senator Smith said—and I go back to the first point to illustrate the context—at page 617:

> As to the first of these assertions—that is, that the legislation is not under the enumerated heads of section 92 of the B.N.A. Act—

That was another way of expressing the fact that the province of British Columbia did not have the rights under section 92, and did not have those rights because it had never been given jurisdiction in the territorial limitations that extend under the sea.

> —that cannot be applicable to Nova Scotia whose claim is not based upon enumeration in section 92 but upon rights existing before Confederation that were brought into Confederation as a right of Nova Scotia, and specifically preserved by the British North America Act.

Senator Smith made that point very clearly before by pointing out that there is a section of the British North America Act that says the limits shall be the limits existing at that time. He has proved, up to that time, that those limits extend beyond the shoreline.

Senator Smith went on to say:

> As to the statement that a sovereign state has to negotiate with another sovereign state, and that Canada is a sovereign state, I recognize, of course, that Canada is now the sovereign state. There is no doubt, of course, that Nova Scotia was, to the extent that a Crown colony could be, a state, colony or province—call it what you will—that had specific jurisdiction allotted to it by the British Crown in respect of many things, including the very things we are talking about now.

In my respectful submission, honourable senators, this is not proved in Senator Smith's intervention as carefully and as thoroughly as his previous point was proved.

By way of summary, on the first branch of the Supreme Court case, namely the question of where the limits of the province are, Senator Smith has, in my view, proved beyond a doubt that Nova Scotia had much larger rights when it entered Confederation than British Columbia. But he does not document this second point of international status in the way he documented the first point. In fairness to him, he introduced his inquiry by saying that he wanted to divide it into two parts, the first part dealing with a careful examination of the *British Columbia Reference* case, and the second part by way of another inquiry that is on the order paper at the present time as Inquiry No. 3. I look forward to his proving this second point as well as he proved his first point, by the introduction of further interesting historical material about the province of Nova Scotia.

• (1500)

Honourable senators, I also suggest that if there is a doubt—and until I hear further from Senator Smith, I am of the opinion that there is—the legal and constitutional position of Nova Scotia lies somewhere between that of British Columbia and Newfoundland. In my view, there is no doubt that Newfoundland would be able to satisfy a court that not only did it have these extended limits but also that it had an internationally recognized government prior to entering Confederation. It, then, is able to satisfy both points. Perhaps Senator Smith will be able to satisfy us on the second point when he proceeds to give us more information.

In the meantime, I wish to recall to honourable senators that these legal questions arose in the United States, but that country did not take up too much time in solving them. The famous Truman declaration was, "These rights belong to the United States," and the national government took them. They made some settlements with the states later, but that was their position. In Australia the very same question arose: Do these rights belong to the federal state or to the individual states? That country came up with a settlement.

Briefly, the history of the settlement provisions in Canada was that an offer was made by the previous Liberal government to share them, as I recall, in the ratio of 75:25. The former Conservative government embarked on a plan of settling the matter—if you can call it a settlement—by giving 100 per cent to the provinces. There was a letter of agreement from Prime Minister Clark to Premier Peckford giving Newfoundland 100 per cent, and then letters were on their way to the other provinces in an endeavour to work out similar agreements.

The latest chapter in this important and interesting drama is, of course, the offer that was made at the September constitutional conference when the present Liberal government suggested settling the offshore mineral rights question by giving all provinces with offshore mineral resources 100 per cent of the revenue until they become a "have" versus a "have not" province. The wording was to the effect that they would get 100 per cent of the revenue as long as they were receiving equalization payments. When they were no longer in receipt of equalization payments, a formula for sharing would take effect.

In summary, honourable senators, I compliment Senator Smith sincerely on a serviceable, useful and helpful intervention on the decision of the Supreme Court of Canada in the *British Columbia Reference* case because it is, in my respectful opinion, a valuable reference document for this chamber and for the country on the question of the application of that decision to the province of Nova Scotia. I thank him as a

senator and as a Canadian for giving us that document. He has done the research and has presented it eloquently. I await, as I mentioned, what he will say on the second branch of its application. That is to be continued, and we all look forward to hearing another scholarly presentation.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, may I ask a question of Senator Frith? In his commentary, was he expressing the views of the government or of the Minister of Justice? That is my first question. I did not have the occasion to read the decision of the Supreme Court in the *British Columbia Reference* case—not in detail anyway—but he said that the main argument of the court was that the territorial limits of British Columbia were defined as being limited by the Pacific Ocean; therefore, the mineral rights would have remained the property of the British Crown. When did the British Crown transfer these rights to the crown in the right of Canada?

Senator Frith: On the first question, no, I am not expressing the opinions of the government or the Minister of Justice. In fact, I am not expressing anyone's opinions except my own.

Senator Flynn: Thank you.

Senator Frith: Those legal opinions may be worth exactly what you are paying for them, namely, nothing.

On the second point, the court did not break it down into those divisions, as I remember—that is, it did not say the resources belong to the Crown and, therefore, we have to get them back to Canada. It said once that limit was defined, then because Canada was a sovereign state, and because the limits were not included for British Columbia, therefore the offshore mineral rights belonged to the sovereign state of Canada. The court did not go, as I recall it, through the separate step of saying that the British Crown had to grant it to the federal government. That is my recollection of the case.

Senator Flynn: They didn't give it; they kept it.

Hon. Maurice Lamontagne: 1870.

Hon. G. I. Smith: Honourable senators, I just wish to express, very briefly, my appreciation of the kind words of Senator Frith. I am not accustomed to such kindly words from any source, and it is a great comfort for me to hear them.

Hon. Raymond J. Perrault (Leader of the Government): There is an extra chair over here.

The Hon. the Speaker: As no other honourable senator wishes to participate, this inquiry is considered as having been debated.

The Senate adjourned until Tuesday, October 14, at 8 p.m.

APPENDIX

(*See p. 823*)

STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

REPORT ON THE SUBJECT MATTER OF BILL C-12
"AN ACT RESPECTING BANKRUPTCY AND INSOLVENCY"

July 16, 1980

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INTRODUCTION

On April 29, 1980 the Senate authorized the Standing Senate Committee on Banking, Trade and Commerce to examine and report on the subject-matter of Bill C-12, intituled, "*An Act respecting bankruptcy and insolvency*" in advance of such Bill coming before the Senate. Since that date your Committee has received written submissions from the interested parties listed in Schedule "A" to this Report. In addition to such written submissions, the parties listed in Schedule "B" attached hereto have made oral submissions to your Committee.

Bill C-12 is the successor to a series of bills which have been tabled in Parliament for the purpose of replacing the *Bankruptcy Act*, the *Companies' Creditors Arrangement Act*, the *Farmers' Creditors Arrangement Act* and the *Winding Up Act* in respect of insolvent companies. Parliament either prorogued or dissolved before any of the bills could be passed.

In 1975, *The subject-matter of Bill C-60, An Act respecting bankruptcy and insolvency*, the original bill, was studied and examined by your Committee. Hearings were held and submissions were received from a number of professional and business organizations. On December 11th, 1975, your Committee submitted its report on Bill C-60 to the Senate. The report recommended 140 changes in the bill. The subsequent bills, including Bill C-12, have incorporated a very large number of the recommendations and most of the problem areas in Bill C-60 have been rectified. However, your Committee has received submissions that Bill C-12 does not provide satisfactory protection to employees whose employer goes bankrupt, leaving claims for wages unpaid. This issue has dominated the hearings before your Committee.

WAGE CLAIMS

Bill C-60 provided that in the event of a bankruptcy a claim for wages, up to a maximum of $2,000.00 would be entitled to be paid in full out of the assets of the bankrupt in priority to the claims of all secured creditors. Your Committee agreed that employees of a bankrupt company should be paid promptly after a bankruptcy has occurred. However, it was of the opinion that this result could most effectively be achieved by the creation of a government administered fund under the authority of the *Bankruptcy Act* out of which unpaid wages of employees could be paid forthwith after the bankruptcy. In its report your Committee recommended deletion of those provisions of Bill C-60 that provide for the claims of wage earners having priority over the claims of all secured creditors. This part of your Committee's recommendation has been adopted in Bill C-12 but no provision has been made for a wage earners protection fund.

As a result Bill C-12 maintains the same priority for claims of wage earners as the present *Bankruptcy Act*. It provides the secured creditors are entitled to realize the assets of the bankrupt subject to their security. If there is a surplus after the debt owing to the secured creditor is paid in full, the preferred creditors are paid in the order of priority set out in Section 107 of the present *Bankruptcy Act*. Paragraph 265(4)(*e*) of Bill C-12 provides that an employee is entitled to a preferred claim for payment of unpaid wages to a maximum amount of $2,000.00 for arrears of wages and an additional $500.00 for pension plan and other employee benefits. Under Bill C-12 the preferred claim of the wage earner would be subordinate to the claims of secured creditors. If there are insufficient assets of the bankrupt to satisfy the claims of secured creditors the wage earners will not be paid. Your Committee is of the opinion that this result is unsatisfactory.

There have been three alternative solutions suggested to remedy this problem:

1. The granting to the wage earner of a statutory priority for arrears of wages that would rank in priority to the claims of all secured creditors ("*Super Priority*").

2. The granting to the wage earner of a statutory priority for arrears of wages that would rank in priority to the claims of the secured creditors holding security on the current assets of the bankrupt ("*Modified Priority*"). Such current assets would consist of cash, temporary investments, inventory and receivables provided that such priority would only extend over receivables which have been created by the supply of goods or services.

3. The creation of a Wage Earners Protection Fund out of which the claims of employees for unpaid wages would be paid immediately after a bankruptcy has occurred.

Each of these alternatives must be considered in order to determine whether the following objectives are achieved:

A. Certainty of payment to the wage earner.
B. Promptness of payment to the wage earner.
C. Ease and simplicity of administration.
D. Maintenance of the ability of a borrower to obtain financing for his business operations.

SUPER PRIORITY

Super Priority as proposed in Bill C-60 does not achieve the objectives set out above. There is no absolute certainty that the wages owing by the bankrupt will be paid. The assets of the bankrupt may not be of sufficient value to pay the wages. In addition, sophisticated lenders may stipulate that their loans be made to an associated holding company which owns all of the valuable assets, leaving no assets available in the operating company to pay arrears of wages.

It is also possible that there may be a significant delay in the payment of the claims of wage earners. The payment of such claims may be delayed until the assets of the bankrupt are sold. In many bankruptcies the realization of the assets of the bankrupt may extend over a lengthy period of time. It has been proposed that the trustee of the bankrupt estate should be empowered to borrow funds for the purpose of paying the claims of wage earners. However, the assets of a bankrupt may not be readily convertible into cash and a lender may be very reluctant to loan money. The arrangements to borrow sufficient funds to pay the arrears of wages may take an extended period of time during which the lender satisfies itself as to the realizable value of the assets.

Serious difficulties will arise in the administration of the Super Priority proposal. The most serious of which will be the allocation of the burden among the secured creditors of the bankrupt. Sub-clause 238(6) of Bill C-60 proposed that the burden of payment of the wage claims should be allocated by dividing the total of the current fair values of the security interests to which each property is subject by the total of the current fair values of the security interests to which all such properties of the estate are subject and multiplying the quotient by the total of the claims for wages.

How is the fair value of a security interest determined? Is it the amount that may be realized by the secured creditor? In the case of the collection of accounts receivable or the enforcement of a mechanics lien it is very difficult to determine the amount which may be realized. There are many different types of security interests such as real estate taxes, mortgages on land, mortgages or charges on chattels, general assignments of book debts, a specific assignment of an account receivable such as a direction given to an owner by a contractor to pay a portion of the balance owing on a contract to a supplier of materials, mechanics liens filed by unpaid suppliers of material or labour used in the construction of a building, possessory liens of a repair man or a carrier, purchase money securities such as conditional sales contracts held by the vendors of equipment to the bankrupt, leases used for financing purposes, warehouse receipts, pledges of documents of title and fixed and floating charges covering all the property and assets of the bankrupt. The allocation of the burden of paying the claims of wage earners among the various creditors holding security interests previously mentioned is an almost impossible task. The courts will be clogged with cases attempting to determine the respective priorities of various classes of secured creditors and with respect to the claims for wage earners. Provincial legislation which has attempted to provide for priority for wage claims has already resulted in extensive litigation which include two recent decisions of the Supreme Court of Canada.

Sub-clause 238(5) of Bill C-60 gave the trustee of the bankrupt estate the right to borrow funds for the purpose of paying the claims of the wage earners but it did not set out whether the liability to repay these funds is jointly imposed on all secured creditors or whether each secured creditor is separately liable for repayment of his share. What happens if the asset is sold and the amount owing to the lender is not repaid? Will the lender be entitled to take legal proceedings against the secured creditor who has sold the asset and not paid his share of the wages? Will other secured creditors be liable for the amount not paid by the defaulting secured creditor? What happens if the amount realized from the sale of an asset subject to the security interest given to the lender is less than the amount of money borrowed to pay wages? In many cases such problems may not arise. However, from time to time they will occur and Bill C-60 made no attempt to solve them. This is understandable, since they are extremely difficult and complicated problems.

The creation of a Super Priority imposes unexpected burdens on secured creditors. A vendor of a warehouse may sell the property and take back a first mortgage. The purchaser may intend to use the building as a warehouse and does so with very few employees. However, the property may be resold to a labour intensive business which ultimately goes bankrupt. Should the unpaid vendor of the building be expected to bear the burden of payment of the unpaid wages? A manufacturer may supply equipment to a business and retain a purchase money security interest for the unpaid balance of the purchase price. Should such a manufacturer be required to pay part of the unpaid wages of the bankrupt? Super Priority as proposed would impose a similar burden on a subcontractor such as an electrician who may file a mechanics lien for amounts owing to

him by a contractor. A garage man who has repaired a truck owned by the bankrupt could be required to bear a portion of the burden for payment of the wages. The tentacles of the Super Priority proposal reach into many areas and will create many complications.

Super Priority will impair or reduce the credit that is available to a labour intensive industry. If Super Priority is enacted into law a lender who normally advances against fixed assets such as buildings and equipment will take into account the possibility of wages being unpaid in the event of a bankruptcy before determining the amount of credit to be extended. Your Committee remains convinced that Super Priority is not the proper method for granting wage earners the protection they deserve.

MODIFIED PRIORITY

The proposal of Modified Priority has problems similar to the proposal of Super Priority. Under the Modified Priority there is even less certainty that the wage claims will be paid. The wage claims could only be paid out of the current assets. It is possible that the bankrupt company could have very few current assets or that the realizable value of the current assets would be very small. This could be the case in respect of a construction company.

Most bankrupt contractors have very little inventory on hand at the time of bankruptcy since their suppliers have usually stopped shipping materials. The collection of accounts receivable may also be very difficult since there are frequently large claims by the owner for damages suffered as a result of the non-completion of the contract and the necessity to bring in another contractor to complete the job. There may also be a greater delay in payment of the wage claims. After a bankruptcy, accounts receivable are difficult to collect for many reasons, including the fact that there may be no party available to supply warranty service. In addition, an inventory of partially manufactured goods may be difficult to sell at a reasonable price. A lender may be reluctant to advance funds on the security of accounts receivable and inventory for the purpose of paying the wage claims.

There will be fewer problems relating to administration of the Modified Priority proposal since in most cases there will be only one or two creditors holding security on such assets. However, there are problems which would have to be solved. Would the claim for wages have priority over an unpaid supplier of inventory who retains a purchase money interest in the inventory which was sold to the bankrupt? Why should the priority be restricted to accounts receivable created by the supply of goods or services? If money is received from the operation of a business and then loaned out on the security of a mortgage on land, should not the wage claim have priority over that type of account receivable? Should a wage claim have priority to the proceeds of an account receivable which has been specifically assigned to the secured creditor and notice of assignment has been given to the account debtor at the time of the assignment? This is normally what is done when a contractor gives a direction to the owner to pay a portion of the balance owing on a contract to a supplier. How would a normal factoring arrangement be affected by the Modified Priority Proposal? Would the factor rank in priority to the wage earner?

Some of these administrative problems could be avoided if the Modified Priority Proposal only applied to the claims of a creditor who held a security interest on all or substantially all the inventory or accounts receivable of the bankrupt. Such a proposal could be similar to but more comprehensive than the priority over the realization from inventory given to wage claims by Section 88(5)(*a*) of the present *Bank Act*. The provisions of the present *Bank Act* are insufficient protection for wage earners because they only apply to security on inventory created by Section 88 of the *Bank Act* and do not apply to security on inventory created by other types of security agreements such as floating charge debentures or to security interests in inventory held by lenders not governed by the *Bank Act*.

The problems under the Modified Priority Proposal that wage earners may not be guaranteed payment or that payment of their claims may be delayed could be solved by the Government undertaking to loan sufficient funds to the trustee of the bankrupt estate to pay the wage claims. In that event the Government would acquire a security interest on the current assets ranking in priority to the claims of creditors who hold security on such assets. The Government would then receive the funds advanced when the current assets were realized. This solution does not overcome the administrative problems relating to allocation, but under the Modified Priority Proposal the allocation problems are much less than under the Super Priority Proposal. There are still problems relating to the reduction of credit available to the labour intensive industry as were outlined in the comments on the Super Priority Proposal. Your Committee does not recommend the adoption of the Modified Priority Proposal.

WAGE EARNERS PROTECTION FUND

Your Committee believes that the best protection for wage earners would be achieved by the establishment of a Wage Earners Protection Fund from which wage claims of unpaid employees of a bankrupt company would be paid. In order to accomplish this an Act should be passed which should be intituled, *The Wage Earners Protective Fund Act*. Alternatively, the Wage Earners Protection Fund could be constituted by amending Bill C-12. However, the assets of the Fund will not form part of the assets of any bankrupt estate and the Fund will rank as a preferred creditor of a bankrupt estate for the amount of the wage claims it has paid. Also the administration of the Fund will be completely independent from the administration of bankrupt estates. Accordingly, it would be preferable to have the Fund established by a statute independent of the *Bankruptcy Act*.

The Wage Earners Protection Fund would be self-sustaining and maintained by monthly contributions from all employers in Canada, based on the number of employees. Contributions from such a large number of employers would result in modest

amounts being paid per employee. The only exception to this universal rule would be that no contributions would be required from employers with fewer than six employees. However, any employee would be entitled to have his claim for wages paid out of the Fund upon the bankruptcy of the employer whether or not the employer was required to make contributions to the Fund.

The Superintendent of Bankruptcy would administer the Wage Earners Protection Fund using his district offices which are located in principal cities throughout the country. Upon a bankruptcy occurring, the trustee of the bankrupt estate would review the books and records of the bankrupt and determine the amounts, if any, owing to employees. The trustee would provide the district office of the Superintendent of Bankruptcy with particulars of such claims and the amount thereof would be paid to the trustee out of the Fund. The trustee would pay each employee his claim for unpaid wages to a maximum of $2,500, the amount of his referred claim under paragraph 265(4)(*e*) of Bill C-12. We anticipate that such payments could be made within two weeks after the date of the bankruptcy.

The Wage Earners Protection Fund would be subrogated, to the extent of the payment, to all the rights of the employees against the bankrupt company and the directors of the bankrupt company. These rights would include the right to be subrogated to the preferred claim of the employee under paragraph 265(4)(*e*) of Bill C-12.

The creation of a Wage Earners Protection Fund as outlined would assure the payment of the wage claims of employees of bankrupt companies. In addition, such wage claims would be paid promptly when the money is most needed to pay current living expenses. The administration of the Fund would present no complex problems since existing administrative practices would be utilized. The trustee of the bankrupt estate would perform the same duties as those under the present *Bankruptcy Act* when funds are available for distribution to employees of a bankrupt company. The unnecessary time-consuming and expensive litigation resulting from problems of allocation would be avoided.

Employers would be required to remit modest amounts monthly to the Receiver-General. However, the creation of a Wage Earners Protection Fund would avoid any disruption of present commercial lending practices and would enable an employer to obtain credit without any reduction caused by the fact that claims for unpaid wages would rank in priority to the secured claims of the lenders.

The introduction of Wage Earners Protection Funds in England, France and Germany recognizes the fact that they are the best solution for the protection of the wage earner. The experience in these countries should provide a realistic estimate of the annual payments to be made in Canada to unpaid employees after taking into account the terms of each fund and the number of employees protected.

For the reasons set out above, your Committee recommends that a Wage Earners Protection Fund be established in Canada.

EXTENT AND AMOUNT OF THE WAGE PRIORITY

Paragraph 265(4)(*e*) of Bill C-12 provides that the extent and amount of the wage priority should be $2,000.00 for wages other than amounts for pension and other health and welfare plan contributions and $500.00 for pension and other employee benefit plan contributions. A salesman would be entitled to an additional $600.00 for disbursements incurred in respect of the business of the bankrupt.

The terminology of Clause 265(4)(*e*) is inconsistent in that subparagraph (i) refers to pension and "health and welfare plan contributions" while subparagraph (ii) refers to pension and "other employee benefit plan contributions". The definition of "wages" refers to "pension and other health and welfare plan contributions". Your Committee recommends that these inconsistencies should be corrected and that the term "pension and other employee benefit plan contributions" should be used both in the definition of wages and in Clause 265(4)(*e*). This would take into account that under the current labour bargaining regime the employer makes contributions other than pension and health and welfare plan contributions. It would also provide coverage for new types of employee benefit plan contributions which may arise in the future. There appears to be no justification for providing the two limits of $2,000.00 and $500.00. It would be more beneficial if the maximum amount of an employee's wage priority was $2,500.00, which would include all claims for wages and pension and other employee benefit plan contributions. This would simplify the administration of the bankrupt estate and the Wage Earner Protection Fund.

It has been suggested that the wage priority might be limited to wages earned during a specified period prior to the date of bankruptcy. This type of provision might prejudice an employee unfairly if the date of bankruptcy occurred a significant length of time after the wage claim arose. A provision that limits the wage priority to a maximum of two weeks or a month would produce more benefit to the high wage earner and would leave the low wage earner who may be more needy with a lower claim. Your Committee considers that the expressing of the extent of such priority in dollar terms is the most equitable basis and that limiting such priority to $2,500.00 is a reasonable balancing of the interests of all parties.

LIABILITY OF DIRECTORS FOR WAGES

Clause 188 of Bill C-12 provides that directors and former directors of a bankrupt corporation shall be personally liable, on a joint and several basis, for wages owing to employees of the bankrupt corporation. Your Committee recognizes that such a provision is necessary to ensure that, wherever possible, employees are paid. The limitation of such liability to the amount of the wage priority should continue but in view of our

previous recommendation the maximum amount of such liability for wages should be increased to $2,500.00, including pension and other benefit plan contributions.

Since it is possible that for many reasons wages may not be paid through no fault on the part of a director, the provisions of subclause (3) of Clause 188 should be modified to provide that a director or former director is not liable for the unpaid wages of the employees of a bankrupt corporation if he establishes that he had reasonable grounds to believe that wages would be paid. A director or former director should not be able to avoid liability for such wages if they are paid by the Wage Earners Protection Fund and such fund should be subrogated to the rights of employees to claim such wages from a director or former director.

In addition, subclause (7) of Clause 188 should be clarified in order to provide that a former director is not liable for wages earned during the period after such former director ceases to be a director.

PAYMENTS BY BANKRUPT OUT OF AFTER-ACQUIRED INCOME

Your Committee has received a submission that Bill C-12 should be amended to provide that there should be a positive obligation imposed on the court to assess how much (*if any*) of the bankrupt's income should be paid over to the trustee for distribution to the creditors. Bill C-60 did not impose any obligation on a bankrupt to make payments to his creditors out of income earned after the date of bankruptcy. In its report on Bill C-60 your Committee recommended that such an obligation be imposed on the bankrupt. The subsequent bills, including Bill C-12, imposed this obligation on a bankrupt if he earns income in excess of that necessary to maintain a reasonable standard of living. Clause 215 of Bill C-12 gives the administrator the right to make such a determination in the first instance.

If the administrator makes such a determination, he has the right to file a caveat against the bankrupt, and an application may be made to the court to require the bankrupt to pay a portion of his earnings to the trustee. If a creditor is not satisfied with the decision of the administrator, an application may be made to the court to have the decision reversed.

During the hearings of your Committee it was remarked that there was no restriction upon the amount of the income earned by the bankrupt which the court may order to be vested in the trustee for distribution to the creditors pursuant to Clause 160 of Bill C-12. Your Committee recommends that such amount should not be greater than the portion of the income which could be attached under the law of the province in which the bankrupt resided. Otherwise there should be no change in the provisions of Bill C-12 relating to the obligations imposed upon a bankrupt to pay to the trustee a portion of the income earned after the date of bankruptcy.

In most cases the bankrupt does not earn income in excess of the amount required to maintain a reasonable standard of living and a compulsory court hearing in respect of each bankrupt would be an unwarranted expenditure of time and money.

ACCELERATION OR TERMINATION OF A SECURITY AGREEMENT UPON BANKRUPTCY

Clause 147(1) of Bill C-12 is designed to prevent the operation of acceleration or termination provisions in a security agreement upon the filing of a bankruptcy petition or the making of a bankruptcy order.

It has been suggested that circumstances might exist where a secured creditor might be prejudiced if he was not entitled to rely on the term of his security agreement permitting acceleration of termination in the event of bankruptcy. Your Committee recommends that the secured creditor should be permitted to apply to the court of an order permitting the exercise of the acceleration or termination provisions of the security agreement if it is established that the operation of subclause 147(1) of Bill C-12 would materially and adversely affect such creditor by reducing the amount to be realized by the secured creditor below the amount which would have been recovered under the agreement if no bankruptcy proceeding had occurred.

MISCELLANEOUS

Submissions which your Committee has received have mentioned some technical flaws in the drafting of the the bill. Your Committee recommends that the following technical amendments should be made:

1. Sub-clause 2—Definition of "claim".
The word "disputed" should be substituted for "litigious". The same substitution should be made elsewhere in the bill e.g. paragraph 74(2)(*b*) and sub-clause 286(6)

2. Sub-clauses 10(3) and (4)
The words "to or" should be deleted where these sub-clauses refer to a transfer *to or* from a debtor.

3. Sub-clause 103(3)
The words "subject to the consent of any secured creditor who has an interest in the uncompleted contract" should be inserted after the words "party to an uncompleted contract,"

4. Paragraph 105(4)(*b*)
This paragraph should be redrafted to read as follows: "(*b*) The accounts referred to in that section are payable out of monies which under the terms of the arrangement are otherwise payable to creditors".

5. Sub-clause 106(7)
This sub-clause should be amended to read as follows: "To the extent provided in the proposed arrangement clauses 168 to 185 apply with such modifications as circumstances require".

6. Sub-clauses 106.2(1)(2)(3)(4) and (5)
These sub-clauses should apply not only when a commercial arrangement is made but also after a notice of an intention or a proposed arrangement is filed. This could be accomplished

by amending sub-clause 106.2(1) to read "Where a notice of intention or a proposed arrangement has been filed and a secured creditor "

In addition in sub-clause 106.2(1) the words "trustee in whom property is vested pursuant to the arrangement" should be deleted and the words "trustee who has control of the records and property of the debtor" should be substituted therefor.

7. Paragraph 117(4)(*c*)
The words "uncompleted contract" should be substituted for "a partly performed contract".

8. Sub-clause 197(5)
The words "by reason of the insolvency of the lessee" should be deleted.

9. Sub-clause 210(3)
This sub-clause should be amended to read as follows: "For the purposes of sub-clause (1) when the validity of all claims against an estate has been determined and, in the opinion of the registrar, all the property of an estate that may be realized without needlessly protracting the administration is realized, the estate is deemed to be fully administered.

10. Paragraphs 265(2)(*c*) and (*d*)
The reference in paragraphs (*d*) to sub-clause 106.1 to 106.3 is in error. These sub-clauses should be referred to in paragraph 265(2)(*c*).

11. Sub-clause 265(14)
This sub-clause should be amended to take into account the provisions of clause 85 of Part IV of Bill C-6 the proposed new *Bank Act*. That clause creates a "priority payment instrument" which if issued by or drawn on a financial institution which is a member of the proposed Canadian Payments Association is entitled to be paid in full in priority to all other claims including administration costs in the event of the bankruptcy of such financial institution.

12. Paragraph 265(14)(*c*)
paragraph (*c*) of sub-clause 265(14) should be deleted since Canadian banks no longer issue notes intended for circulation in a country outside Canada and no provisions regarding such notes will be in the new *Bank Act*.

13. Sub-clause 286(5)
The sentence "Such an appeal shall not operate as a stay of the proceedings unless and to the extent so ordered by the court," should be added to this sub-clause.

14. Sub-clause 286(8)
This sub-clause should be amended to read as follows: "Notwithstanding sub-clause (4) where the court has made a determination pursuant to sub-clause (6) such determination shall be binding on the chairman of the meeting of creditors in respect of which such determination was made.

15. Sub-clause 407(2)
This sub-clause should be amended to read as follows: (2) "Where any person whose evidence is given under oath or by affirmation in a proceeding under this Act dies, becomes incapacitated, cannot be located or in the case of any other person with leave of the court, the evidence of such person purporting to be sealed with the seal of the court, or a copy thereof purporting to be so sealed, shall be received as evidence of the matters therein deposed".

CONCLUSION

Bill C-12 is the result of an extensive amount of effort and study by the Department of Consumer and Corporate Affairs, your Committee and many business and professional organizations. Its enactment into law has been excessively delayed. Subject to the very few changes recommended in this report Bill C-12 should become law as soon as possible. This bill represents an immeasurable improvement over the present *Bankruptcy Act* and it is essential that its benefits should be available to the Canadian public in the very near future.

Throughout the hearings your Committee has been assisted by our advisors Melvin C. Zwaig, C.A. and David E. Baird, Q.C. We wish to express to them our appreciation for their efforts on behalf of the Committee. We also thank the representatives of the Department of Consumer and Corporate Affairs for their assistance in this matter. Bankruptcy law involves a very delicate and proper balance of the rights of creditors, secured and unsecured, debtors and the general public. This bill is an admirable attempt to achieve such a balance after taking into account fundamental changes which have occurred in the overall credit system.

Respectfully submitted,

Salter A. Hayden
Chairman

SCHEDULE "A"

BRIEFS SUBMITTED

1. The Canadian Bar Association
2. Canadian Institute of Chartered Accountants
3. The Canadian Bankers' Association
4. The North West Commercial Travellers' Association
5. The Wholesale Salesmen's Association of Canada
6. Laborers' International Union of North America, Local 183
7. Association of Canadian Financial Corporations
8. Credit Union Central of Ontario

SCHEDULE "B"

ORAL SUBMISSIONS

1. The Canadian Bar Association
2. Canadian Institute of Chartered Accountants
3. The North West Commercial Travellers' Association
4. The Wholesale Salesmen's Association of Canada
5. Laborers' International Union of North America, Local 183
6. Credit Union Central of Ontario

THE SENATE

Tuesday, October 14, 1980

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Capital Budget (Revision No. 1) of Canada Mortgage and Housing Corporation, for the year ending December 31, 1980, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with copies of Order in Council P.C. 1980-2600, dated September 25, 1980, approving same.

Report of operations under the *Canada Water Act* for the fiscal year ended March 31, 1980, pursuant to section 36 of the said Act, Chapter 5 (1st Supplement), R.S.C., 1970.

Report of operations under the *Farm Improvement Loans Act* for the year ended December 31, 1979, pursuant to section 13 of the said Act, Chapter F-3, R.S.C., 1970.

Report of the Canadian Grain Commission for the 1978-79 crop year, pursuant to section 14 of the *Canada Grain Act,* Chapter 7, Statutes of Canada 1970-71-72.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Salter A. Hayden, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting tomorrow, Wednesday, October 15, 1980 and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

QUESTION PERIOD

[*English*]

ECONOMIC DEVELOPMENT

CONSOLIDATION OF BUSINESS ASSISTANCE PROGRAMS

Hon. Jack Marshall: Honourable senators, I have a question for the Minister of State for Economic Development. It concerns a news release emanating from his office on the series of improvements in the organization and delivery of federal government business assistance programs. While I reluctantly have to commend him for consolidating many of the programs, I feel that he is remiss in stating that there are now only 37 programs, run by ten departments, that should be consolidated. According to information that I received from the Department of Regional Economic Expansion three or four years ago, there are 159 programs, all dealing with small business, whether they be farmers or fishermen, many of which could be consolidated to avoid much waste in public expenditure. Has the minister looked into these programs, the names of which are available from his colleague, the Minister of Regional Economic Expansion, to be able to further consolidate many of the wasteful programs, even beyond his commendable suggestion.

● (2005)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I want to correct a couple of things in the honourable senator's question, the first being that the main purpose of consolidating the 37 programs into five, and indeed reducing the number of departments administering those programs from 10 to 2, was for reasons even more important than eliminating the so-called waste. I do not necessarily agree with the word "waste" that my honourable friend used, because the changes were made to make it more convenient for those businesses and individuals concerned to make application for benefits under the programs.

As to the second part of the senator's question, dealing with whether or not there will be further consolidation, I am not at this date prepared to say when and indeed how many programs will be condensed—or I think "contracted" is the right word—into a smaller group. However, I can tell him that there is an ongoing assessment or evaluation made of not only the programs but the method of delivery, and certainly it is my expectation that there will be further announcements in this regard.

We did not believe it would be useful to hold up the announcement about these 37 programs into a condensation to five while we were doing further work on other programs—and indeed there are a lot of other programs, not only within the department to which my honourable friend referred but in many other government departments. I think in the press release I suggested that there were still some 200 programs in one form or another, and it would be our hope that, with further study and agreement on the part of the ministers who are now administering those programs, before long we will be able to make another announcement of further contraction of these programs.

Senator Marshall: A supplementary, honourable senators. I am pleased to hear that the minister is going to go further, but according to the list which I have, and which I would be

willing to send to him, we have, for example, under the Department of Agriculture, the Farm Credit Act, the Farm Syndicates Credit Act, the Small Farm Development Program, the Fruit and Vegetable Storage Construction Assistance Program, the Crop Insurance Act and the Prairie Grain Advanced Payments Program.

Those are all under one department. I could give 10 or 12 under the Department of the Environment and 15 to 20 under the Department of Indian Affairs and Northern Development, and another 15 to 20 under the Department of Industry, Trade and Commerce.

I think it is realistic and makes common sense to review these programs so as to amalgamate them under one small agency, perhaps under the Department of Finance, to which the individuals concerned, whether they be fishermen, farmers or small businessmen, can then go.

I want to say again that I agree with the minister's thrust in this regard; I agree that he should look further into the amalgamation of these programs so as to save money and to be able to direct the help in a better fashion. As things stand now, farmers and fishermen do not know where the hell they are going, and they are frustrated because of the bureaucracy that exists in all of these programs.

Senator Olson: With the exception of the last few words that my honourable friend added, I think the way to respond to his representation is to tell him that he is now describing what we have been doing for a long time.

● (2010)

THE CONSTITUTION DEBATE

MEETING OF PROVINCIAL PREMIERS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I should like to ask the Leader of the Government if he has anything to report on the meeting of the provincial premiers which took place in Toronto today.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a late report that the premiers have issued a statement. I received this information by telephone, so that my remarks do not constitute an official report or reaction from the federal government. Apparently, five of the provincial premiers have announced that they are going to take the federal government to court to challenge the validity of the proposed action. Two are undecided—I think one of the news sources described their position as "wavering,"—whatever that may mean. I understand that Premier Hatfield of New Brunswick had made no comment as of 8 o'clock this evening. I understand that Premier Blakeney of Saskatchewan states that the Saskatchewan position will be announced after the federal government announces whether certain amendments will be made to the proposed draft bill which is part of the reference to Westminster.

Senator Flynn: Did he mention what the amendments were?

Senator Perrault: I do not have the wording of any reported amendments; I have only this rather brief body of information.

[Senator Marshall.]

I understand that the distinguished Premier of Ontario has stated that he fully supports the federal government's initiative. That is all I have to report.

Senator Flynn: When you mentioned "the distinguished Premier of Ontario" you should have done the same thing as Mr. Chrétien did when he spoke in Toronto last week, calling Mr. Davis and Mr. Broadbent great statesmen, because when you support the present government you are a statesman; otherwise you are a nobody.

Some Hon. Senators: Hear, hear.

Senator Flynn: And when you approve like the other side does, you are trained seals. I might just mention that Senator van Roggen was the noisiest of them all.

Senator van Roggen: When was that?

Senator Flynn: Just a moment ago.

Senator van Roggen: That was Senator Austin.

Senator Flynn: I am willing to settle for that.

But speaking of going to court, I would like to ask the Leader of the Government if my understanding is correct: in view of the decision of the Supreme Court in the matter of the reference last year concerning the Senate, does the government think, in light of section 44 and other sections of the proposed legislation in the resolution, that it is legal to go against the Supreme Court by going to Westminster? Does it think that Westminster can do something outside of Canada that the Parliament of Canada cannot do here? Is that the position of the government?

Senator Perrault: Honourable senators, that is not the position of the government. The position of the government is that the measures which are, we hope, to be before a joint committee of Parliament in the very near future are both legal and appropriate to the needs of Canadians in the time in which we live. It is not the government's intention to proceed illegally in any action. It is felt that the anticipated course of action is legal.

The honourable senator mentioned earlier the reference I had made to the attitude of some of the premiers, and made a comment with respect to certain premiers who were designated as being distinguished and statesmanlike. One fact that emerges from this whole process is that it is almost impossible to determine where the Conservative Party stands. There appears to be utter division in the ranks of the Conservative Party.

● (2015)

Senator Flynn: Of course, that has nothing to do with the question.

Senator Perrault: That answers your earlier question.

Senator Flynn: When you speak of division within the Conservative Party, I should like to inquire about Mr. Ryan's position on this matter compared to that of Mr. Trudeau. Can the Honourable Leader of the Government explain that? I

doubt it very much. There is not that kind of division in the Conservative Party.

In any event, it is quite clear to me that the Supreme Court said that the Senate could not be altered substantially without the consent of the provinces. But what the government is proposing in its resolution now is a substantial change, made against the will of at least half of the provinces. Do you maintain it is legal to by-pass the Supreme Court by going to Westminster, asking Westminster at one and the same time to partriate the Constitution and to solve our own problems, change our own Constitution—not simply returning it but changing the substance of our Constitution because the federal and provincial governments cannot agree?

Senator Perrault: I am sure the honourable senator, who is, I fear, a bit carried away by his own rhetoric this evening, is aware of constitutional law.

Senator Flynn: I am.

Senator Perrault: I am sure he is aware of constitutional law to the extent that he realizes that a reference or a request directed to Westminster to make certain amendments to the Constitution in no way runs contrary to the Supreme Court decision with respect to the Senate.

Senator Flynn: Certainly.

Senator Perrault: To answer the previous question as to whether there is absolute unity on the part of the Conservative Party with respect to constitutional matters, including patriation, may I quote from an amendment moved by the honourable member for Edmonton East in the other place, seconded by the honourable member for Provencher, just a short while ago:

> Whereas some provinces have repeatedly refused to endorse the patriation of the Constitution of Canada from Britain, it is moved that the Parliament of Canada submit an address to Her Majesty the Queen that Her Majesty may graciously be pleased to cause a bill to be laid before the Parliament of the United Kingdom to provide for the amendment in Canada of the Constitution of Canada.

These Conservative members of Parliament moved that resolution to unanimous applause from their ranks and from other sections of the house. But it is inferred this evening that there is an unanimous view that the Constitution should not be patriated unilaterally.

Senator Flynn: Patriation alone is something quite different from the resolution before the other place. Of course, the Leader of the Government cannot understand that. But, then, we cannot ask him to be more brilliant than he can be.

[*Translation*]

Senator Asselin: On a supplementary.

As regards amendments to the Constitution, could the Leader of the Government tell us how many senators on the other side of the house are prepared to support the government, especially on section 44 which proposes to keep the Senate out of the Constitution reform?

How many senators will follow the government on this question?

If the Leader of the Government wants to count the senators who are against this section, perhaps he will recognize that there is no unanimous consent on his side either.

[*English*]

Senator Perrault: Honourable senators are aware, of course, that I have proposed to the Senate that we have an inquiry with respect to the documents tabled here last week; and the honourable senator in his usual eloquent fashion will be able to speak at great length on section 44 and other sections; indeed he may be able to persuade a number of people in this place and the other place that certain changes should be made. The fullest opportunity will be accorded to honourable senators to debate and set forth their views regarding this important and historic initiative by the government.

Senator Asselin: Again you did not answer my question.

• (2020)

FOREIGN AFFAIRS

ALGERIA—AID TO EARTHQUAKE VICTIMS

Hon. Heath Macquarrie: Honourable senators, having heard the brilliant exercise in cataloguing, categorizing and perhaps cauterizing which my leader did on certain people a while ago, I am reluctant to expose myself to his analysis; but I should like to by-pass Westminster and ask the government leader a question about Canadian aid to the sadly afflicted state of Algeria, especially in connection with the earthquake which resulted in death and destruction to the population of El Asnam.

I wish to commend the government for moving, as it did, over the weekend. Might I ask the government leader if what has been announced so far represents the totality of the Canadian contribution—to use a word which I believe his leader used last week.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have as yet no official statement from the Secretary of State for External Affairs concerning the terrible tragedy in Algeria. However, I hope to be able to bring that statement to the Senate tomorrow afternoon.

GRAIN

SALES TO CHINA

Hon. Sidney L. Buckwold: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board—

Senator Asselin: Did you send a notice?

Senator Buckwold: No notice.

Senator Asselin: Surprising.

Senator Buckwold: I read with interest today news of a giant grain deal being negotiated between China and the

U.S.A. which would represent a sale of up to nine million tonnes of grain a year worth $1 billion per annum.

It would appear to me that the Americans are making serious inroads into a traditional Canadian market for grain, especially wheat, and I would like to have an assurance from the minister in charge of the Wheat Board that Canadian wheat and grain producers are sharing in this increased demand for grain by China which requires a much larger supply of this important commodity.

Traditionally, Canada has always been considered a prime source of supply, and I hope that we shall be able to maintain that position. I would like to have the assurance of the minister that this is the case.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, it is true that the U.S.A. has negotiated a large sale of wheat to China, a large commitment spread over a period of some years with sales up to nine million tonnes of grain per year. It is understood that this contract is worth $1 billion, but according to my calculation it is worth far more than $2 billion. It is an extremely large sale, and it certainly has an impact on Canada's export sales.

I do not wish to concern myself too much with history, but many statements have been made in this chamber and in other places pointing out that Canada has suffered in connection with its exports to the Soviet Union because of an agreement reached between the former administration and the U.S. administration limiting the sales of Canadian wheat into that market. During that period of time—this is nothing new to me, as I have said—Australia exceeded Canada's sales into that market, the United States sold record quantities into that market, and only Canadian shipments into that market were curtailed. Therefore I was pleased when the Canadian government announced some months ago that in future there would be no agreed-to limits on the sale of Canadian wheat and grains into that market.

The deal that has now been announced was negotiated by Thomas Saylor, the chief negotiator for the United States Department of Agriculture. So the negotiation was undertaken at the highest possible level by the United States. It confirmed to me something that grain people have told us many, many times, namely, that we can agree, as we have agreed, to limit our sales into one market at a given time, only to have a great effort made by the United States authorities to take up some of the sales in that market—the China market, in this instance—to which Canada might have looked forward.

● (2025)

Having said that, I should say that we have an agreement with China for the sale of 10.5 million tonnes of grain over a period of three years, so that we have a very large market in China, but it is obviously a good deal less than the American share of that market. I can only say—and I am pleased to be able to say it—that the Canadian Wheat Board is following a very aggressive sales effort on its own behalf, and I hope, as the weeks and months go by—though not too many months—we will be able to announce that the Canadian Wheat Board has also obtained some additional very large sales of grain to various markets of the world.

As far as our producers are concerned, they can rest assured that the Canadian Wheat Board today has markets for all of the wheat and all of the barley that they are likely to produce this year, and sales will be forthcoming for next year's production.

Senator Buckwold: Honourable senators, I have a supplementary question. I am a little disturbed by the answer given by the minister. It would appear to me that the minister is just a little bit concerned about whether, in fact, Canada is going to share in this expanded market, because the same news item that I presume the minister has in front of him indicates that China's needs are expected to expand to as much as 15 million tonnes next year from the current level of 10 million tonnes. Are we going to share in that growth?

It may be true that this year we have a more modest crop—which, by the way, I am sure members of the Senate will be glad to know is much better than we expected last June and early July—but if we end up with bumper crops, as we hope we will next year, are we going to find ourselves with a glut of grain and our traditional market not expanding as it should? I think we need the reassurance of the minister that this will not happen.

Senator Argue: I cannot assure the honourable senator that there will not be a bumper crop, and I cannot assure him that if there is a bumper crop there will not be some difficulty in delivering that crop to market; but I think I can assure him that the Canadian Wheat Board will be able to sell, in the course of the next number of months, all of the grain we have been able to produce in 1980. I am, furthermore, confident, in my own mind, that the Canadian Wheat Board will be able to sell all of the grain prairie producers may be able to produce in 1981. That still, I suppose, does not answer the honourable senator's question, but I believe that Canada will share in the export markets for grain around the world as they develop, and while we may be elbowed out of one market, we may be able to do some elbowing ourselves in some other markets.

Senator Flynn: In the U.S.S.R.?

Senator Argue: I think, in total, Canada will be able to export all of the grain it produces. The restrictive factor is not likely to be so much of market as of transportation, and many efforts—successful efforts—are being undertaken from day to day to solve the transportation difficulties in Canada and to improve our facilities.

[*Translation*]

THE CONSTITUTION DEBATE

INTERPRETATION OF SECTION 51 OF PROPOSED CONSTITUTION ACT, 1980

Hon. Arthur Tremblay: Honourable senators, my question is directed to either the Leader of the Government or the Deputy Leader of the Government. It has to do with section 51 of the proposed resolution. It is intended to get information which

will allow me to make an accurate reading of that section. The section reads:

> Class 1 of section 91 and class 1 of section 92 of the Constitution Act, 1867 (formerly—

—I skip the parenthesis—

> —referred to in item 21 of Schedule I of this Act and Parts III and IV of this Act are repealed.

Part III of this act establishes constitutional conferences.

If one refers to this pompous and promising title, an institution of a federative nature is apparently going to be established by the proposed resolution. But since that Part III is in fact abolished as soon as the resolution or the Constitution Act of 1980 goes into effect, am I to understand that, in the mind of the government, the constitutional conferences bringing together all the first ministers of Canada is only a transitional operation already doomed to disappear as soon as the resolution, that is the proposed Constitutional Act of 1980, is passed?

Senator Lamontagne: At the very moment our report is tabled.

Senator Asselin: You are saying your report is going to change that? That is a good one!

● (2030)

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): The honourable senator has asked a rather detailed question with respect to sections 51 and 52. There will be a debate later on the inquiry I initiated, and if possible I would be pleased to speak to that section during the course of the debate.

Does the Leader of the Opposition share the opinion that it may be out of order to have a question of this kind advanced during Question Period?

Hon. Jacques Flynn (Leader of the Opposition): Why?

Senator Perrault: A debate is about to commence in the Senate with respect to the documents tabled here one week ago. This is a matter which I think could more properly be discussed at that time.

Senator Flynn: No. A question is not the same thing as a debate.

Senator Perrault: Honourable senators, we have a draft of a bill that is going to be dealt with by the Parliament at Westminster. The bill is not even in this chamber as yet. A motion to refer that bill to a joint committee of the Senate and the House of Commons is now being debated in the other place. The measure is not being debated in detail in any section of Parliament. Now we are asked by an honourable senator to provide a legal opinion with respect to one of the sections. Surely that is an unusual procedure. However, in saying that, may I assure honourable senators that I will be pleased to speak to sections 51 and 52 later this evening.

Senator Flynn: We don't want a speech; we want a reply.

[*Translation*]

Senator Tremblay: Not being as familiar as the Leader of the Government with the procedures I do not know whether I am engaging in a debate following what he just said. But my question was one of clarification, and not intended to discuss the merits of section 51.

Is it advisable to create provisionally a federative institution such as the constitutional conference of first ministers, or is it not advisable to do so? That is the essence of the debate. I simply wanted to make sure, so I could engage in the debate later on in as much an enlightened way as possible, if I was reading the section correctly. It is a question of information, it seems to me. Is it out of order to ask it now? I point out again that I am not engaging in the substance of the debate but merely asking a question of information.

[*English*]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on a point of order, I can recall this very same point being raised previously.

Senator Flynn: By whom?

Senator Frith: The point of order was raised by the leader in his answer when he implied that it was out of order. In any event, whether or not he or anyone else did, of course, it is in order for me to raise a point of order.

Senator Flynn: You can do that any time.

Senator Frith: I mention that only to put the point in context. I recall that when the Leader of the Opposition and the Deputy Leader of the Opposition were on this side they raised a point of order, which I think is a correct one, and that is that it is not in order to ask for a legal opinion during Question Period. That is my first point of order.

The second is that it is not in order to raise during Question Period something that is on the order paper and will come up later in debate, since the purpose of the Question Period is to elicit information.

Senator Flynn: Would the honourable senator repeat that so that it can be clearly understood? Do we take it that it is not in order to start a debate before another debate comes up?

Senator Olson: That is right; you cannot anticipate.

Senator Flynn: I like that argument, and I will use it later.

Senator Frith: Are you through for the moment?

Senator Flynn: Yes, sure.

Senator Frith: To reiterate, during Question Period it is not in order to ask for a legal opinion because the purpose of the Question Period is, as you told us last year, to elicit information. If you do not want me to quote the leader, I will quote *Beauchesne*.

Senator Flynn: You questioned me for over three-quarters of an hour, and I replied to every question you put to me. Most of those questions required me to give a legal opinion, and I provided whatever I thought was the proper reply.

Senator Frith: On that occasion I was asking for information as to what had taken place—if you read the record you will see that—and not for a legal opinion. However, in respect to the particular questions being asked here, first, is a legal opinion being asked for; and, second, is the subject raised during Question Period a subject that is already on the order paper and coming up later for debate? In my respectful submission, honourable senators, the answer to both of those questions is yes.

Senator Tremblay said he was simply asking for an answer to—"La question est si la lecture de la résolution est à point." In my opinion, that is clearly asking for a legal opinion, and the subject is on the order paper. Therefore, in my respectful submission, the question should not be asked during Question Period.

Senator Flynn: If you don't know, you just have to say that you don't know.

Senator Tremblay: Honourable senators, I was asking the question as an ordinary senator or perhaps as an ordinary citizen who would be reading information issued by the government. If reading a government paper requires legal advice, then, as a common citizen, I would have a real problem.

Hon. George I. Smith: Honourable senators, Senator Frith raised two points of order, and I should like just for a moment to reply to them. The first point was that it is not in order to ask questions about the content of something which notice of intention to debate has been given. I say that that cannot possibly be right. Surely if, in order to prepare oneself for the debate, one wishes to know what is meant by something that the government has tabled as an official government document, it is perfectly in order to ask what something in that paper means. If the honourable gentleman does not know the answer or for some reason is afraid to give it, then let him say he does not know or he does not want to give the answer. This is an utterly absurd position for the honourable senator to take and one which cannot be allowed to pass unnoticed. The other point was that it is not in order to ask for a legal opinion.

● (2035)

Senator Olson: Right.

Senator Smith: You know all about that. I am sure we would be delighted to hear you expound at some length your views on the legal aspect of this section. We will be glad to hear you. If the honourable gentleman could make a long speech about the legal meaning of this, I am sure the Deputy Leader of the Government and the Leader of the Government can both do the same, but if they are bringing into this house something that they want us to pass and they have not informed themselves as to its legal meaning, then they are even duller and less attentive to the business of the house and their duties than it ever occurred to me they were. After all, what do they expect? They stand there and say they don't know what it means and ask the rest of us to debate it. That is even more absurd than the first point of view.

Senator Frith: I would certainly not expect as distinguished a lawyer as my learned friend Senator Smith to accept my opinion on any of these questions. Perhaps he will not accept *Beauchesne's* either, but *Beauchesne* says, at paragraph 359 on page 132, when dealing with the Question Period:

> It must be a question, not an expression of opinion.

It must not ask for an opinion. In paragraph 360 he says that it should not

> . . . ask a solution of a legal question such as the interpretation of a statute.

Senator Smith: This is not a statute.

Senator Frith: Senator Smith said he is asking for an opinion or a statement as to what something means. In my respectful submission the questions that Senator Smith is talking about are certainly proper in debate, but according to *Beauchesne* they should be asking for information, not an interpretation as to what something means.

Senator Flynn: You said a statute. Quote correctly.

Senator Frith: Finally, in paragraph 359(12) on page 132—

Senator Smith: Quote correctly.

Senator Frith: I am—". . . such as a statute." At page 132, in paragraph 359, subparagraph 12, *Beauchesne* says:

> Questions should not anticipate a debate scheduled for the day, but should be reserved for the debate.

Senator Flynn: For the day.

Senator Frith: There is the quotation. It may not be as distinguished a source as either Senator Smith's or Senator Flynn's, but it is a source that is generally accepted in parliamentary procedure.

Senator Smith: I accept what it says but I don't accept what you say it says.

Senator Frith: As I said, don't take it from me; take it from *Beauchesne*.

Senator Flynn: You were not giving legal opinion.

Senator Smith: To start with, the quotation refers to a statute. We are not concerned with a statute. We are concerned with something that has not even become a bill yet; it is only a draft that the government wants people to approve.

Senator Olson: It is an order of the day.

Senator Perrault: They don't want to be confused with the facts.

Senator Flynn: You wouldn't recognize a fact if it hit you in the face.

Senator Tremblay: I take notice of a splendid lesson that I have just learned. At this stage I understand that I do not need to understand what it means, what is in there.

Senator Lamontagne: Read the rules.

Senator Flynn: You never read them yourself.

Senator Tremblay: I will wait, hoping that at some stage somebody will tell me what it means, but I ask myself whether the people will understand before we understand.

Senator Perrault: I remind honourable senators that last week, in an effort to accord an opportunity for the opposition to state freely and openly their views on this important initiative, it was proposed that we commence an inquiry debate. We wanted a debate to begin so that all senators would have an opportunity to speak. Could we get consent from the opposition? Not at all. They said, "No, no, we can't give that consent." Today they act as though somehow they are being deprived of an opportunity to speak. Apparently Senator Smith has undergone a conversion greater than St. Paul's conversion on the Road to Damascus. Can he cite one instance during his long and distinguished career as Premier of Nova Scotia where he ever made the kind of concession to the opposition that he demands of us now? If he did, let him produce the evidence in this chamber.

Senator Smith: I am not going to make a search over a long period of years to satisfy the honourable senator that he is wrong. I know inherently that he is wrong. I also know that none of the authorities cited by his deputy have anything to do with this. What his citation had to do with was asking about the meaning of a statute. I say again that no one can possibly say this is a statute. It is a piece of paper that may become nothing, which we are asked to discuss. Again I say, if the honourable senator doesn't know what it means, then he has a great deal of nerve to come here and ask the Senate to accept it.

Senator Bosa: Honourable senators, my question is for the Minister of State for Economic Development—

Senator Flynn: We are still on a point of order. Senator Perrault—I was going to say "Senator Foghorn," as he is called on the west coast. I was there last week. There is nothing insulting in that it is just amusing.

Senator Perrault: I am not insulted.

Senator Flynn: Anyway, you just gave us a perfect illustration of why they speak of you that way out there. The Leader of the Government referred to his notice of inquiry which will come later on. Last week I made some observations. I intended to raise a point of order later, when it is called, and I think that is the proper time to do it, not to discuss it in advance, as the Leader of the Government is trying to do.

Senator Perrault: I suspect that the Leader of the Opposition did not want to debate last week because his party is so totally confused on the constitutional question. Are they attempting to rally their forces and obtain a consensus? Furthermore, I presume that the Leader of the Opposition was obviously anxious to find out what the Conservative premiers were going to announce this evening. These are some of the reasons for his failure to debate last week, and he knows it.

Senator Smith: Further to the point of order, the Leader of the Government complains that he did not have the opportunity to bring forth the notice last week. Nobody objected to his giving notice of the inquiry last week. He had every right to give the notice, and if he had given notice then, as he intimated he wanted to do, but which he did not do, we could now be debating it instead of this point of order. He didn't do it, and I might be bold enough to ask him why he didn't do it. He didn't have to ask permission to give notice. I suggest he was not really ready to give notice and he was glad to have the rest of the weekend to get ready.

Senator Perrault: Honourable senators, let's get this straight. I hope that the Leader of the Opposition meets once in a while with his members. Last week the Leader of Opposition asked that the debate be deferred until this week because he was not prepared to go ahead with the debate. It may help if the Leader of the Opposition met with some of his followers so that they could find out what he has in his mind at any given time.

Senator Smith: That is another occasion when the Leader of the Government displays his complete ignorance. I didn't say anything about whether or not the debate was to be last week, because there was no suggestion it was to be.

Senator Petten: Yes, there was.

Senator Flynn: He asked leave and leave was refused.

Senator Smith: I know, but what I said, and what the Leader of the Government did not respond to in any way whatsoever, was that he had every opportunity to give notice of the inquiry last week if he wanted to, and it would now come up, in the ordinary course of events, for debate tonight.

• (2040)

I say he did not do that, so how can he stand here and complain that the Leader of the Opposition has in any way delayed the debate? The Leader of the Government himself delayed it. He could have given notice any day last week, including the last day we sat, and he did not bother to do so.

Senator Frith: Question.

Senator Perrault: Honourable senators, the honourable senator's views are so tediously incorrect that I am not willing to perpetuate the debate and continue this discussion. It is useless, because the honourable senator does not know the facts.

Senator Smith: I know the facts very well, and I know one fact which you cannot deny, that being that you could have given notice of this inquiry on the last day we sat last week and we could now be debating it in the ordinary course of events. You cannot deny that, and that is a fact.

Hon. Reginald James Balfour: Honourable senators, on the same point of order, and without wanting to risk being tedious, might I ask whether the Leader of the Government in the Senate would care to enlarge upon his commitment to expend $4 billion for western Canadian development?

Senator Olson: Now, wasn't that brilliant.

Senator Perrault: Well, the universe will unfold, and a great deal of western development is going to unfold. I am not prepared to go beyond that statement at the present time. I will say that the Government of Canada as presently constituted is considerably more concerned about western development than was the preceding government.

Senator Balfour: On the same point of order, are you withdrawing from the speech you made in Vancouver with respect to the expenditure of $4 billion on western Canadian development or not?

Senator Perrault: The honourable senator obviously requires a crash course on *Beauchesne*, because he is completely out of order in asking a question of that kind. I made no such speech in the city of Vancouver.

Senator Smith: Where did you make it, then?

ENERGY

DISRUPTION OF OIL SUPPLIES FROM THE MIDDLE EAST

Hon. Peter Bosa: Honourable senators, my question is for the Minister of State for Economic Development. In light of recent news reports concerning the destruction of oil refineries and oil pipelines in the warring states of Iran and Iraq, thus curtailing the flow of oil to the West, is Canada likely to experience a shortage of oil, and if so, has the government made any provision for meeting such shortage?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I shall give a more complete answer to that question tomorrow, perhaps, but there is no doubt that with an amount of oil potentially shut off—and it is difficult at this stage to make any prediction as to how long that will be the case—Canada is, of course, concerned, as are a good many other countries that receive some of their supply from that source. However, I shall answer tomorrow as to any calculation that has been made in terms of the difficulties we may face as a result of the reduction of oil supplies moving out of that area.

Senator Marshall: Newfoundland will take up the slack.

STATUS OF APPLICATION BY Q & M PIPE LINES TO CONSTRUCT A PIPELINE

Hon. Richard A. Donahoe: Honourable senators, my question is for the Minister of State for Economic Development. What is the status of the application of Q & M Pipe Lines before the National Energy Board to construct a pipeline through Quebec and maritime provinces. Have any of the considerations which caused the National Energy Board to reject the application last spring been addressed?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, as far as I am advised to date, approval by the National Energy Board of the application was given in a modified form, and the reasons therefor were stated at that time by the board. I do not believe that a new application has been made to the National Energy Board. However, I shall check and determine whether or not that is so.

Senator Donahoe: Is it still the government's intention to discharge its campaign commitment to secure the construction of the Q & M pipeline?

[Senator Perrault.]

Senator Olson: It is. It was, it is, and it will be the policy of this government to have the entire pipeline built.

Senator Asselin: Until the next election.

DISRUPTION OF OIL SUPPLIES FROM THE MIDDLE EAST—POSSIBLE EFFECT ON EASTERN CANADA

Hon. Richard A. Donahoe: Honourable senators, my next question for the minister is perhaps somewhat similar to the question asked by Senator Bosa, but I ask it from a different point of view.

With oil supplies to the West having declined by approximately 8 per cent as a result of the Iran-Iraq war, has the government decided to assure security of supply for Atlantic Canada, in particular, through the accumulation of strategic supplies of crude oil?

Hon. H. A. Olson (Minister of State for Economic Development): There was an answer given to a similar question asked in the other place earlier today, and perhaps I should advise the honourable senator of the reply that was given by the responsible minister. It was as follows:

> I have discussed this matter with other members of the IEA, including Secretary Duncan in the U.S., and it is generally agreed that there is no possibility of such a shortage developing. Western oil reserves are quite high, and we are reassured by the fact that some OPEC members, notably Saudi Arabia, are increasing their production to offset the Iran-Iraq situation.

Senator Donahoe: I have a supplementary question. Will the minister admit, should the calculations of the International Energy Authority prove to be incorrect, and the supply fall below a certain level, that Canada would be forced to reduce its consumption by the amount of the shortfall?

Senator Olson: Honourable senators, I do not think I should at this stage try to repeat the terms and conditions that Canada agreed to with several other countries in respect of what each would try to do to help the others in the event of a shortage. Those terms and conditions are, I think, well known to my honourable friend, and Canada expects to honour whatever agreement has been made. But I am not sure that I should answer, or try to answer, hypothetical questions as to whether, in the event that the assurance that was given—and this is the opinion of a whole lot of other senior officials in the western governments—does not take care of the situation, and say what else we are going to do. Of course, we have studied that, but I have stated very positively that we do not expect a shortage to develop.

INTERNATIONAL ENERGY AUTHORITY—OIL RESERVES

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, might I ask a couple of questions of the minister in respect of the oil supply situation.

Could the minister advise us whether the International Energy Authority has met since the crisis developed in the

Iran-Iraq area, and, if so, whether they have come to any conclusions to which Canada subscribes?

My second question has to do with the volume of reserves that there may be in eastern Canada in respect of the supply required for that area in the event of any unforeseen situation—which the minister tells us will not happen, but which certainly might happen.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, there is obviously more than one part to that question. Responding to the first part, I am not sure at this time whether or not there has been a formal meeting of all of the members or some of the members of the IEA. I shall try to ascertain that by tomorrow. Certainly, the minister responsible stated earlier today that he has discussed this matter with other members of the IEA.

As to the other parts of the question, I had better take them as notice so as to get precise information to reply.

Senator Roblin: May I ask my honourable friend, when he provides the answer as to the matter of reserves, to give us not only the actual volume but its percentage relationship to, say, one year's consumption.

Senator Olson: Yes, I shall try to do that.

AIRLINES

SALE OF NORDAIR SHARES—STATEMENT BY MINISTER OF TRANSPORT

Hon. Martial Asselin: Honourable senators, might I ask the Minister of State for Economic Development whether he is in a position tonight to reply to the question I asked last week regarding the sale of Nordair shares?

Hon. H. A. Olson (Minister of State for Economic Development): As soon as we get to that part of our sitting where delayed answers are given, I am prepared to answer. I can do so sooner, if you like.

Senator Flynn: Why not?

Senator Olson: Honourable senators, in response to the question asked by Senator Asselin on October 8 concerning the possible sale of Nordair, I would like to point out that the Minister of Transport issued a statement on this matter on August 5, 1980. He noted that, in spite of intensive work on a number of approaches concerning the future of Nordair, the interested parties have not yet been able to reach general agreement on a means of disposing of Air Canada's majority holding. The minister indicated that he had suspended discussions for the time being, but that he intended to seek guidance from his cabinet colleagues in the fall in the context of a new regional air carrier policy.

● (2050)

Therefore the Nordair question has by no means been shelved, as the honourable senator seemed to understand. However, a decision on the future of Nordair must take into account a number of interests including those of the provinces, the management of the airline, the employees and the prospective owners. It is the minister's hope that he will be able to make a more definite statement on the future of Nordair in the coming months.

That is the end of the reply. However, if the honourable senator has not seen the press release issued by the Minister of Transport dated August 5, I would be happy to see that he gets one.

[*Translation*]

Senator Asselin: Honourable senators, a supplementary question following the minister's statement. Does the government still intend to sell Nordair shares to private interests?

It seems to me that as the interested parties have yet to come to an agreement, the minister's statement would be a way out. So, is it still this government's firm intention to sell Nordair to private interests?

[*English*]

Senator Olson: Well, honourable senators, I thought it was clear but, I can read that sentence again for the honourable senator. It is:

> However, a decision on the future of Nordair must take into account a number of interests including those of the provinces, the management of the airline, the employees and the prospective owners.

After all of those things are taken into consideration, then, I suppose, the next step is to take a decision on the positive action to be taken, which may or may not include the sale of the shares.

Senator Asselin: When will this action be taken by the government?

Senator Olson: The Minister of Transport will announce that when he is ready to make the decision known.

ECONOMIC DEVELOPMENT

FEDERAL AID FOR CONSTRUCTION OF TRADE AND CONVENTION CENTRES

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to direct a question to the Leader of the Government with reference to his statement of October 8 about the correspondence between the Mayor of Winnipeg and the Honourable Charles Lapointe, Minister of State for Small Businesses. Would he be kind enough to furnish me with a copy of the letter in question, dated July 14 last.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, if a copy of the letter is available in my office I shall have it sent to the Honourable Senator Roblin. In any case, I will locate a copy and send that to the honourable senator.

FINANCE

SALE OF GOLD RESERVES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to reply to Senator

Austin's question of October 7 regarding the sale of gold in the international market.

The objective of the gold sales program is to obtain a better balanced portfolio of international reserve assets. The large rise in the price of gold in recent years has led to a substantial shift in the composition of our reserves. At current market prices (approximately U.S. $670 an ounce), the 21 million ounces of gold held by the Exchange Fund Account constitute over 80 per cent of our international reserves. This is high, both by standards of the past (in 1977, gold accounted for 49 per cent of our reserves) and in comparison to most other industrial countries. Selling some of our gold holdings and acquiring interest-earning foreign currency assets, will result in a more efficient portfolio of international reserve assets: the return on the portfolio should be higher while uncertainty as to its future value will be reduced.

The gold sales program was announced last December and sales began in January. Current plans call for sales of up to 2 million ounces. Sales are being made to the Mint for use in their gold coin programs and to the market. The actual timing of sales to the market depends on market conditions. By the end of September, 1.068 million ounces had been sold.

RELATIONSHIP OF GOLD RESERVES TO MONEY SUPPLY

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, there is another question that is closely related to that asked by Senator Austin. I refer to Senator Riley's question of October 7 regarding the amount of Canadian gold reserves today in relation to the amount of money that has been printed.

Canada's gold reserves are held by the Exchange Fund Account and constitute about 25 per cent of the book value of Canada's official international reserves. The Exchange Fund Account is in the name of the Minister of Finance and is administered by the Bank of Canada operating as the government's fiscal agent. The purpose of the account is to enable the government to maintain orderly conditions in the foreign exchange market. At the end of September, our gold reserves amounted to 21.11 million ounces and had a book value of just under U.S. $1 billion (for bookkeeping purposes gold is valued at its former official price of about U.S. $46 per ounce). At current market prices its value is about U.S. $14 billion.

The domestic money supply's link to gold was totally eliminated many years ago. The gold is not held as "backing" for the amount of money that has been printed; the money supply is varied quite independently in order to meet domestic economic requirements. On October 1 of this year, the stock of Bank of Canada notes in circulation was $10.2 billion, while currency in circulation and demand deposits (which corresponds to the commonly used M1 definition of the money supply) amounted to $25.8 billion.

Thus, figures are available both for our gold reserves and for the money supply, but there is no direct relationship between them.

[Senator Olson.]

Hon. Jack Austin: Honourable senators, I would like to ask a supplementary question of the Minister of State for Economic Development, and in so doing I thank him for his first answer.

I understood him to say that the government in selling its gold was acquiring interest-earning foreign assets. I wonder if the minister could tell us what is the nature of those assets. Are they U.S. Treasury bills, or European government obligations? In making the sales decision does the government take into account the potential earning gains of these foreign interest-earning assets on the one hand and the possible upward or downward movement in the commodity value of gold?

Senator Olson: Honourable senators, I shall take part of that question as notice. Whether or not the Ministry of Finance—and indeed that is where these questions are directed—is at liberty to divulge the details of the assets that are acquired, I do not know, but I shall find out and let my honourable friend know.

Senator Austin: By way of a further supplementary, I wonder if the minister could obtain from the Minister of Finance the answer to whether any of the proceeds of the sale of Canadian gold have been converted to Canadian dollars and credited to Canada's current account balance.

Senator Olson: I shall also take that question as notice.

Hon. G. I. Smith: Honourable senators, perhaps I might ask the minister a further supplementary with reference to the figures he just gave of the proportion which gold formed of the total foreign exchange reserve, and the figure he gave a little while ago which I thought related to the same thing and which he said was about 80 per cent. I am not quarrelling with the figures at all, but I am wondering what is the explanation for their being different figures. Do they relate to different things?

Senator Olson: I am not quite sure what the different things are that my honourable friend is talking about. Perhaps he could define his question a little more clearly.

Senator Smith: A moment ago, as I followed his answer to the question about the sale of gold, I thought he indicated that the proportion of gold to the total value of our foreign exchange reserve was something like 80 per cent; that that was higher than was the custom, and that was the reason for its being sold. But I thought I heard him say in his last reply that the gold formed a much lower amount than 80 per cent of the foreign exchange reserve. Again, I say I am not quarrelling with the figures at all. It just seems to me that they refer to different things, but I would like to understand his answer.

• (2100)

Senator Olson: Honourable senators, I don't think that I indicated that there was some lower percentage. I did, in fact, say—and I can repeat it, if you like—that at current market prices—that is, approximately U.S. $670 an ounce—the 21 million ounces of gold held by the Exchange Fund Account constitute over 80 per cent of our international reserves. I do not think anything in the second reply contradicts that.

Senator Smith: I can examine *Hansard* tomorrow, and, if the difference still seems to me to exist, I will renew my supplementary.

INDUSTRY

GOVERNMENT ASSISTANCE TO MASSEY-FERGUSON LIMITED

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to reply to Senator Austin's question of October 7 as to whether the government has suggested that the Canada Development Corporation look into the question of financial support for Massey-Ferguson.

As I have already indicated, and as the Minister of Industry, Trade and Commerce has stated on a number of occasions, the government is considering a number of options and has discussed them with the parties involved. It is our intention to work closely with Massey-Ferguson, the Canadian Imperial Bank of Commerce and the other interested principals in order to assist them in putting together an adequate plan for refinancing the company. It is our view that public discussion of the options under study would not be advantageous at this time.

I can assure honourable senators, however, that we are attempting to find a solution which would be in the best interests of the workers, the company itself, the farm machinery dealers and the many farmers across the country who depend on Massey-Ferguson equipment, and which would also lie in the best interests of Canadian taxpayers and the national economy.

THE CONSTITUTION

PROPOSED RESOLUTION FOR A JOINT ADDRESS TO HER MAJESTY THE QUEEN—DEBATE ADJOURNED

Hon. Raymond J. Perrault (Leader of the Government) rose, pursuant to notice:

> That he will call the attention of the Senate to the document entitled "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada", tabled in the Senate on 6th October, 1980.

He said: Honourable senators—

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I rise on a point of order. I gave notice to the Leader of the Government a few moments ago that I would do so.

I told him last Wednesday, I believe, that I had some reservations about the procedure surrounding this inquiry. I have not been able to find any precedents for a debate of the kind that will follow, if the Leader of the Government proceeds—that is, a debate preceding the formal motion that will come to us from the other place, if and when the resolution is adopted by the other place. It seems to me that it is rather irregular, but I am not on that basis objecting to the Honourable the Leader of the Government's proceeding with his inquiry.

However, I tell him this: Such a debate would be entirely out of order, if we were to accept the opinion given a few moments ago by Senator Frith. I do not know if that was a legal opinion, but it was to the effect that it would be improper to have two debates on the same subject. In other words, we should not debate a matter that would come to us later on. And yet it is quite obvious that this debate, the debate that will ensue from this inquiry, will be repeated when the resolution finally does come to us—unless we are told that we cannot debate the resolution when it comes to us because we will have already debated it.

In any event, the position that we take on this side is that, if the government leader and other senators on the other side wish to participate in this debate, they may do so, but so far as we are concerned we will abstain, unless circumstances provoke us into entering the debate. But I doubt that very much.

• (2110)

The Honourable the Leader of the Government should be warned that we do not consider this inquiry as a substitute for the debate that will take place, if the resolution does come to us after having been passed in the other place either in its present form or in an amended version. Obviously, it would be quite difficult for us to discuss now a matter that might come here in a different form. The fact is that we do not know what will happen after the meeting of the premiers or as a result of the trade-off taking place between the NDP and the Prime Minister at this time. The form of the resolution may be changed entirely, for all we know.

My second point is this: I warned the Leader of the Government that this debate could not be a substitute for the questions that we want to put during Question Period on any matter concerning this resolution—and if Senator Frith objects, he is entirely wrong. In the other place, the Question Period continues with all manner of questions related to the resolution being asked. And we on this side intend likewise to continue to put questions on matters relating to the resolution, even if there is an inquiry taking place. We will not be prevented by this ploy from dealing with the resolution in the proper way, when it reaches us, if it does. We will not be deterred by this device from asking in the Question Period all the questions we think are relevant and appropriate.

Senator Perrault: Well, honourable senators, the attitude of the Leader of the Opposition is somewhat more meticulous than it was one week ago, when he turned the Question Period into what was, in effect, a constitutional debate. The point taken then was that certain documents had been laid on the table and were "fair game" for discussion during the Question Period. Apparently, however, those same documents are not fair game for the subject of an inquiry.

May I provide the background to this inquiry for the benefit of honourable senators? Both publicly and privately I expressed the view of the government that this was a means designed primarily to assist the "opposition in setting forth

their views on this historic initiative by the government. That is why the initiative was undertaken. It was stated in the house that we felt that so many questions were being asked during Question Period—

Senator Flynn: That is not the same thing at all!

Senator Perrault: —that it would be proper to have an inquiry, in which the substance of those documents could be discussed here.

In the second place, I gave the assurance, which I give again, that this is not a substitute for the debate which will undoubtedly take place at a later time.

Again, let me review the anticipated procedure with you. First there is a desire and an intent on the part of the government to accord all members of Parliament, whether they serve in the Senate or in the other place, a full opportunity to debate not only the motion to refer to a joint committee but also the contents of this resolution. That is of fundamental importance.

● (2120)

The procedure which is now being followed in the other place is to debate the motion to refer to the joint committee. If that motion is accepted in the other place, a message will be sent to the Senate inviting us to participate. There will then be an opportunity for a debate in this place, which will not be restricted; honourable senators will have an opportunity to set forth their views in the frankest possible terms.

Presumably, if we agree to participate in the activities of that committee and we decide on the number of senators from both the government and opposition sides to participate in the Senate component of that joint committee, we shall then make known our views to the other place. The committee will be established and meetings will be held and presumably members of the Senate may speak, put forward suggestions or propose that amendments be made when the committee reports back to Parliament.

The debate opportunities then could be substantial. If eventually amendments are proposed by the government, no doubt that could precipitate further debate in both chambers. Therefore the suggestion by the Leader of the Opposition that somehow an attempt is being made to frustrate the opposition, that there is some effort by the government to restrict debate, is entirely incorrect. If, for example, the Leader of the Opposition wishes this evening to begin, in the frankest possible terms, to offer his views with respect to the resolution and how the proposals can be improved, I will yield my place in this debate and allow him to speak now. That is how forthcoming we are. I repeat, I shall be glad to yield my place here this evening and allow the Leader of the Opposition or his deputy, or any other member of the opposition, to speak now.

An Hon. Senator: What a showman!

Senator Perrault: That is the offer we make. This is an opportunity to enable members of the opposition and members of the government to make known, not only to members of the Senate but to the whole of the country, their views concerning this resolution.

If the debate in the other place continues for some time—I have no idea when it will conclude—I am sure that most senators would share the view that it would be a real disservice to the country not to have the Senate involved in the parliamentary dialogue. That is why I wish to call the attention of the Senate to the document entitled "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada" and I should like to make a few preliminary remarks this evening.

Some Hon. Senators: Hear, hear.

Senator Perrault: Unless, of course, the Leader of the Opposition wishes to lead off.

Senator Flynn: No, no. If you are doing it merely for us, you might very well remain seated.

Senator Perrault: We believe this could be the beginning of a process of enlightenment which could be highly beneficial, particularly to those on the other side. Last Monday evening certain documents were tabled in this chamber which may be of significant, indeed profound, importance to the people of Canada. The proposed resolution respecting the Constitution of Canada included a proposed Address to Her Majesty the Queen and the draft of a bill which with or without amendment, as Parliament may determine, and as members of this chamber may help determine, will be despatched to Westminster for consideration and passage by the British Parliament.

The documents which were tabled set out the various measures necessary to bring about amendment and the so-called patriation of the Constitution of Canada. In addition to transferring from the United Kingdom to Canada all authority to legislate for Canada, and providing for future amendments to the Constitution to be made in Canada, the measures contain new constitutional provisions, such as the Canadian Charter of Rights and Freedoms and provisions relating to the implementation of the constitutional changes.

Quite understandably many honourable senators in all parts of this chamber have demonstrated a great interest in the constitutional proposals, because these initiatives are of historical importance and significance.

After the tabling of the documents last week, it was obvious from the number of questions asked by senators during Question Period that it would be appropriate to provide an opportunity here for honourable senators who desire to do so to set forth their preliminary views of the proposed resolution for a Joint Address to Her Majesty concerning the Constitution.

Members of the Senate are aware that a motion to refer the proposed resolution to a joint committee of the Senate and the House of Commons is now being debated in the other place, as I mentioned a few moments ago. In the normal course of events, members of the other place would vote on the motion to establish the committee and a message would be sent to us asking for our concurrence in the proposal. The explanation of the proposed resolution which I hope to give tonight may help

to establish some of the background for this government initiative.

I realize that I cannot hope to answer all of the questions arising out of the documents that have been tabled here, and I cannot hope to answer all of the questions which may arise in the minds of honourable senators, because the resolution and some of the sections of the proposed Constitution Act, 1980, are not without complication.

As I stated here last week, a full and fair opportunity will be given to all senators to participate in the process of considering and debating the proposed government constitutional action.

Honourable senators can feel assured that their views and their proposals for clarification—and indeed their ideas for possible amendment of the proposed measure—will be given every consideration. There have been some reports that the government is inflexible, that there is a desire to have the present measure move ahead as quickly as possible without amendment or change. I wish to give assurance that there will be an opportunity for debate under this present inquiry, and there will be a further opportunity for debate and discussion should a message be received from the other place asking for our participation in joint committee activities. I know that honourable senators will take advantage of those opportunities.

At the present time, while some amendments to the Constitution may be made by Parliament or a provincial legislature acting alone, others require more complex action. They require the approval by both houses of the Parliament of Canada of a resolution to amend the Constitution of Canada. Such resolutions provide for a joint address of the Senate and the House of Commons to be presented to the Queen asking her to forward the proposals to the United Kingdom Parliament for enactment.

In future that procedure would not be necessary. The Constitution could be amended in Canada, and for an interim period it is proposed that the procedure for amending the Constitution would involve the consent of both Houses of Parliament and all of the provinces. Thereafter a permanent amending formula would come into effect by agreement, lapse of time, or after a referendum.

Under the proposed permanent procedure, most constitutional amendments could be made upon authorization by both houses of Parliament and the legislative assemblies of at least six provinces representing all regions of Canada. However, a number of special rules would cover particular circumstances. Specifically, amendments that apply to some but not all provinces could be approved by Parliament and those provinces. Also, as is now the case, Parliament or a provincial legislature acting alone could in some circumstances amend certain provisions of the Constitution.

The major elements of the document that was tabled a few days ago are, first, the proposed resolution. The preamble to the proposed resolution describes the historical position of Canada in respect of amendments to the Constitution; the present status of Canada as an independent state; and the desire for change that has led the Senate and the House of Commons to put forward the resolution. The Address to the Queen, which is set out in the resolution, is similar to previous addresses to the monarch and asks the Queen to lay the Canada Act before the United Kingdom Parliament for enactment.

• (2130)

The Canada Act commences with the recital of the action taken in Canada that makes it appropriate for the United Kingdom Parliament to enact the proposed statute. The act is technical in nature. It provides for the enactment of schedule A, which sets out the French version of the Canada Act, insofar as it is not contained in schedule B. The enactment of the French version in this manner is necessary because the laws of the United Kingdom are enacted only in the English language. As provided in the Canada Act, the French and English versions would have equal authority in Canada. This would be the first time that a United Kingdom act, enacted for Canada, would have an official French version.

The Canada Act also provides for the enactment of the Constitution Act, 1980. This contains the new constitutional provisions.

Finally, the Canada Act provides that no future United Kingdom laws shall apply to Canada.

The Constitution Act, 1980 is in the same bilingual format as acts of the Parliament of Canada, and the English and French versions would be equally authoritative. It contains important new provisions that for the most part are not closely linked to matters now provided for in the Constitution of Canada. It includes the Canadian Charter of Rights and Freedoms, and provisions relating to equalization and regional disparities, and constitutional conferences of first ministers, as well as procedures whereby the Constitution could in future be amended in Canada.

In addition, the act provides for the preparation of the first official French version of the Constitution, and would change the titles of previous British North America Acts, so that they would in future be known as Constitution Acts. These name changes and other consequential amendments are set out in the schedule to the proposed item.

On the adoption of the Canada Act by the United Kingdom Parliament, Canada would have a revised Constitution that forms part of the body of laws of Canada. It would be exclusively Canadian because in future it could be amended only in Canada.

Some spokesmen for certain parties across Canada are critical of the fact that there is an attempt to amend the Constitution and to patriate it unilaterally; but over a period of 53 years, honourable senators, there have been numerous attempts to patriate the Constitution and to find an amending formula. Attempts were made in 1927, 1931, 1935-36, 1950, 1961, 1964, 1971, 1975-76, and 1978-79. The government quite clearly is moving to break this deadlock which has continued for so many years.

Honourable senators, the question was asked earlier: "Is the government action legal?" Of course, the government believes

that it is acting legally, but important as well is the fact that obviously a great majority of the Canadian people, while they may disagree on methods, want to see the Constitution patriated.

A commitment was made to Canadians at the time of the recent referendum that if the concept of sovereignty association were rejected they would be offered a renewed federalism. As a result of this pledge there was a First Ministers' Conference on June 9 which resulted in an effort by both the national government and the provinces to reach a consensus on 12 areas of constitutional renewal. I am sure honourable senators followed those discussions very closely, as did all of the Canadian people, and I think it was realized then that unanimity is a very difficult goal to achieve. While provincial governments agreed on a number of matters, there was very rarely complete and absolute unanimity. Certainly there were disagreements between the federal and provincial governments.

Over the summer, and throughout the First Ministers' Conference in September, every effort was made to reach agreement with the provinces. The efforts by the federal government to achieve agreement can only be described as monumental. Many of the provincial premiers have stated there was a lack of flexibility on the part of the federal government. We have heard that recurring theme in public pronouncements by some premiers. What they are really saying is, "We agreed on a substantial number of matters, though not all of them; but we achieved a compromise in a number of areas, and Ottawa did not agree with our version of the compromise, thus Ottawa is unyielding." That really is not an example of provincial flexibility.

Senator Flynn: Vice versa!

Senator Perrault: To say to the federal government, "You will not give us a hundred per cent of our demands, and thus you are inflexible," is not an example of flexibility. The federal government certainly has the right to say, "In any negotiation there must be flexibility on both sides. There must be an offer to be co-operative on both sides."

I want to remind honourable senators of the fact that the federal government was prepared to make concessions to the provinces in the following areas.

First, the national government was prepared to increase the power of the provinces and further decentralize its own powers. Please note that this is in a federal state which is already among the three most decentralized federal states in the entire world. This is not even a matter for debate. Canada is a greatly decentralized federation.

Secondly, the national government was prepared to give the provinces the ability to levy indirect taxation on resources and make laws governing interprovincial trade in resources. This was a major concession by the federal government. It was a major offer to the provinces.

Thirdly, the national government proposed new provincial powers over fisheries. There was a proposal, as honourable senators will recall, to give the provinces exclusive control over inland fisheries, and a degree of shared jurisdiction in offshore fisheries. It was not a question of turning control over to the provinces, but it was proposed that there be co-operation in many areas.

Fourthly, the national government offered the provinces a greater say in management in the field of offshore resources, despite the fact that constitutional rulings from courts have ruled rather heavily in favour of the federal government. Atlantic Canada, for example, would have received 100 per cent of offshore revenues until the income of those provinces went above the national average. This is a provision that surely appeals to the idea of fair play. Surely the people in the Atlantic provinces perceived this federal offer to be fair.

Fifthly, the national government offered provincial jurisdiction in communications. It did not offer provincial jurisdiction in all types of communications, and this was natural, because there are certain interprovincial aspects to communications, such as the telephone services, and so on.

Sixthly, the provinces were offered a say in the appointment of the Supreme Court.

To all of these things some of the provinces responded by saying, "Look, if you meet more of our demands we will give serious consideration to approving all or part of your human rights package. If you give us the deal we want we, the provinces, will accede to your wishes to enshrine and entrench human rights for the Canadian people." The federal government took the position that you do not bargain human rights. You do not say, "Look, if you give us freedom of assembly entrenched for all Canadians—"

Senator Asselin: They have it already.

Senator Perrault: "—we will be prepared to give you a little more jurisdiction in fisheries; indeed, you can have all of the fisheries," and so on.

You know, basically it came down to that kind of bargaining tactic by some of the premiers. Honourable senators saw it all on television, so it needs no embellishment. It requires no further discussion; it was there for all of Canada to see.

The national government felt that after that meeting, after another failure, the latest in the long and unhappy 53-year chronology, it had no choice but to act, for the following reasons: the commitment made to further constitutional change, to end Canadian frustration with the ability of the government, leaders of governments and parliamentarians, wherever they serve, to make Canada work the way it can and should work; a commitment to provide an alternative to sovereignty association; a commitment to people, whether they live in Atlantic Canada, western Canada, central Canada or northern Canada, to make Confederation work more effectively for them. So the proposed resolution was evolved. It has been criticized because some people say it does not go far enough. They say, "If you are prepared to entrench human rights, why don't we have an entrenchment of all sorts of other matters as well, such as the communication offer made during the constitutional conference, or resources, or this, that and the other thing?" Others say it goes too far. They say, "Look, why don't

you just patriate the Constitution? We can agree on that. We can achieve a basic agreement on patriation."

Some Hon. Senators: Hear, hear.

Senator Perrault: Some opposition spokesmen here and elsewhere have said this: Premier Davis, of course, wants to go beyond patriation. Others wish for more, but there is a school of thought that we should patriate the Constitution for now, and then, when we develop an amending formula, go into all of the areas of constitutional reform and amendment which are required in this country.

However, after weighing all of the arguments, the government brought in a modified package—indeed, a moderate package—a limited package involving human rights and patriation of the Constitution. We have a resolution for a joint address requesting enactment of a statute by the Parliament of the United Kingdom—a proposed United Kingdom Canada Act, the French version of which is contained in Schedule A which would give force of law to Schedule B which is in the Constitution Act, 1980. The Constitution Act, 1980 contains new provisions of the Canadian Constitution, including Schedule 1 to the Constitution Act which lists most statutes making up the Constitution of Canada but would rename them.

• (2130)

By this measure the government hopes to give Canadians the following elements of constitutional renewal: first of all, patriation of the Constitution. I think we are all embarrassed with the idea of having our Constitution, one that was the product of historic meetings over a century ago, in Westminster. This is not a political hang-up with any of the parties. Surely it is embarrasing for our good friends in Great Britain to still have our Constitution in their country after all these years. They have done us a service by being as tolerant as they have about this whole matter of our being unable to develop a formula to bring back our Constitution or to develop the resolve to do so.

The entrenchment of a charter of rights and freedoms for Canada is the second element of constitutional renewal; third, entrenchment of principles of equalization payments and reduction of regional disparity; fourth, a provision for a completely Canadian amending procedure for the entire Canadian Constitution; and, fifth, some provision for modernization of the text of the Constitution now and in the future.

First of all, I will deal with patriating the Constitution. It is essential to the pride of our nation to bring home the Constitution and not to have to ask another country to amend it whenever we wish to make changes. That is agreed. Patriation of the Constitution has received support from all Canadian parties at the federal level and has also been supported at the provincial level. We have all made political speeches on the subject. The only objections have come from some provinces which wish to use patriation as a bargaining tool for delay. Some appear to have other objectives and have been using patriation as a tool.

Senator Macquarrie: Shame!

Senator Smith: That is a most unfair and insulting comment.

Senator Perrault: The honourable senator will have an opportunity to speak in this debate, and I hope he does. Senator Smith has had much experience in the provincial field particularly, and we would welcome his remarks.

Then we come to the Canadian Charter of Rights and Freedoms. It protects seven categories of rights: fundamental freedoms, democratic rights, mobility rights, legal rights, non-discriminatory rights, language rights, and minority educational rights. The interesting thing is, of course, that these rights are based on a number of statutes now found at the federal level such as the Canadian Bill of Rights, the Canadian Human Rights Act, the Official Languages Act, the Criminal Code, as well as the International Covenant on Civil and Political Rights, the so-called "U.N. Charter" to which Canada, with the approval of all ten provinces, become a party in 1976. All of the rights proposed for entrenchment are rights which Canadians, through their experience of nationhood over 100 years, have come to accept as fair, decent and reasonable.

There really is no dispute about the desirability of ensuring these human rights. There is a difference of opinion, as honourable senators are aware, between those who believe that entrenchment may be necessary and those who believe that this matter of human rights can be left to provincial legislatures. That is another aspect of this question which is under debate.

Fully nine sections are derived in whole or in part from the Diefenbaker Bill of Rights, while six of the legal rights are derived from the U.N. covenant. Surely they are not bad precedents.

Senator Macquarrie: Smoke screen!

Senator Perrault: Fundamental freedoms include freedom of conscience and religion, freedom of thought, belief, opinion and expression, including freedom of the press and every media and freedom of peaceful assembly and of association.

Democratic rights include the right to vote or stand for office in an election for the House of Commons or a legislative assembly, the requirement that no House of Commons and no legislative assembly continue for longer than five years except in unusual circumstances, and the requirement that there be an annual sitting of Parliament and an annual sitting of each legislature.

Mobility rights give Canadian citizens the right to establish themselves and seek employment in any province of Canada as well as the right to enter, remain or leave Canada.

I should like to stop here and tell you of an experience I had a few weeks ago. I met an MLA while I was attending a Commonwealth parliamentary function, and he said to me, "You know, there are 2,000 people a month moving into our province. They're trying to get in on the gravy train. We've got to do something about them." At that moment I understood, perhaps for the first time, why we need mobility rights in this country. If we are going to start looking on people who move for opportunity from Newfoundland to western Canada, or

vice versa, as second class citizens, we're in trouble. If there are some legislation and authorities who are prepared to say, "You can't come here; you can't share in this; this is part of ours and you can't get it; this is our birthright; this is our heritage," then we in this national Parliament should be prepared to do something about it. If provinces are moving in that direction, then it is time to entrench and enshrine the rights of Canadians to move freely around this country.

We never had hindrance to the movement of people when we built this nation in the first place. People came from less privileged parts of the world to seek out a better future in this country, and if they wanted to go to British Columbia, Alberta, Newfoundland, Ontario, Saskatchewan, the north, or anywhere else, they went there and carved out a living for themselves, and they did a pretty fair job in the process. The national government suggests that now is the time to entrench those mobility rights so that no-one can say, "You cannot come in."

Minority language educational rights provide the citizens of the English-speaking or French-speaking minority of a province to have the right to educate their children in that minority language wherever numbers warrant. Every right-thinking Canadian supports that idea as well. Surely this basic right should not be left up to the vagaries of some provincial government to determine. In the ultimate, there should be legal protection of this right. There should be legal guarantees—a court which, if necessary, can determine the meaning of "where numbers warrant." If anyone assumes that somehow a Draconian federal government will move in with a police force to enforce a measure such as this, he would be entirely wrong. Like all provinces, my home province of British Columbia has prior rights in education and would continue to have the right to administer the education provision of the Constitution, the right to implement and to interpret, according to its own standards, the provision, "where numbers warrant." If a person feels aggrieved, feels that he has been unfairly deprived of an opportunity to have his youngster educated in English or French, he would have ultimate recourse to the courts and could appeal to those courts to have that right interpreted and guaranteed. In no way would these human rights provisions render unnecessary or irrelevant existing human rights commissions or ombudsmen or MPs and MLAs, but the ultimate recourse to the courts would exist.

I see an honourable senator shaking his head. I would welcome his remarks in this debate. He can give us his viewpoint on the subject.

Senator Asselin: You are wrong.

Senator Perrault: Legal rights comprise the right of life, liberty and security of the person; protection against unlawful search or seizure and unlawful detention or imprisonment; the right upon arrest to be promptly informed of the reasons and to be able to retain counsel without delay; the right upon being charged with an offence to be informed promptly of the specific offence; to be charged within a reasonable time; to be presumed innocent until proven guilty; not to be denied reasonable bail without just cause; not to be found guilty on account of any act or omission that was not an offence when committed; not to be tried or punished more than once for an offence; not to be subject to cruel or unusual punishment; not to have evidence given used for self-incrimination in subsequent proceedings, and the right to the assistance of an interpreter.

• (2140)

I think if Mr. Diefenbaker were alive today he would say, "Hear, hear!" The surprising part about the situation is that some, but not all, of the opposition say, "No, no, we must not entrench these rights." I think that John Diefenbaker, when he made his great speech in connection with the Bill of Rights, foresaw that if Canadians one day could be inspired to see the entrenchment of human rights in the Constitution it would be an even greater day for Canada than in 1960. This is what the Right Honourable John Diefenbaker said at that time:

> This measure that I introduce is the first step—

The first step.

> —on the part of Canada to carry out the acceptance either of the International Declaration of Human Rights or of the principles that actuated those who produced that noble document.

Many Canadians believe that the new proposals mark a continuation of the work of John Diefenbaker. These are the second and third steps.

Non-discrimination rights—

Senator Asselin: How about the War Measures Act.

Senator Perrault: I would be glad to speak on the War Measures Act, and if time permits I will do it.

There are to be non-discrimination rights which ensure that all Canadians, regardless of race, national or ethnic origin, colour, religion, age or sex have the same rights before the law. Mr. Diefenbaker spent his entire life working for that. Now we have some Conservatives saying, "We don't want entrenchment. We don't need it. Don't give it to us. Leave it up to the provincial legislatures." Are they serious?

Senator Smith: Not only Conservatives.

Senator Perrault: If human rights were so well and zealously guarded provincially 20 years ago, why did Mr. Diefenbaker feel it necessary to bring in a Canadian Bill of Rights in 1960? Because he was aware of the difficulties and risks, under certain circumstances, that Canada's very basic human rights and freedoms could be protected adequately by certain provincial governments.

Senator Asselin: You want to destroy it.

Senator Perrault: Surely this is one of the reasons why Mr. Diefenbaker gave us a Bill of Rights. With respect to entrenching existing rights, in addition the Government of Canada believes that those rights that were previously set out in federal legislation or the Constitution should now be enshrined in the charter.

Official language rights give English and French equal status and rights as to their use in all institutions of the Parliament and Government of Canada. It was supported by

the Conservative Party when the vote was held in Parliament. The statutes, records and Journals of Parliament are printed in both English and French. Everyone has the right to use English or French in Parliament, federal courts, and in communications with any head or central office of the Government of Canada. I notice some concern on the part of the Indian people that their rights may not be adequately protected, but there are sections in here that guard the rights of indigenous people. Time does not permit me to speak at length about all of the sections, but I hope in subsequent debate and discussion to say more.

The use of either English or French in the legislatures, the courts and in statutes and records of the Provinces of Quebec and Manitoba would continue to be protected by existing constitutional provisions.

Senator Asselin: What about Ontario?

Senator Perrault: Finally, Canadians enjoying rights that are not specifically mentioned in the Charter, such as our Indian people and others, would continue to enjoy them. This would include the traditional rights and freedoms enjoyed by the native peoples of Canada. I am glad to speak to that point again today. A number of native Indian groups have sought reassurances since the document was tabled.

Generally speaking, the only limitations that would be imposed on the exercise of any of the rights and freedoms outlined would be those reasonable limits generally accepted in a free and democratic society.

The Constitution Act, 1980, entrenches the principle of equalization and commits both orders of government to promoting equal opportunities for the well-being of Canadians, furthering economic development to reduce disparity and opportunities, and specifically providing essential public services of reasonable quality to all Canadians.

Since 1957 unconditional transfers known as equalization payments have been made by the federal government to enable every province to provide a reasonable level of public service without having to impose an undue tax burden on its residents. This practice of sharing has become a fundamental principle of Canadian federalism. Today, I think honourable senators will agree, the concept of sharing is under assault in some parts of our country, and if we ever adopt the philosophy of "I'm all right Jack," if there is a part of the country which languishes and its people have substandard services and the rest of us don't care, I think that is the first signal that Canada is about to be wound up. If in some equitable fashion we do not share our opportunities, our hopes and dreams and our resources, not just natural gas, oil and energy resources but the resources of industrial development across this country, giving the Atlantic provinces, the north and the west an opportunty for economic and industrial development that they have never enjoyed before, together with the sharing of transportation development and other opportunities across this country—unless we accept this concept of sharing in its broadest and most equitable sense, then our future as a nation is dismal indeed.

Now I turn to the amending procedure. Honourable senators have asked a number of questions about it, and for some these are controversial sections. Some senators may have certain changes and amendments to suggest. There are four major proposals for an amending formula made in the past by the national government and the ten provincial governments. First of all, the Fulton-Favreau formula in 1964 called for the unanimous consent for the amendment of certain matters entrenched in the Constitution, such as the distribution of powers. Most other amendments could be made with the agreement of two-thirds of the provinces, representing 50 per cent of the population.

The Victoria Charter formula of 1971 provided for regional consent for the amendment of entrenched powers; that is, two Atlantic provinces, Quebec, Ontario and two western provinces, representing 50 per cent of the population of that region.

In 1979 the Continuing Committee of Ministers on the Constitution called for unanimity on changes to any amending formula, and on provisions that affect provincial ownership of and jurisdiction over natural resources; for other matters, the consent of at least seven provincial legislatures, representing at least 85 per cent of Canada's population, would be required.

The Vancouver consensus refers to a formula based on a proposal put forward by Alberta during the constitutional discussions in the summer of 1980. The proposal called for the assent of Parliament in the legislative assemblies of two-thirds of the provinces, representing at least 50 per cent of the population. In matters affecting the powers and rights of the legislatures, the assets of property of a province or the natural resources of a province, a province could choose to opt out of an amendment that was not approved by its legislature.

Since none of these past proposals have resulted in unanimous agreement among the First Ministers, the Government of Canada has placed before Parliament a proposed resolution which contains provisions for patriation and amending formula. The resolution provides that those amendments to the Constitution which formerly had to be made in London will require the unanimous consent of Parliament and the provinces until an acceptable amending formula can be found, using one of these three methods. As honourable senators are aware, I think, during an initial 24-month period, constitutional amendment would require unanimous consent. These are the other three methods that are held out beyond that period.

If during the next two years federal and provincial governments reach unanimous agreement on a formula, it would be adopted, and there would be no need for a referendum or any other procedure. Let me say that I think there is a good possibility that an amending formula agreement could be achieved.

To facilitate agreement a First Ministers' Constitutional Conference would be held each year until a formula is implemented. If the provinces and federal government fail to agree unanimously on a formula but eight or more provinces representing at least 80 per cent of the total population of all the provinces, agree within two years after patriation on an

amending procedure that meets the requirements set out in the resolution, this formula, and a formula similar in principle to the Victoria Charter formula, would be put to the people in a referendum.

● (2150)

The federal government will also have the opportunity at that time to put forward a formula of its own choice instead of a modified Victoria Charter formula. If there is no consensus among the provinces on a formula, the modified Victoria Charter formula would automatically come into effect two years after patriation. In general, that formula would require that amendments to the Constitution be approved by Parliament and by either the legislative assemblies or a national referendum, a majority of voters in a majority of the provinces, including every province that has, or has had, a population of at least 25 per cent of the population of Canada, at least two Atlantic provinces with combined populations of at least 50 per cent of the population of all of the Atlantic provinces, and at least two western provinces with a combined population of at least 50 per cent of the population of all of the western provinces. The decision to call a national referendum on a constitutional amendment would rest with the Canadian Parliament, and the Senate would be involved in that decision.

I know I am going on at some length, but may I present the government's view on this "amendment by referendum," which is something that has attracted so much attention in the media and which has caused so much parliamentary comment.

Section 42, which for some is a controversial section, provides for approval of amendment by referendum instead of by legislatures, as required in section 41. It is being argued that this section allows the federal government to amend the Constitution over the heads of the provinces. Well, in a sense it does. It allows going "over the heads of the provinces" to the people of the respective provinces. A better characterization, however, of the section is to say that it allows constitutional issues to be removed from the hands of governments and placed in the hands of the people for decision—which is not an indefensible and undemocratic concept.

Too often, perhaps, governments have a vested interest in constitutional amendment, which means that they make decisions based on what would lead to the most power for that particular government. This does not necessarily lead to the best solution for the country as a whole.

It is this attitude on the part of governments which perhaps has led to the continued deadlock in federal-provincial constitutional negotiations for more than 50 years. It must be emphasized that a referendum under this section cannot be won on the basis of a national majority only. Two majorities are required in order to assure acceptance of the proposed amendment in all regions—a majority of voters voting and a majority in each region. The purpose of this section is to place authority to consent to amendment directly in the hands of the people as an alternative to amendment by agreement of Parliament and the provincial legislatures. Thus, the required regional majorities parallel the consent required from the provincial legislatures under section 41.

[Senator Perrault.]

Senator Balfour: How many commercials would you run?

Senator Perrault: On the basis of the present section 41, approval by referendum, therefore, would require a majority of the voters voting and a majority of the voters in every province having, or having had, 25 per cent of the population, a majority in at least two Atlantic provinces having a combined population of at least 50 per cent of the region, and a majority in at least two western provinces having the combined population of at least 50 per cent of the region.

If section 41 is amended as a result of an alternative proposal by the provincial and federal governments under section 38, then the requirement for regional approval in a referendum under this section would change accordingly.

It may be asked why only a referendum authorized by Parliament and not by the provinces is provided under this section. The rationale is that only Parliament represents all of the people of Canada, and consequently the ability to go to them by way of a referendum should be vested in the national Parliament. Again, this is a matter which I know honourable senators—

Senator Balfour: Aided and abetted by Jim Fleming's commercials.

Senator Perrault: —will wish to debate, and I hope that the honourable senator, who has been so vocal this evening, will participate. We will listen with real attention to what he has to say.

Senator Asselin: Let's hear about section 44 now.

Senator Perrault: Section 44 provides that, where the Senate does not approve a constitutional amendment approved by the House of Commons—and the provinces, under the Victoria Charter formula—under subsection 41(1) or section 43, the amendment could, nevertheless, be made after a delay period of 90 days with the House of Commons approving the amendment a second time.

This, essentially, is the same principle that was approved by the Senate in the report of the Special Joint Committee of the Senate and of the House of Commons on the Constitution of Canada, tabled in 1972. That report recommended:

> The present veto power of the Senate over legislation should be reduced to a suspensive veto for six months.

Section 44 talks in terms of a suspensive veto of 90 days. But let me go beyond that and clarify section 44 again. I know honourable senators have asked questions on this.

Section 44 provides that where the Senate refuses to authorize an amendment by passing a resolution, the House of Commons may override that lack of consent by repassing the resolution.

Senator Asselin: You favour this clause, then?

Senator Perrault: But all such amendments will require the approval of either a majority of the provinces regionally distributed as set out in subsection 41(1), or the provinces immediately concerned, section 43.

It is not thought appropriate that the Senate should be able to block a proposed amendment to which both the elected House of Commons and the relevant elected provincial legislative assemblies have agreed. That section has no application to amendments by national referendum under section 42, and it has no application to amendments which require Parliament's consent alone—those related to the executive government of Canada, or the Senate, or the House of Commons under section 48. In response to a number of questions it must be said, however, that an amendment to abolish the Senate, as unlikely as that may be, could be accomplished without Senate approval by virtue of this section, since the powers of the Senate, by virtue of section 50, are amendable by the general amending formula, section 41, and are not among the items which require Parliament's consent alone.

A similar provision was contained in the Victoria Charter formula. Article 51 reads:

> An amendment may be made by proclamation under Article 49 or 50 without a resolution of the Senate authorizing the issue of the proclamation if within 90 days of the passage of a resolution by the House of Commons authorizing its issue, the Senate has not passed such a resolution, and at any time after the expiration of the 90 days the House of Commons again passes the resolution. But any period when Parliament is prorogued or dissolved shall not be counted in computing the 90-day period.

This is a matter which will be discussed at length, I am sure, by honourable senators, and by others. Perhaps further clarification can be provided in committee.

Senator Tremblay: May I ask a question for clarification? Does section 44 apply to section 47?

Senator Perrault: Honourable senators, I shall be glad to take that question as notice and provide an answer for the honourable senator. As the honourable senator, of course, is aware, inevitably a number of very complex questions arise, and it would be irresponsible for me to offer personal random opinions.

The other evening, the Leader of the Opposition—

Senator Walker: I will not interrupt you except to verify that you do agree that under section 44 there is the power for the House of Commons to abolish the Senate.

Senator Frith: Not alone.

Senator Perrault: Honourable senators, I have been involved in the discussions about the matter, and this is my perception as well. In saying so, I respect Senator Walker's constitutional expertise. But let us understand that it is not the intent of the government to abolish the second chamber in our parliamentary system. There could be some government in the future, perhaps, with that kind of intent, but I foresee no possibility of the abolition of a second chamber here in the foreseeable future.

Apart from that, there is the possibility that a House of Commons some day, but only with the assent of all the regions of Canada, could undertake an initiative which could see abolition of the Senate, that is correct.

Senator Frith: Not alone. It cannot do it alone.

Senator Perrault: No, not alone, not unilaterally; it is done with the provinces.

Senator Asselin: That is the ruling of the Supreme Court.

Senator Perrault: Yes, of course, and that is what I have said. The Honourable Senator Walker appears to believe that with the proposed changes the Senate could be unilaterally abolished by the other place. This is not so.

Senator Frith: Not by the House of Commons alone.

Senator Perrault: No, it cannot be done by the House of Commons alone. The process would require the concurrence of the provinces through the Victoria Charter formula or another amending formula involving the provinces.

• (2200)

Senator Walker: We won't interrupt further. But I don't think there is any question but that it can be done.

Senator Perrault: May I invite Senator Walker to participate in this debate? I think we will all listen with interest to what he has to say, and I do not say that in any antagonistic spirit at all.

I am glad to see that the Leader of the Opposition has returned to the chamber. There has been some discussion of a number of key points. I am glad to see him back.

On section 21, the Charter of Rights, he asked a question about language rights at the provincial level. "Why does the Charter of Rights, unlike the draft charter tabled by the Prime Minister at the First Ministers' Conference in September, not include provisions for institutional language rights in Ontario and New Brunswick?" I promised to bring a reply to this question in this debate, and I intend to do so. The draft federal charter tabled at the First Ministers' Conference in September contained provisions for institutional language rights; that is, the use of English and French in legislative bodies, statutes, courts and in providing services to the public at both the federal and provincial levels of government. Apart from New Brunswick's support there was little provincial support at the First Ministers' Conference for inclusion of these provisions. Consequently when the federal government decided to proceed with the proposed resolution now before Parliament, it was decided to maintain the status quo with respect to institutional language rights at the provincial level. Thus the institutional language rights provisions of the charter are confined to the federal government level. Those are sections 16 to 20 inclusive.

The only reference to institutional language rights at the provincial level is in section 21, which, as noted above, simply preserves the status quo. What this provision means is that the existing constitutional rights respecting the use of English and French in the legislative debates, statutes and courts of Quebec under section 133 of the B.N.A. Act and in Manitoba under section 23 of the Manitoba Act are continued. Provinces such as New Brunswick that may want to entrench some of the

language rights for their populations will be able to do so by an amendment to the Constitution agreed to by the province concerned and the Parliament of Canada—sections 34 and 43 of the Constitution Act, 1980.

"Is the omission from the charter of institutional language rights for Ontario the result of bargaining between Prime Minister Trudeau and Premier Davis?" That was the other question. No. As was indicated earlier the federal government took a policy decision when deciding to proceed with the proposed resolution not to include in the charter any provision dealing with institutional language rights at the provincial level. This decision was taken without any bargaining with Premier Davis.

The final question asked by the Leader of the Opposition was this: "Since the federal government decided as a matter of policy not to deal in the charter with institutional language rights at the provincial level, why did it then decide to include minority language education rights?" This is rather a different matter. Here the provincial premiers had all agreed at their meeting in Montreal in February 1978 on the principle that each child of the French- or English-speaking minority in a province is entitled to receive his or her education in the primary and secondary schools in the minority language wherever numbers warrant. I may say for my own province of British Columbia that that is the case today. Those minority language rights are being extended in British Columbia, and I am rather proud of that fact. Indeed, Premier Lévesque had offered to enter into reciprocal agreements with other provinces to give effect to this principle. Surely it is better, as the Task Force on Canadian Unity suggested, to entrench this principle in the Constitution where it can be guaranteed, and not leave it simply to provincial reciprocity.

There is a great deal more in this resolution that is deserving of attention and discussion. It is to be hoped that honourable senators will participate in this debate, and I express the personal hope that members of the opposition will participate. I think we would all like to hear from them and in no way will it impede their opportunity to debate later on when the message comes from the other place.

Senator Macquarrie: May I ask a question of the honourable leader before he resumes his seat? He invited us to cast our minds back 50 years or 53 years. He made that reference a couple of times. I did so. Could he tell us if in his exhaustive research on this definitive statement he saw in any time period since R. B. Bennett inaugurated discussions with the provinces any example of a major issue being brought to Westminster by a federal government, through a resolution or otherwise, without prior and full consultation with the provinces and the approval of these provinces? Did he in that 50-year period see an example of the procedure that is being followed now?

Senator Perrault: I respect the honourable senator's great knowledge as an historian and I hope he will speak in this debate. I think it would be a great service to the country if he were to do so.

[Senator Perrault.]

There have been numerous meetings with the provincial premiers in an attempt to find ways to patriate this Constitution. There have been exhaustive measures made by various levels of government to attempt to achieve a consensus. It seems to me that at some time a national government must demonstrate the qualities of leadership and say, "Let us frankly admit that we have approached the point of impasse, of deadlocks, of frustration. Now let us show leadership. Let us act in the interests of all Canadians." Indeed, I have a copy of a speech made a few months ago which I felt had a great deal of merit to it. These are words that I think provide some of the background for the action the government is taking today.

> The participants in Monday's conference speak for 11 governments, Parliament speaks for 23 million Canadians. If the first ministers of the federation cannot make marked progress toward changes which fit the Canada of the 1980s then the Parliament of the federation may have to assert a stronger role.

Who can argue with that?

> But if it does, that must not be as the instrument of one government but as the forum for all Canada. Parliament alone among institutions reflects that country and can lift the discussion above the question of what governments need and focus on the question of what the nation needs.

Isn't that the spirit of this entire resolution? And that is a speech made by the Honourable Joe Clark on June 6 last. The Conservative leader is the person who made that statement. He said that when a need emerges and when it is obvious that certain actions have to be taken on behalf of the entire nation, then Parliament has a responsibility to act. To his great credit, Mr. Clark supported that view last June.

In conclusion, honourable senators, the modernization of the Constitution does not affect the division of powers between different levels of government in Canada. It gives more powers and rights to the people themselves. That is the entire thrust of this submission. The government measures are a starting point; they are a commitment to the renewal of the Constitution, a commitment to review the division of powers, a commitment to change Canadian institutions, a commitment to entrench the human rights which are to be found in the Bill of Rights advanced by the late John Diefenbaker 20 years ago, with the support of people like Senator Walker and even the Leader of the Official Opposition who were great supporters of that Diefenbaker Bill of Rights package.

Senator Flynn: It was not imposed on anybody.

Senator Perrault: The Constitution Committee of the Canadian Bar Association—

Senator Flynn: It was not done unilaterally.

Senator Perrault: —has come out in support of entrenching these human rights in the Constitution. The Premier of Ontario, and men and women of many parties and of no party at all support patriation and entrenchment. As I have mentioned, in June Mr. Clark spoke eloquently of the need for Parliament to act strongly in certain circumstances. Perhaps at this critical time in the life of our nation we need more light

and less heat, more attempt to understand than to be intolerant of contrary views, a greater need to comprehend the greater good. It seems to me, honourable senators, that it would be a highly desirable objective to be able to present a Joint Address to Her Majesty the Queen which has a substantial national consensus to support it. That objective may not be attainable, but it is to be hoped that our work in connection with the resolution shall be imbued with the spirit that sets the national interest far ahead of partisan considerations.

• (2210)

Hon. Eric Cook: Honourable senators, I hope I will avoid rhetoric and not exaggerate in an effort to score debating points. I shall try to be matter of fact and deal with the issues as I see them without, if at all possible, causing any ill feelings. I would rather remain silent than run the risk of causing further dissension, but I feel it my duty to put before you, as best I can, the position of Newfoundland as I see it.

Unfortunately, some Canadians see Newfoundlanders as people who, suddenly, in 1949, dropped from nowhere to form the population of Canada's newest province. Some Canadians can also see that Newfoundland benefited greatly from certain fiscal legislation of general application in and throughout Canada. Now they tend to see us as greedy, inward-looking, strident people who, while we have benefited from being part of Canada, nevertheless refuse to share our possible good fortune should we possess some resources of oil. Newfoundlanders naturally see a somewhat different state of affairs.

First, we did not drop from "nowhere". On the contrary, we have been around for just as long as any other Canadians. As I sit and listen to senators wax eloquent on what their forefathers did for Canada, I say to myself, "So what!" I have to point out that Newfoundland has had just as long and just as proud a history as the rest of Canada.

Newfoundland's history began in 1447, nearly 500 years ago. In due course we had to fight England for the right to self-government. We had to fight both France and England over the Newfoundland-France shore question. In both cases we won.

In 1890 there occurred an event which for long poisoned Newfoundland-Canada relations. I quote an excerpt from A. B. Perlin's *A Short History of Newfoundland*. On page 36 it is stated:

> The other was the negotiation by Robert Bond, Colonial Secretary in the Whiteway Government, of a reciprocal trade agreement with the American Secretary of State, Mr. Blaine. To realize the importance of this to Newfoundland, it must be known that the United States was a very large market for Newfoundland fishery products and that improved tariff arrangements would have given a tremendous lift to the island's economy. Because of Canada's protest, the British Government refused to ratify the agreement. This resulted in bitter resentment towards the Dominion which was not quickly allayed.

We lost that battle. Perhaps, had we won, Newfoundland would have been much more prosperous over the years, and the United States and Newfoundland would have ended up in some sort of union. That Newfoundland would eventually join the U.S.A. was also the fear of the Right Honourable W. L. Mackenzie King. I will refer to this later.

We also disputed among ourselves—English against Irish, Catholics against Protestants—until a few generations ago, when we reached maturity and decided to live together in peace and harmony. Then we fought very vigorously in the two great wars. As a result of our contribution in the First Great War we obtained dominion status. We became a country equal in status to the United Kingdom, Canada and the other dominions.

I ask you to note this carefully, honourable senators, as I shall also return to this point a little later.

This is just a very brief, short history of Newfoundland and Newfoundlanders up to the Great Depression of the 1930s.

In the 1930s Newfoundland's finances collapsed. This was due in no small part to the amount of money which Newfoundland borrowed during the 1914-1918 war to raise, maintain and keep the Royal Newfoundland Regiment in action. England came to our assistance, and I think it is fair to say we sought to repay in the Second Great War the help which England gave us. In addition to the part played by Newfoundland army, navy and air force volunteers, we freely gave, at the request of England, our land to the U.S.A. to create military bases; and, when we were in a surplus position, we lent Great Britain $40 million free of interest.

Then came 1949, when Newfoundland became part of Canada.

• (2220)

I have never regretted that—at any rate, not until now, when I am beginning to have some doubts. I am now having some stirring of doubt, because I fear this strong central government is shafting Newfoundland, and I do not like it.

When we joined Canada in 1949, a bargain was made and set out in the "Terms of Union" which form part of the BNA Act of 1949. The first point to be made concerns the part of our province known as Labrador. By the treaty made between Canada and Newfoundland it is clearly recognized and confirmed that the Province of Newfoundland consists of the Island of Newfoundland and that part of the mainland known as Labrador. This treaty makes the judgment of the Privy Council awarding Labrador to Newfoundland irrelevant. There is no need whatsoever to have regard to any document other than the Terms of Union.

Let me now remind you of what has happened to Labrador since 1949, since union with Canada.

The first item to mention is the development of Churchill Falls. The Churchill Falls were developed and the power sold to Quebec. Fortunately for Quebec, and unfortunately for Newfoundland, the long-term contract has proved to be a bonanza for Quebec. Quebec is now able to export surplus power to the United States at a profit of some $500 million a year, which will tend to increase rather than decrease.

However, I for one will not utter a word of complaint against Quebec because of this. A contract is a contract and that is the end of the matter. But, just to correct an impression many people now have, the contract was not made by the Government of Newfoundland; it was made by the Churchill Falls Corporation, and it was only a few years ago that the Newfoundland government took over the Churchill Falls Corporation. That is only a small point, but I make it because so many people think that the Newfoundlanders were stupid and the Quebecers so smart. The Arabs made the contract for Quebec when they upped the price of oil. Quebec is in exactly the same position as someone who wins the first prize in the Loto draw. Quebec, in this matter, is just plain lucky, and I both congratulate and envy them.

It is possible, however, to develop further large resources of power in Labrador. To do so would necessitate having transmission lines crossing Quebec, but Quebec will not agree to Newfoundland's having the right to cross Quebec.

To my mind, Newfoundland should have the power to cross Quebec as part and parcel of Labrador being part of Newfoundland and Newfoundland being part of Canada. That right should not be subject to a veto by Quebec. What then does the Canadian government do? It does not say to Newfoundland, "You cannot have the right." Such a positive refusal would outrage most Canadians. It does not say, "Yes, you can cross Quebec," for fear that that would outrage its own Quebec caucus. So the Canadian government puts the issue on a back burner and lets it stay there.

I therefore ask honourable senators, in the name of Newfoundland: Is this honouring the treaty made between Canada and Newfoundland in 1949? Surely it is somewhat contemptuous to tell us, after 31 years as a province, that we had better ask the National Energy Board for a permit to export.

● (2230)

Newfoundland is entitled to a clear-cut, positive and definite declaration from the federal government on this issue, and now. How else can plans be prepared, sales contracted for, and finances arranged? And I feel sure there can be no great engineering problems. A second transmission line through Quebec can surely be no problem for the federal government who intends to double track the railways over the Rockies.

Some Hon. Senators: Hear, hear.

Senator Cook: Justice Minister Chrétien says that the government of Mr. St. Laurent made an unilateral decision to amend the B.N.A. Act in 1949 so that Newfoundland could become part of Canada.

Mr. Chrétien, whom I greatly like and admire, says it is ironic that Newfoundland complains about unilateral action. In 1949 we had no right to complain about any action Canada took. We were not part of Canada. For the record, the fact is that had the Right Honourable Louis St. Laurent asked the provinces to consent, Quebec, I am told would have said "No, not unless Labrador becomes part of Quebec"—in which case, I can assure honourable senators, there would have been no deal, no agreement, no tenth province, and no need to amend the B.N.A. Act in 1949. In fact, there was a deal, there was a treaty and now Newfoundland requests Canada to honour that treaty.

I turn now to the other important matter which causes Newfoundlanders grave concern. As I have pointed out, largely as a result of the contribution of Newfoundland in blood and treasure in the First Great War, Newfoundland became a self-governing dominion—in other words, an independent country.

As a consequence, I for one will go to my grave convinced that in 1979 both legally and morally we owned all rights to offshore oil. Now along comes the Canadian government which coolly and calmly, without any justification, announces that it owns the offshore oil.

The federal authorities seek to create the impression that Newfoundlanders are bad boys because we dare to dispute the will of the federal government. However, it is already clear that this government can be very wrong about its powers and privileges, and rights. The great constitutional lawyers and legal experts of the federal government have already been slapped down by the Supreme Court of Canada when they claimed the power to abolish the Senate. The government's claim to abolish the Senate, and so amend the Constitution without provincial agreement, did not stand up in law. Perhaps the great constitutional lawyers and legal experts are also wrong when they assert that the federal government owns Newfoundland's offshore oil.

Because Newfoundland does not swallow holus bolus Mr. Trudeau's legal opinion, we are said to be inflexible. The kindest reply I can make to Mr. Trudeau is that, in the words of the homely old saying, this is a clear case of "the pot calling the kettle black".

Honourable senators, at this point I am not discussing how the proceeds which will arise from the development of the oil, if any, should be shared. That will, of course, be a matter for negotiation between the Government of Canada and the Government of Newfoundland. At this point I am speaking purely and simply about the ownership of the oil, and, quite frankly, the attitude of the Canadian government has me deeply worried. Who owns the oil will have a profound effect on the formula which will be used to determine how much Ottawa can take and how much Newfoundland will get.

I will sum up this portion of my remarks as follows: First, in my opinion, Newfoundland has benefited to a remarkable extent because it is a province of Canada. For my part, I acknowledge freely, frankly and with deep gratitude what being a Canadian means to me and other Newfoundlanders. In Newfoundland, young and old alike, the war veterans, and indeed, all Newfoundlanders, have benefited. We have had advances in education and health, much of which would have been beyond our own resources to provide.

Secondly, I protest very firmly the inaction of the Canadian government on the matter of the transmission of power from Labrador. I fear that the Canadian government is not sincerely and honestly accepting its obligations which flow from the

Terms of Union with Newfoundland. These Terms clearly acknowledge the area which comprises the province of Newfoundland. Under our existing Constitution every province has certain rights governing the passage of its resources through any other province.

Thirdly, I protest the action of the federal government whereby it seeks to take from Newfoundland its offshore oil rights.

Please be clear, I am not arguing the matter of sharing. That dispute may be settled in due course. The first issue is who owns the oil, and I feel that both morally and legally the oil belongs to Newfoundland.

I would also point out that the federal government seems to think it has plenty of ways to make sure that it will get its proper share of any revenue which may arise in the future.

These two points bear very directly on the part Newfoundland will be able to play in the future of Canada. If Newfoundland is to receive little or no benefit from the development of its resources in Labrador, and limited benefit from the development of its offshore oil, then I fear she will be condemned to be forever fobbed off with equalization payments.

I am grateful for the advantages we have received up to the present time, but I am fearful that we are being denied or stripped of our resources, thus depleting our ability to eventually pay our way and to contribute our share to the Canada of the future. In view of what to me are the clear facts, this will be illegal, unjust and ungenerous.

I have spoken of what Newfoundland has received. There is still another side. I again quote from A. B. Perlin's work *A Short History of Newfoundland*

> The popular majority for Confederation was small. But if there had been a general election with union as the issue, 18 seats in a parliament of 28 would have been won by Confederates. The anti-union vote was concentrated in St. John's and a few districts on the Avalon Peninsula. Yet the majority was small in terms of popular votes. Let a Canadian historian, Bruce Hutchison, in his biography of Mackenzie King, tell the story:
>
> "Despite his dwindling energies, King was quietly completing his final work of statemanship by joining Newfoundland to Canada. He had laid the foundations of the tenth Canadian province during the war by making sure that every contract relating to Newfoundland contained a clause allowing for a future change in the colony's status. Repeatedly he had indicated Canada's willingness to receive Newfoundland into Confederation, taking care not to press this invitation and alarm the colony's anti-Canadian elements. He never altered his original judgement that if Newfoundland did not join Canada it would join the United States, that ultimately Confederation itself would be endangered if its eastern gateway were enfiladed by a foreign power.
>
> "The seeds of union thus sown, though observed by few Canadians, had grown steadily. When the Newfoundland people finally faced the issue and voted in favour of joining Canada, King was disappointed by the bare majority for his policy. He had promised to consummate the union only if Newfoundland showed its will by an unmistakable verdict at the polls. Now he wondered if he could regard this close vote as a sufficient mandate.
>
> "After some hesitation he was persuaded by his colleagues, who pointed out that the Newfoundland majority actually was larger than he had ever received in any election save that of 1940. That argument convinced him. The negotiation of union agreement was left to St. Laurent, but it was King who had fulfilled Macdonald's vision of a nation embracing the northern half of the continent. If King had done nothing else in his life, this achievement would have placed him among Canada's chief builders. Under him Confederation was completed."

● (2240)

I come now to the resolution itself, which, for a number of reasons, I regret I cannot support.

By all means let us re-name the B.N.A. Act and bring it to Canada. Everyone agrees with that proposition. The proposed amending formula, however, is a difficult question, not capable of easy solution. If we depart from requiring the agreement of all, then for my part any reasonable formula has to be accepted. However, I would want to hear the considered views of all the provinces on the referendum proposals suggested in the resolution before I would agree with that portion. In this connection it seems hard to understand the reason for, and to justify, Mr. Trudeau's attempt to impose these deadlines. It almost looks as if he fears to give those who have different views from his an opportunity to express them, in case such views might be so reasonable and sensible he will perhaps have to delay and amend the resolution.

I do not, however, agree with the thrust of the Charter of Rights, which to me gives too much power to the courts. It is not for the courts to legislate.

I quote the following from the judgment of a Canadian case where the judge accepts the words of Viscount Simon, uttered in a House of Lords case.

> What does 'substantial portion' mean? It is plain that the phrase requires a comparison with the whole rent, and the whole rent means the entire contractual rent payable by the tenant in return for the occupation of the premises together with all the other convenants of the landlord. 'Substantial' in this connection is not the same as 'not unsubstantial', i.e., just enough to avoid the *de minimis* principle. One of the primary meanings of the word is equivalent to considerable, solid or big. It is in this sense that we speak of a substantial fortune, a substantial meal, a substantial man, a substantial argument or ground of defence. Applying the word in this sense, it must be left to the discretion of the judge of fact to decide as best he can according to the circumstances in each case, the onus being on the landlord. If the judgment of the Court of Appeal in Palser's case were to be understood as fixing percentages as legal measure, that would be going beyond

> the powers of the judiciary. To say that everything over 20 per cent of the whole rent should be regarded as a substantial portion of that rent would be to play the part of a legislator. If Parliament thinks fit to amend the statute by fixing percentages, Parliament will do so. Aristotle long ago pointed out that the degree of precision that is attainable depends on the subject matter. There is no reason for this court to differ from the conclusion reached in these two cases that the portion was not substantial, but this conclusion is justified by the view taken on the facts, not by laying down percentages of general application.

This reasoning was adopted by our own Canadian Judge Sydney Smith, and I quote:

> If I were to accede to appellant's argument, I would be doing precisely what Lord Simon says I must not do, viz., playing the part of a legislator.

I quote this judgment because it clearly illustrates the common law system, and points up the distinction between the legislature and the courts. It is a good system and I can see no reason to turn our backs on it. Legislatures are the proper forum to legislate for their citizens, not courts. Legislatures legislate, courts interpret.

That is the present Canadian system. It is not perfect but it has worked well, and I have not heard any argument which would make me agree to depart from it, and to sail out into the uncharted seas where only appointed judges may propose solutions and give opinions, which in the case of their proposed solutions, they have no responsibility to implement, and in the case of their opinions, they have no obligation to defend.

I accept without reservation the principle of language rights, but I cannot accept the double standard outlined in sections 20 and 23. An honourable member in the other place expressed my views on this clearly. He pointed out that section 20 refers to the two official languages in federal institutions and Parliament.

Section 20 provides that Parliament will determine what the numbers are, whether numbers are warranted for bilingual schools, whether numbers are warranted for French in the nine provinces that are predominantly English, whether numbers are warranted for English in Quebec.

Then section 23 provides for schools for anglophones in Quebec and francophones outside Quebec. Here the question of where numbers are warranted is not left to the provinces, the provincial legislatures, or the people elected—and education is provincial—but to the courts. This, the honourable member said, introduces a double standard in federalism. He does not accept this and I agree with him. I do not accept it either.

This is because, first, as I have said, in my opinion it is not the function of the courts to legislate; second, the sections create a double standard—one for the federal Parliament and one for the provincial legislatures; and third, section 23 will surely result in a nightmare of litigation in every province. Extremists of every kind, funded no doubt with federal funds, will be suing every provincial government with God knows how many different judgments.

There will be judgments covering all aspects of education about which and to which Parliament has not ever applied its collective will and mind, and in respect of which the provincial legislatures who are responsible for education will henceforth have no input. This provision will create much more ill will than it will cure. It will keep Canadians more apart and more quarrelsome than ever before.

Honourable senators, I have kept you long enough. I trust I have made it clear that I do not agree with some portions of the resolution itself and that further, and more importantly, I am not happy with the federal government's treatment of my province under the provisions of the present Constitution.

"He who seeks equity must come with clean hands" is an old legal maxim. To me, as a representative of the Province of Newfoundland, the federal government—not the Canadian people but the federal government—comes with grasping hands, and its talk of rights has a hollow ring. I will not, therefore, support the government when the resolution comes before us.

Senator Walker: Honourable senators, that was a marvellous speech. I just want to correct a misapprehension. I shall be only thirty seconds.

Under section 44, the House of Commons can legislate the Senate out of existence but, of course, this is subject to section 41(1) as to the resolutions of a majority of the provinces. Senator Frith, of course, corrected that himself.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, October 15, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE HONOURABLE JOSEPH A. SULLIVAN

FELICITATIONS ON RETURN TO CHAMBER

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I should like to draw the attention of the Senate to the presence with us this afternoon of our very distinguished colleague Senator Sullivan, who has been prevented by ill-health from being with us for some time. I wish to welcome him back, and to say how pleased we are at his presence.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, it is a great pleasure for me to join in the warm greetings to the Honourable Senator Sullivan that have been brought to the house on behalf of all of us by the Leader of the Opposition. We are delighted to see Senator Sullivan back in his place. He makes a distinguished contribution to this chamber, and we hope that his health will permit him to serve with us for many years to come.

Hon. Joseph A. Sullivan: Honourable senators, hope springs eternal in the human heart. By the grace of God, and the expertise of the real men in my profession, I am still here, in one way or another, and breathing. I hope—I fervently hope—that I will be able to play some small part in the momentous crisis that may be coming in this chamber in the near future, as I have done in the past.

To you, Mr. Speaker, I offer my warmest congratulations on being elevated to the high post that you occupy in this bicameral parliamentary institution, which I revere and so heartily support.

I thank each and every one of you.

Hon. Senators: Hear, hear.

THE HONOURABLE MARGARET NORRIE

TRIBUTES ON RETIREMENT FROM SENATE

Hon. Frederick W. Rowe: Honourable senators, in rising to speak to the matter of Senator Norrie's retirement from the Senate, I join with those who have already spoken in extending greetings and good wishes to our esteemed Senator Sullivan, who is with us today.

I think it is appropriate for me at this time to draw the attention of the Senate to the fact—the regrettable fact—that this afternoon we have with us for the last time as a senator my seatmate, Senator Norrie.

Senator Norrie will be retiring officially, I understand, tomorrow. She was summoned to the Senate in April of 1972 and has been with us for eight and one half years, during which time she has been—and I know everyone will agree with me—an adornment to this august body.

Senator Norrie was born in New Brunswick into a famous family of that province, and later adopted the province of Nova Scotia as well, where her home is now. She sits in the Senate as a senator from Nova Scotia.

In the eight and one half years she has been with us, Senator Norrie has won our respect and our love. She has been an indomitable fighter for eastern Canada especially; but more than that, she has been a dedicated Canadian.

I know we all extend our appreciation to her for the contribution she has made to this chamber, and we all extend to her our best wishes for many, many years of activity in other spheres of work.

Hon. Senators: Hear, hear.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, one of the vital functions of the Senate is, of course, to provide capable regional representation—representation which brings to the attention of Parliament the aspirations and the needs of the various parts of our great country.

Senator Norrie has been an outstanding representative not only of her own province of Nova Scotia, but of the Atlantic region. She will be very much missed here. We know she goes into her retirement prepared to engage in a whole range of new endeavours which will benefit not only her own region but all of Canada. She can be assured that she is welcome in our midst in Parliament at any time. She has been a good friend and a great senator.

Hon. Henry D. Hicks: Honourable senators, my acquaintance with Senator Norrie goes back a number of years. When I was a politician in Nova Scotia she was always a great supporter of mine. One thing about Senator Norrie that I always appreciated, although some of her associates did not, was that you always knew where she stood in any given situation. If she did not approve of whatever you were doing or saying, she let you know very definitely. This I think is a great characteristic. She is a forthright person, dedicated to public service, to the support of the people in her community regardless of party affiliation, whenever she feels she can be of assistance to them. She is a great advocate and a great person.

I had intended to make my speech tomorrow because I think she will still be in the chamber tomorrow, but if anyone thinks that, merely because she will have achieved retiring age from the Senate tomorrow, she is going to withdraw from public life

and stop expressing her opinions, when they have sometimes had such important effects on the determination of public policy in Nova Scotia and elsewhere, then they are sadly mistaken.

I wish my dear friend, Margaret Norrie, the very best in her years of retirement, but I do not expect they will be years of retirement in any of the normal senses in which we use that term.

Hon. Hazen Argue: Honourable senators, I too would like to take part in paying tribute to Senator Norrie. She has been an excellent senator; she has brought to the Senate a beautiful personality, independent judgment and bravery when it comes to tackling issues. I know that in her own province of Nova Scotia she was very active in a campaign to have a certain highway routed through an area so as not to interfere with good agricultural land. She has been a dairy farmer in her own right and she has been most interested in the agriculture industry all across Canada. When I was Chairman of the Agriculture Committee, she was active in our inquiry into Kent County, and she helped to prepare the committee's report.

When we undertook some years ago a trip to western Canada to hold public meetings on the question of the difficulties of the beef industry, Margaret Norrie accompanied us, and her presence, inspiration and knowledge were most helpful to the committee.

If I may add a personal note, my daughter Susan, who is unmarried and who is a farmer in her own right, values very, very highly having met Senator Norrie during that trip and having been able to count her as a friend. Senator Norrie, after Senator Michaud passed away, became Vice-Chairman of our Agriculture Committee and in that position she was most helpful in all the work that was going on. I want to wish her happiness in her years of retirement and we shall look forward, Senator Norrie, to hearing from you and to learning of the other activities that I know you will be engaged in in the years ahead.

• (1410)

Hon. G. I. Smith: Honourable senators, I should like to add a word or two about my very old friend, Senator Norrie. I concur, of course, in all the complimentary things that have been said about her, especially about her work in this Senate. I can testify at first hand, because my home is only two or three miles from hers, and has been for many years; I can testify from personal experience as to her accomplishments in community affairs, in being a person who interested herself effectively in a multitude of good causes, and who never spared herself in any way in serving a cause which she considered to be worthwhile.

I can testify also to her years of activity, effective and vigorous activity, in the political life of the area in which we both live, having witnessed it at first hand. I think her party, which all honourable senators well know is not mine, can be most grateful for the devoted work which she put forth on its behalf. Indeed, there were times, perhaps many times, when it seemed that she was the most effective voice of her party in all of the county in which she lived.

[Senator Hicks.]

I have had the pleasure of being able to count her as one of my friends in everything, except political activities, for what seems to me to have been quite a number of years. I am grateful for having had that opportunity. I look forward to seeing her continue in her vigour and her activity for the many good causes she supports, and I wish her the very best of happiness in the years to come.

Hon. F. Elsie Inman: Honourable senators, I cannot stand for long to make a speech so I will just say that I endorse everything that has been said about Senator Norrie. She has been a very dear friend since she came here. We have been very close friends, and I just wish her every happiness in her retirement.

Hon. Charles McElman: Honourable senators, it is known that our colleague, the Honourable Senator Norrie, came from New Brunswick. She was a beautiful, resourceful and very fine person, when she left there. She still is. Her period in Nova Scotia—I do not know whether it was her association with Henry Hicks or what happened—gave her a saltiness that all of us have come to admire so much. In debate, whether it be in the party caucus or in committee or in this house of Parliament, she has always been forthright and forceful. Many of us have appreciated the contribution of Margaret Norrie and we will miss her very much.

Hon. Margaret Norrie: Honourable senators, I don't think you are talking about the right person. I do not know whether I would have had the courage to come today, had I known I would be listening to all these beautiful things you have been saying about me. I thought that came when you passed away or left the Senate. I did not think it would be prior to my departure.

But I do, with all my heart, thank you for all of the beautiful things you have said about me today. I hope they are true, but I will have to start thinking about it. Anyway, thank you so much. It has been a privilege beyond words to be here.

Incidentally, I don't know how I got here. Probably it was Henry's fault. He has always held me in high esteem and we have always got along extremely well. Every time I get in any trouble I call Henry, and, you know, his advice is always good.

• (1415)

Senator Hicks: But you don't always take it.

Senator Norrie: He graduated summa cum laude from Mount Allison, and I was just an average graduate. That's the difference between us. Thank you very kindly. It is just wonderful.

QUESTION PERIOD

[*English*]

THE CONSTITUTION DEBATE

LEGALITY OF PROPOSED RESOLUTION

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government. In view of the decision taken yesterday by five premiers, who may be joined by two others, if not more, to place before the courts the legality of the resolution which the present government intends to push through Parliament, is it the intention of the government to proceed notwithstanding, or would the government rather join with the premiers in seeking the opinion of the courts on the legality of its intentions?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the government is satisfied that its anticipated action is legal. It is the intention of the government to proceed with its plan concerning the proposed resolution and the motion now being debated in the other place.

Honourable senators are aware that if governments were precluded from initiating action each time an appeal was filed with the courts on behalf of an individual or another level of government, it could effectively frustrate the actions of all governments. Therefore the government is proceeding in the reasonable certainty that its action is legal.

Senator Flynn: Is that certainty equal to the certainty the government had some years ago when it introduced Bill C-60 and felt that it could proceed in the manner provided under that bill, only to find that the Supreme Court disagreed with the government's view?

ENERGY

AVAILABILITY OF SURPLUS ALBERTA GAS TO EASTERN CANADA

Hon. G. I. Smith: Honourable senators, I should like to direct a question to the Minister of State for Economic Development. Against the background of what I believe to be a correct report that approximately 14 public utilities in the United States have signed an agreement with TransCanada PipeLines for the purchase of large quantities of surplus Alberta gas—I believe the report mentioned 185 million cubic feet per day—and since the gas to be carried eastward by the proposed Q and M pipeline was to be surplus Alberta gas, is such an arrangement likely to interfere with the availability of Alberta's surplus gas for the Q and M pipeline if its extension further eastward into Atlantic Canada is approved by the National Energy Board?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have not seen the report to which my honourable friend refers, but I presume that it is a contractual arrangement for gas that has already been approved for export by the National Energy Board. I think—I guess would be a better way to put it—that it is the contractual arrangement for gas that has already been approved for export by the National Energy Board, perhaps that volume of gas that was approved for delivery through the southern sections of the Alaska pipeline when they are built, formerly known as the prebuild sections.

● (1420)

I can also tell my honourable friend that the requirements for the Q and M, or the projected requirements, have been taken into account as part of the Canadian requirement before an amount was declared surplus to all of Canada's requirements, which is an obligation that they have to satisfy before they issue any export permit.

I can also advise my honourable friend that since the last time the National Energy Board reported its findings on the amount of gas reserves in Canada, both for domestic and other consumption, there has been a further substantial increase in those reserves. I am unaware that there is an application now for sales in addition to what has already been approved.

Senator Smith: I would like to ask a supplementary question. I am not sure whether I sufficiently conveyed the geographical location of the destination of this surplus gas to the minister. I understand that the 185 million cubic feet per day to which I referred is to be delivered to the New England states, or at any rate, the northeastern states, and I would be inclined to doubt whether that would have anything to do with gas transmitted through the so-called prebuild.

Senator Olson: That does clarify the situation. I will have to look into this. I suppose we cannot tell at this point in time whether or not someone is selling or someone is purchasing prospective gas sales. What I can assure my honourable friend of is that there will be no gas exported until and unless it is approved by the National Energy Board. If it has already been approved it has to be included in some previous application; but if it is a prospective approval, it has to go through the National Energy Board, and if anybody buys or sells, or whatever they do, it is not going to leave Canada without that approval.

Senator Smith: I thank the minister for his comments. I wonder if I could treaspass on his good nature a little further by inquiring whether, if I sent across to him the information I have about this matter, he might deal with it further tomorrow.

Senator Olson: Yes, honourable senators.

[*Translation*]

THE BUDGET

DATE OF PRESENTATION

Hon. Martial Asselin: Honourable senators, I have a question for the Minister of State for Economic Development.

The Minister of Finance told us recently that he intends to bring down his budget before the end of October or rather during the second half of October.

As the constitutional debate will apparently last beyond that date, does the government intend to adjourn that debate to

bring down the budget which Canadian citizens are very anxious to see?

[*English*]

Hon. H. A. Olson (Minister of State for Economic Development): Well, the Minister of Finance has been asked a number of times—as ministers of finance always are, several weeks, and sometimes months, before they bring in their budget—when he is going to bring in his budget.

● (1425)

The Minister of Finance did indicate that he intended to bring his budget in some time between the middle and the end of October. Whether or not that will require the interruption of any other debate is not known at this time because I suppose his budget could come in on the last parliamentary day of October. By that time it is possible that the constitutional motion before the other place will have been referred to the committee or otherwise disposed of. We are really making predictions as to how long debates last, and I know my honourable friend who has sat on both sides of the House of Commons for a long time knows as well as I do that we should not try to predict how long a debate will last in that chamber.

[*Translation*]

Senator Asselin: On a supplementary. Is the minister trying to indicate to us that the budget will be brought down before the end of October?

[*English*]

Senator Olson: Honourable senators, I was repeating or confirming what the Minister of Finance has already said.

AGRICULTURE

HERD MAINTENANCE ASSISTANCE PROGRAM

Hon. Gildas L. Molgat: Honourable senators, my question is for the Minister of State for the Canadian Wheat Board and is in relationship to his responsibility for the Herd Maintenance Assistance Program. As the minister knows, this program is of particular concern to Manitoba and the eastern half of Saskatchewan where the drought was most serious. Is it correct that this is the final day for applications; if so, is the minister giving any consideration to an extension of this date?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, this was the day set as the last day for applications to be submitted, but the date for application is being extended until the end of October.

Our whole purpose in endeavouring to administer this program was to enable producers, in as large numbers as possible, to make application for this assistance and then to have them processed on the basis of the rules but in as generous a way as possible.

An appeal procedure is being set up where applicants whose applications have been turned down may appeal. My hope is that livestock producers who have the confidence of the livestock producers of western Canada will be on the appeal board.

[Senator Asselin.]

I might say to Senator Molgat that this program, I think, has been of particular benefit to Manitoba where drought has been a larger factor than in any of the other prairie provinces. As a matter of interest to senators, I would say that particularly in the interlake country of Manitoba producers have experienced great difficulties. When I attended a meeting in that area, I was told by one of the producers that there had been 92 days of very hot weather, and that after the drought period the rains came. There were more than 25 inches of rainfall in a short time, and that virtually destroyed the small amount of hay he had been able to salvage after the drought. Therefore, this is an important program which we are endeavouring to administer as fairly as possible. The total federal contribution for the drought assistance program on the prairies will be some $67 million, which I think is money well spent.

Senator Molgat: I thank the minister for his statement. As a supplementary, could he indicate when the cheques will go out to those applicants whose applications have been accepted?

Senator Argue: The process is ongoing. The first cheques have been in the mail now for some days. Cheques are being printed as fast as is physically possible. As many as 30,000 applications may have to be processed. Some cheques are already in the mail and within the next few weeks, after these applications have been processed, all the cheques should be in the mail. Then, of course, there will be an appeal procedure and some of the cheques, no doubt, will follow after appeals have been made.

Senator Flynn: Do you mean the appeals will be granted?

Hon. Richard A. Donahoe: As a supplementary, could the minister tell us if there is not some quicker way to get these cheques to the recipients rather than trusting them to Canada's mail service?

● (1430)

Senator Argue: Out in Saskatchewan there is usually overnight service. I would think that in Manitoba it is about the same. I say that from long experience. If you mail a letter in the city of Regina to my community, 100 miles away, the chances are that within 24 hours it will be received, perhaps within 48 hours. The mail service is good. We don't have too many strikes on the prairies. The workers do their job and we don't kick about our local mail service. It may take a little longer if it comes through Toronto.

Senator Perrault: From the maritimes.

ENERGY

DISRUPTION OF OIL SUPPLIES FROM MIDDLE EAST—POSSIBLE EFFECT ON EASTERN CANADA

Hon. Richard A. Donahoe: I should like to address a question to the Minister of State for Economic Development. As recently as yesterday, the minister stood in his place and offered us his assurance that eastern Canadians will face no oil shortages this winter. Of course, everybody knows that these

shortages might have been anticipated as a result of the Iran-Iraq war. The minister will also know that if existing stocks are exhausted this winter, as they were during the winter of 1978-79, considerable shortages might be expected during the winter. With those considerations in mind, will the minister now give us his assurance that the oil companies will be directed by the government not to reduce their stocks, and that the government will act to build strategic supplies which could protect eastern Canadians during these years of energy dependence on offshore supply?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, perhaps I should reply to the question asked today and at the same time reply to questions asked by both Senators Donahoe and Roblin during the Question Period yesterday concerning these supplies, particularly in eastern Canada, as a result of the Iraq-Iran conflict.

Although I do not today have the specific figures requested by Senator Roblin on eastern Canadian oil supply, hopefully I will be able to provide those tomorrow; if not tomorrow, very shortly. I should like to inform him, however, that stocks in Canada are substantially higher than at this time last year, and that is particularly true of stocks in eastern Canada. I can assure honourable senators that there is no forecast of shortages for that or other parts of the country this winter. Further, I can tell honourable senators that the International Energy Agency member nations issued a statement on October 1 specifically stating that they do not foresee a supply problem which would result in a triggering of the sharing provisions of the international agreement. In short, international reserves are sufficiently high that no shortage is foreseen, particularly since some major oil-producing nations have agreed to increase their production to offset the disruption of supplies which resulted from the Iran-Iraq conflict.

Senator Donahoe: It is to be assumed, I take it, from the answer just given that we will continue to be in receipt of supplies, that we will not be entirely dependent upon those supplies that are now held in reserve. I wonder if the minister is aware that yesterday the United States Congressional Research Service said that if the Straits of Hormuz were to be closed during the current war, oil prices could soar to more than $100 U.S. per barrel. I wonder if the minister is also aware that as recently as yesterday one Iranian naval commander threatened that if Iran found it necessary she was prepared to mine the Straits of Hormuz. With those considerations in mind, will the government reconsider its apparent decision not to take extra precautions about strategic supplies for eastern Canada?

Senator Olson: As I stated in the reply I gave a few minutes ago, and indeed in the one I gave yesterday, the stocks all over the international world, or at least in the western world, including Canada, are at a very high level. Therefore I think the preamble to the question is unwarranted. There are larger supplies now. In addition to that, we have assurances from those oil-producing nations who do not ship through this troubled waterway that supplies will be increased, and therefore there will not be a complete stoppage of the volume that was coming through there, because it will be compensated with increased supplies from other areas that are not dependent on that waterway.

Senator Donahoe: Is it not correct that the price of those increased supplies will be affected by what takes place in the Middle East?

Senator Olson: I think it has been a fact of international trade all through the history of mankind that when a commodity is in high demand and some shortage develops, or even a threat of shortage, the price usually moves up.

GRAIN

DELIVERY QUOTAS FOR SOUTHERN ALBERTA AND SOUTHWESTERN SASKATCHEWAN

Hon. Earl A. Hastings: My question is directed to the Minister of State for the Canadian Wheat Board. It pertains to allegations being made that the Canadian Wheat Board is engaged in discrimination with respect to producers in southern Alberta and southwestern Saskatchewan in connection with delivery quotas. Are the allegations true, and if so what does the minister propose to do about it?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): It is true that in southwestern Saskatchewan and southern Alberta grain has, over the last few months, been moving rather slowly along CPR lines. This situation, of course, is not entirely new, and the Canadian Wheat Board took some extraordinary action on July 25, 1980, providing for an extension of delivery quotas for last year into the new crop year. These quota extensions have now been extended until December 31. There are some 500 producers who have still to deliver on these extended quotas.

There are four blocks, mainly in southern Alberta, but part of the area also in southwestern Saskatchewan, where there are no red spring wheat quotas as yet. However, there are quotas for utility wheat, for Durum, for oats and for barley. There is a very severe congestion in the elevators in blocks 81, 82, 83 and 84. The CPR has been going all out to move the grain along those railway lines, but so far its unloads at Vancouver are still falling very much short of target. The main reason for the shortfall in the shipments is continuing labour troubles through Revelstoke. Attention is being given to these labour problems, and I can only express the hope that they will soon be settled.

In the meantime, CPR, the Canadian Wheat Board and the Grain Transportation Authority are in consultation one with another, hoping that they can provide short-term relief in moving grain from southern Alberta. However, it is a fact that there is a very difficult situation there. It requires special attention, and I think I can report to the Senate that the Grain Transportation Authority, the Canadian Wheat Board and the CPR are giving this problem their concerted attention.

Hon. Stanley Haidasz: Would the minister inform this chamber whether it is the intention of the government to

appoint a Commissioner for Grain Transportation, a post recently vacated by Dr. Horner?

Senator Argue: That is being considered by my colleague in the cabinet, the Honourable Jean-Luc Pepin, the Minister of Transport. Mr. Pepin is in western Canada today consulting with the various grain organizations about this particular question, and I am certain that he will make a very valuable recommendation. While I am not able to say what his action may be, I am fully confident that it will be based upon the recommendations of the main producer organizations in western Canada, and I hope and expect that it carries with it their agreement.

● (1440)

PARLIAMENT

MEMBERS—ALLEGED PENSION BENEFITS—NEWSPAPER ARTICLE

Hon. Daniel A. Lang: Honourable senators, I have a question for the Leader of the Government, which I assume he will take as notice because I have been unable to give him notice, unfortunately. My question arises out of an article appearing in yesterday's Toronto *Sun* by Dr. Morton Shulman in which there appears the following statement:

> If a member of Parliament—

And I take that to be a member of the House of Commons.

> —serves for six years and then retires at 40 years of age and the inflation rate is 7% his pension receipts if he lives to 70 will be over half a million dollars and over a million and a half dollars if he lives to age 80, while his contributions have been less than $20,000.

I would ask the Leader of the Government to make inquiries as to the accuracy of that statement, and, if it is not correct, to provide us with the correct figures under the present pension arrangements in the case in point—namely, a member of the House of Commons serving for six years and retiring at age 40.

The article goes on to state that this same indexing applies to all public servants. If there is any degree of accuracy to these statements, the amounts would be absolutely astronomical.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that information will be sought and, if it can be made available, provided to the honourable senator.

Senator Argue: If he is appointed to the Senate, he loses his pension.

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

APPOINTMENT OF ACTING ASSISTANT DEPUTY MINISTER

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in relation to the appointment of Mr. R. J. Fournier as Acting Assistant Deputy Minister of Indian Affairs. Before putting my question, however, I would like to compliment the minister in charge of the Canadian Wheat Board for his system of questions and answers. I do not know whether he plants the questioners or whether the questioners give notice, but we have a perfect example of—

[Senator Haidasz.]

Senator Argue: —of proficient efficiency on this side.

Senator Flynn: —of being well prepared. The minister is able to make extensive replies, giving a lot of details, and I think I should compliment him, and possibly compliment Senator Molgat and Senator Hastings also. I will not compliment Senator Haidasz, because his question was spontaneous, as is usual with him.

Senator Asselin: And we thank them for the copies sent to the opposition.

Senator Flynn: I would ask the government leader to inquire, on behalf of the Senate, whether or not the Minister of Indian Affairs and Northern Development was consulted by his deputy minister before Mr. R. J. Fournier was appointed Acting Assistant Deputy Minister, and to inquire also whether the minister was aware that the native Canadian community had made known to the Deputy Minister of Indian Affairs their opposition to Mr. Fournier's appointment. I would also ask the government leader to ascertain whether any native Canadians were considered for this position.

Since I did not give the leader notice of my question, I am sure he will take it as such.

Hon. Raymond J. Perrault (Leader of the Government): I regret that I do not have that information on my desk this afternoon. The question will be taken as notice.

INDUSTRY

ASSISTANCE TO SYDNEY STEEL CORPORATION

Hon. Robert Muir: Honourable senators, I would like to ask a question of the Minister of State for Economic Development. Since the minister are so co-operative and efficient today, I am sure he has his music with him. This is spontaneous. I have not given him notice.

Yesterday, in response to a question from Senator Austin, the minister spoke about assistance for Massey-Ferguson and the workers of Massey-Ferguson. Prior to that, this government had given assistance to and helped out—and I commend it for it—the workers of Chrysler Corporation.

It is my understanding that the leaders of the municipalities affected, as well as the leaders of the workers union, were in Ottawa yesterday to meet with ministers and others concerned regarding the possibility of financial assistance, in conjunction with the Province of Nova Scotia, for the Sydney Steel Corporation—long promised financial assistance. In view of the fact that we have had 600 or 700 laid off at that plant in the last couple of months, is the minister in a position to provide a progress report today, and, if not, would he be kind enough to bring something in tomorrow?

Hon. H. A. Olson (Minister of State for Economic Development): Yes, I can try to get a progress report for tomorrow. I am sure my honourable friend is aware of the fact that the Minister of Finance has been asked a number of questions on this same subject, and perhaps both of us could have some illumination on the situation by reading those answers.

Senator Muir: That is all well and good—read a book, read the answers, and so on—but I think this minister is here to provide answers and I hope he is going to do that; not tell us to read some document. This is another chamber, and the minister possibly—just possibly—may have a different answer from that given in the other place, which has happened on occasion.

Senator Olson: Honourable senators, it has happened less often than many members sitting opposite would like it to happen. In any event, I shall look into this. If the honourable senator is asking for the position of the government, he will realize that the other people I have mentioned are also members of the government, and therefore their views carry as much—and in some cases more—weight than what I could research independently—

Senator Flynn: I entirely agree.

Senator Olson: —because of the part of the country that I come from.

Senator Muir: I do not agree with that. I think the honourable senator has great weight in the cabinet, as he had in the other place when we served there together. I have no doubt about that, and I am sure he will work like a son of a gun to assist the Sydney Steel Corporation and the workers of the Sydney Steel Corporation.

Having said that, let's look forward to some positive answers. This offer of financial assistance has been outstanding now for some months, but it has never been forthcoming. I realize that there is a problem in this instance in terms of rejuvenating the plant in question to the point where it can be viable, but I do hope that something will be forthcoming very shortly.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, my question is for the Leader of the Government. I remind him that on July 14 last he undertook to produce certain papers for me with respect to communications between the Government of Canada and the Government of the United States on the Garrison Dam project.

Is that information now available?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have some information today on the Garrison Dam project. However, it may not be the information which the Honourable Senator Roblin requested. The information I have deals with the new allocation of funds by the United States Congress. Is that of interest to the honourable senator?

I do not have the documentation requested, but I do have further information about the Garrison Dam project with me this afternoon.

Senator Roblin: I shall be pleased to have that further information. The point at issue the last time was an assurance from the Government of the United States that there would be no prospect of water from their watershed moving into the Canadian watershed. I appreciate that there have been some developments since then, and I had expected to ask a question respecting them. No doubt my honourable friend has some further information, and I would be pleased to have that.

Senator Perrault: Honourable senators, there is reference to various projects which may, in part at least, answer the inquiry the honourable senator made some time ago. I regret that the information requested has not yet been made available. The specific information requested will be sought once again; hopefully, it can be provided this week.

The Government of Canada regrets the decision of the United States Congress to allocate additional funds to this project, particularly in view of the strong efforts made to acquaint the United States government and Congress with Canada's concerns in this matter. We have received assurances that no final decisions regarding the expenditure of the new appropriations have yet been made. We have sent a diplomatic note requesting information on precisely how the money will be spent.

We expect that any decisions will fully reflect previous United States commitments to Canada, including the 1977 formal undertaking not to let a contract for the construction of the Lone Tree Dam until bilateral consultations have been held on the 1977 report of the International Joint Commission.

The government is continuing to follow all project developments very closely, and is taking steps to ensure that Canada's interests in this matter are protected.

● (1450)

However, as I stated a moment ago, the specific documents requested by the honourable senator will be sought, and I thank him for reminding me of the commitment to provide this information.

Senator Roblin: Honourable senators, I wish to express my concern about the statement the minister just made in respect to this matter, because he left me with the impression that the sole American undertaking was that they would have further bilateral discussions based on the 1977 situation. That was not the impression that was left with me on July 14 last. At that time I was left with the impression that there was a written statement by the American government that they would not merely indulge in discussions—because we know what can happen in discussions; people go their own way in spite of them—but there was a firm undertaking that the watersheds would not be interfered with.

I must say that I place no confidence at all in the statements of the Government of the United States that would lead us to believe that there will be no interference with the watersheds. Everything I have seen indicates that they are simply making

statement after statement, which are largely meaningless, while proceeding, albeit a good deal slower than they otherwise might, with the very works that are going to do the damage the ecology of the province of Manitoba, which so many of us fear.

I urge my honourable friend to get beyond the discussion stage and see if we can get a firm undertaking from the Government of the United States that they will respect the spirit of the International Joint Committee's recommendations, regardless of the legal situation, and conform with that good neighbour policy which we all admire so much.

Senator Perrault: Honourable senators, the question is an important one, and I agree with the honourable senator that a more comprehensive statement is required. I hope to present such a statement about the situation to the Senate. If it can be presented tomorrow afternoon, then it shall be done. It seems to me that some of the actions by Congress may well indicate the degree of election fever gripping that nation at the present time. I suggest that we should, perhaps, view some of these announced actions in the perspective of the present situation down there.

Senator Roblin: All the more reason to be vigilant, if I may express that opinion.

EXPORT DEVELOPMENT CORPORATION

PROPOSED LOAN TO U.S.S.R FOR COAL PROJECT

Hon. Duff Roblin: Honourable senators, if I may continue with a question to the Honourable the Minister of State for Economic Development, I would ask him if he has had any communication with the Government of British Columbia respecting a proposal of the Export Development Corporation to lend $180 million to the U.S.S.R. in connection with a coal project in that country. I would like to know if such a proposal has been considered by the Export Development Corporation, whether they are proceeding with it, and perhaps we could have some comments from the minister as to its implications for the coal industry in Canada.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have read some of the press reports concerning that, and I shall therefore check into it to get the detailed information requested. I think the press also indicated that some level of approval of that application was given two, three or four years ago.

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

APPOINTMENT

Hon. Guy Williams: Honourable senators, I wish to direct a question to the Leader of the Government concerning Indian Affairs. Some months ago there was the appointment of a person who is stationed in Washington, D.C. I have not been able to get information as to the advantage this has for the Indians of Canada. I would very much like to know the main purpose for this person's appointment and what, in fact, the duties are.

[Senator Roblin.]

Hon. Raymond J. Perrault (Leader of the Government): That question will be taken as notice.

CONSUMER AND CORPORATE AFFAIRS

ATTEMPTED TAKEOVER OF ROYAL TRUSTCO BY CAMPEAU CORPORATION

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have three delayed answers to give today.

I wish to reply first to Senator Haidasz' question of October 7 regarding the attempted takeover of Royal Trustco by the Campeau Corporation and the proposed takeover bid of the National Trust Company.

I am advised by my colleague, the Minister of Consumer and Corporate Affairs, that an inquiry is currently in progress by the director appointed under the Canada Business Corporations Act into the bid for ownership and control of shares of Royal Trustco Limited by the Campeau Corporation. When the inquiry is concluded, the director will submit a report to the minister. I shall be pleased, at that time, to provide the honourable senator with whatever information is available.

With reference to the proposed takeover bid of the National Trust Company, I wish to advise the honourable senator that the National Trust Company is not a federally-incorporated corporation and, therefore, does not fall under the Canada Business Corporations Act. The Director of Corporations therefore, has no jurisdiction to inquire into any matter relating to that corporation.

As to the honourable senator's supplementary question regarding the government's intention to introduce a new Trust Companies Act or a new Loan Companies Act, or amendments, I wish to indicate that during the Bank Act revision process the government has indicated it would be introducing new savings bank legislation. In developing this legislation, questions of concentration of ownership will be reviewed.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, may I ask a supplementary question respecting the investigations of the proposed takeover of Royal Trustco by Mr. Campeau? Will these investigations also look into the acquisition by the Toronto-Dominion Bank and others of quite a large amount of the stock of the Royal Trust Company?

Senator Olson: Honourable senators, I shall convey that information to the director.

ENERGY

STATUS OF APPLICATION BY Q & M PIPE LINES TO CONSTRUCT A PIPELINE

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to reply to a question asked by Senator Donahoe yesterday concerning the status of the application by Q & M Pipe Lines to build a pipeline through Quebec to the maritime provinces.

As I indicated in my preliminary reply, it remains government policy to have this pipeline completed as rapidly as possible. The first application to the National Energy Board resulted in a rejection of the portion of the pipeline from Quebec City to the maritimes, primarily on the basis of unsatisfactory information about environmental concerns. The company has now put further information before the National Energy Board, and that information is being considered. As soon as a decision is forthcoming I shall be most pleased to inform honourable senators.

I should add that I indicated yesterday—and I want to clear this up although it was not entirely erroneous—that perhaps no further action could be taken until a new application came before the National Energy Board. I want to correct that by the answer I gave today, that new information is being given to the National Energy Board respecting a previous application, or the application which was dealt with before.

FINANCE

RELATIONSHIP OF GOLD RESERVES TO MONEY SUPPLY

Hon. H. A. Olson (Minister of State for Economic Development): I should at this stage like to clarify the reply I gave to Senator Smith yesterday. I understand the question correctly now, and I checked *Hansard* to make sure that I did.

If you calculate the value of our gold reserves of 21 million ounces using its former official price of about U.S. $46 an ounce, then the gold reserves held in the Exchange Fund Account constitute 25 per cent of the book value of Canada's official international reserves. If, however, you calculate the value of the gold reserves at current market prices of approximately U.S. $670 per ounce then the gold reserves in the Exchange Fund Account constitute over 80 per cent of our international reserves which, as the honourable senator will realize, is unusually high.

● (1500)

FOREIGN AFFAIRS

ALGERIA—AID TO EARTHQUAKE VICTIMS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, yesterday Senator Macquarrie asked a question concerning the situation in Algeria.

Our embassy in Algiers confirms that no Canadians were injured as a result of the earthquake. The embassy is keeping us informed on a regular basis.

The Prime Minister, in the name of the Government and the people of Canada, has sent a message of sympathy to the Algerian authorities. Beyond that, Canada has sent as immediate aid $250,000 through the Canadian Red Cross. The Government of Quebec has also contributed $50,000. The federal government is presently studying Algerian requests for material aid.

IRAQI-IRANIAN WAR

NUMBER OF CANADIANS REMAINING IN WAR ZONE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked concerning the Iraqi-Iranian War. A check has been made with officials in the Department of External Affairs, and they have assured me that there are only 25 to 30 Canadians left in Iraq, including embassy staff, and another 30 in Iran. There has been no change in that situation for some time.

PUBLIC SERVICE

TERMS OF SETTLEMENT OF STRIKE OF CLERICAL AND REGULATORY EMPLOYEES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, with respect to the strike of clerical and regulatory employees Senator Flynn, on October 8, asked to be informed of the difference between the settlement and what was offered before the strike began. The reply I have is rather detailed, and it includes a number of statistics. I propose that it be made part of today's record.

The Hon. the Speaker: Is it agreed, honourable senators?

Senator Flynn: Agreed.

Hon. Senators: Agreed.

(*The answer follows:*)

On September 26, 1980, the Honourable Donald Johnston, President of the Treasury Board, tabled the following position with the Public Service Alliance of Canada (PSAC), bargaining agent for the Clerical and Regulatory Group:

1. A two-year collective agreement effective November 12, 1979;

2. *Wages:*

(a) For the period November 12, 1979, to November 11, 1980, a lump-sum payment equal to the greater of $1,500 or 10 per cent of salary as of November 11, 1979 (pro-rated for employees on strength for less than the twelve-month period);

(b) effective November 12, 1980, an increase of 20 per cent to all wage rates in the scale of rates in effect as of November 11, 1979.

3. *Other Benefits:*

(a) Increased benefits related to family responsibilities;

(b) five weeks' annual vacation leave after 22 years of service;

(c) the offer also included increases to other monetary conditions such as shift premium, weekend premium, etc.;

The settlement reached on October 7, 1980, provided for:

1. A two-year collective agreement effective November 12, 1979;

2. *Rates of Pay:*

Increases in rates of pay as follows:

November 12, 1979—10%

November 12, 1980—9%

May 12, 1981—4%

3. *Lump Sum Payment:*

In respect to the period 12 November 1979 to 11 November 1980, each employee whose rate of pay increases less than $1,500 by virtue of the application of the above 10% increase shall receive a lump-sum payment equal to the difference between their 10% increase in rate of pay and $1,500. For employees on strength for less than the full 12 months or who work less than an average of 37½ hours per week, the lump-sum will be pro-rated. The lump-sum will be subject to superannuation deductions, and will be used in addition to the 10% salary increase in the first year for the retroactive application of overtime compensation and severance pay for those employees eligible by virtue of the Retroactive Remuneration Regulations.

4. *Other Benefits:*

(a) Increased benefits related to family responsibilities;

(b) Five weeks' annual vacation leave after 22 years of service;

(c) Increases to other monetary conditions such as shift premium, weekend premium, etc.

5. *Disciplinary Action*

Review by a joint committee of disciplinary action arising from incidents related to the strike as described in the statement by the President of the Treasury Board.

ROYAL CANADIAN MOUNTED POLICE

RESPONSIBILITY TO CABINET

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on June 27 Senator Nurgitz put the following question to me:

> In light of the further revelations at the McDonald Commission inquiry that some members of the RCMP disclosed information to the minister, some did not, and others only doing so if they were asked, can the leader assure us that there is now in place and working a procedure and practice that overcomes this circus and ensures to the people of Canada that the minister responsible is informed?

In answer to that I say that the government is, indeed, aware of the past situation in which Solicitors General were not fully informed of important matters related to the operations of the RCMP. It is expected that the McDonald Commission will make recommendations on this issue. In the meantime, the Solicitor General is being kept more fully informed of RCMP activity.

AIRLINES

GREAT LAKES AIRLINES SERVICE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on July 15 Senator Thompson asked a question regarding the number of times over the past several months that Great Lakes Airlines had failed to service the airport at Peterborough for reasons other than weather.

May I propose that the rather detailed reply here be made part of today's record?

Hon. Senators: Agreed.

(*The answer follows:*)

The following information is provided: for the period April 1, 1980, to August 12, 1980:

Number of Flights Scheduled: 213

Number of Flights Operated: 162

Number of Flights Cancelled: 51

Reasons for Cancellations:

32 flights cancelled due to a strike on the part of maintenance staff;

9 flights cancelled due to mechanical problems;

6 flights cancelled due to weather;

3 flights not operated through Peterborough due to no passenger on or off; and

1 flight cancelled due to airport being closed on account of a disabled aircraft blocking the runway.

ECONOMIC DEVELOPMENT

FEDERAL AID FOR CONSTRUCTION OF TRADE AND CONVENTION CENTRES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on July 14 Senator Guay asked a question concerning federal aid for construction of trade and convention centres.

The new national program of financial assistance for trade and convention centres was designed primarily to encourage the construction of new facilities. While a proposal from the City of Winnipeg for assistance to projects involving expansion or enlargement of existing facilities would not be specifically excluded, cabinet would be disposed to review such a request in the light of the following two points: first, an annual cap of $15 million has been placed by cabinet on the program which must accommodate funding already approved for new facilities in certain other cities, as well as include current and anticipated proposals from cities planning new facilities; second, one of the principles governing consideration for participation in the program is that federal assistance cannot exceed provincial assistance. Thus, some form of provincial involvement in a convention expansion plan for Winnipeg would be necessary.

The honourable senator should be assured, however, that a request from Winnipeg for federal government assistance for an expansion of its convention facilities will be reviewed as

consistent with the criteria of the federal government's Trade and Convention Centre Program.

FOREIGN AFFAIRS

HAITIAN REFUGEES—CANADIAN INVOLVEMENT

Hon. Raymond J. Perrault (Leader of the Government): Senator Macquarrie asked a question on June 10, 1980, concerning the Haitian refugees.

Canada, in line with recent visa policy elsewhere in the world, now requires visas for Haitians who visit Canada. This measure will facilitate the entry of Haitian visitors at ports of entry. It will also reduce the illegal inflow of Haitians. Canada will accept 300 Haitians under its 1980 refugee and humanitarian program. This group will comprise persons who are in a precarious economic situation outside of Haiti, and who have family members in Canada. These measures were discussed with the Quebec government prior to their implementation.

THE CONSTITUTION DEBATE

INTERPRETATION OF SECTION 44 OF PROPOSED CONSTITUTION ACT, 1980

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to the question asked by Senator Flynn on October 7, 1980, concerning a legal opinion on the constitutionality of the proposed resolution for a joint address to Her Majesty the Queen respecting the Constitution of Canada.

As the honourable senator knows, with his profound knowledge of parliamentary procedure, a minister does not have to give a legal opinion on such a matter. In this case the minister has declined, with thanks.

Hon. Jacques Flynn (Leader of the Opposition): He can give his interpretation anyway, even if it is not a legal opinion.

Senator Perrault: The minister is not willing to provide that.

Senator Flynn: That is a better answer.

GOVERNMENT ADVERTISING PROGRAM

Hon. Raymond J. Perrault (Leader of the Government): I have a delayed answer to a question asked by Senator Murray on October 7 concerning the continuation of a government advertising program on constitutional affairs.

Phase one of the constitutional advertising carried on and paid for out of public funds by the federal government should widely reflect Parliament. It is felt that those advertisements run in the month of August did just that. No constitutional advertisements have been featured since September 8, and the billboard advertising expired October 15. There has been no decision on a further constitutional campaign.

ECONOMIC DEVELOPMENT

FEDERAL AID FOR CONSTRUCTION OF TRADE AND CONVENTION CENTRES

Hon. Raymond J. Perrault (Leader of the Government): Yesterday Senator Roblin asked me to locate, if possible, a copy of the letter to the Mayor of Winnipeg from the Honourable Charles Lapointe, Minister of State for Small Businesses.

I have obtained the letter from the Honourable Charles Lapointe to the Mayor of Winnipeg and I shall be happy to provide the honourable senator with a copy. If he prefers to have the letter made part of today's record, I shall be pleased to do that.

Senator Roblin: Just a copy will be fine. Thank you.

THE CONSTITUTION DEBATE

ACCEPTANCE OF RESOLUTION BY BRITISH GOVERNMENT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Flynn asked a question on October 8 concerning the acceptance of the constitutional resolution by the British government.

The government has no reason to think that the United Kingdom government would do other than accede to a request from the Canadian Parliament to patriate the Constitution. Of course, in the view of the government that is precisely what the constitutional convention requires of the United Kingdom government. It is also precisely what British leaders have assured the Canadian government that they are prepared to do.

The government has been assured by the highest political authorities in the United Kingdom that, in accordance with existing constitutional convention, the British government will act upon a request of the Canadian Parliament to patriate the Constitution.

PUBLIC WORKS

ALLOCATION OF FUNDS UNDER RRAP AND CHIP SINCE INCEPTION OF PROGRAMS

Question No. 10 on the Order Paper—**By Hon. Jack Marshall:**

1. Since the inception of the RRAP program,

(a) what was the total amount allocated by province per year, and

(b) how many homeowners were given assistance in each federal constituency in Newfoundland, per year?

2. Since the inception of the CHIP program,

(a) what was the total amount allocated by province, per year, and

(b) how many homeowners were given assistance in each federal constituency in Canada, per year?

Reply by the Minister of Public Works:

1. (a) See Table I.

(b) Data compiled by CMHC on programs under the National Housing Act are not based on federal electoral constituencies, but on municipalities and municipal counties.

2. (a) See Table II

(b) CHIP statistics are available on a provincial basis only.

(*For tables see appendix, p. 878.*)

SOLICITOR GENERAL

COMMUNITY CORRECTION CENTRES IN PRAIRIE REGION

Question No. 22 on the Order Paper—**By Hon. Earl A. Hastings:**

1. In respect to each of the five Community Correction Centres in the Prairie Region of the Correctional Service of Canada, as at May 30, 1980, what was (a) authorized staff establishment, (b) actual staff, (c) number of staff by contract service, (d) inmate/parolee capacity, and (e) actual inmate/parolee population?

2. In respect to Community Residential Centres in the Prairie Region of the Correctional Service of Canada, as at May 30, 1980, what was (a) name and address of each centre under contract, (b) the operating organization, (c) number of beds under contract and (d) number of beds actually occupied?

3. As at May 30, 1980, what was the total inmate population in the Prairie Region of the Correctional Service of Canada detailed as to (a) maximum security, (b) medium security and, (c) minimum security?

Reply by the Solicitor General (The Correctional Service of Canada):

1. Osborne Centre—Winnipeg, Manitoba

(a) 7

(b) 7

(c) —

(d) 20

(e) 18

Oskana Centre—Regina (Saskatchewan)

(a) 5

(b) 5

(c) —

(d) 20

(e) 14

Grierson Centre—Edmonton, Alberta

(a) 23

(b) 22

(c) —

(d) 65

(e) 36

Portal House (formerly Scarboro Centre)—Calgary, Alberta

(a) 8

(b) 8

(c) 1

(d) 31

(e) 14

Altadore Centre—Calgary, Alberta

(a) 7

(b) 6

(c) 1

(d) 21

(e) 9

2. (a) See Annex A

(b) See Annex B

(c) The Correctional Service of Canada has individual contracts with Community Residential Centres in each of the Prairie Provinces as follows:

Manitoba: 15 beds under contract for the CSC's exclusive use.

Saskatchewan and Northwest Territories: The Correctional Service of Canada does not have any beds under contract. However, beds are available daily for this purpose on a fee-for-service basis.

Alberta: The CSC has no CRC beds under contract. Facilities are shared with the Province of Alberta. Parole Offices in the Province of Alberta are allocated monies to pay for 24 community residential beds per day.

3. As of June 3, 1980: 1,926

(a) 677

(b) 955

(c) 294

(*Annex A*)

2. (a) As at May 30, 1980, the name and address of Community Residential Centres in the Prairie Region are as follows:

—Bonnyville Indian Metis Rehabilitation Centre
Bonnyville, Alberta

—Bridge House
Lethbridge, Alberta

—Napi Lodge
Lethbridge, Alberta

—Southern Alcare Society and Industries (630 House)
Lethbridge, Alberta

—Artic House
Yellowknife, Northwest Territories

—Salvation Army Men's Rehabilitation Centre
Saskatoon, Saskatchewan

—Salvation Army Rehabilitation Centre
Saskatoon, Saskatchewan
—John Howard House
Saskatoon, Saskatchewan
—Northern Addiction Service—Alcohol Rehabilitation Service
Yellowknife, Northwest Territories
—Alberta Seventh Step Society
Calgary, Alberta
—Crowfoot Sunrise Residence
Calgary, Alberta
—John Howard Society, Ramsey House
Calgary, Alberta
—Mutchmor Place—Social Orientation Units
Calgary, Alberta
—Patterson Lodge
Calgary, Alberta
—Recovery Acres Society
Edmonton, Alberta
—Catholic Social Services (Project '72)
Edmonton, Alberta
—Howard House
Edmonton, Alberta
—Kindred House
Edmonton, Alberta
—McDougall House Association
Edmonton, Alberta
—Poundmaker Lodge
Edmonton, Alberta
—Seventh Step Society
Edmonton Alberta
—Salvation Army (Men's Social Rehabilitation Centre)
Edmonton, Alberta
—Salvation Army (Wapiti Lodge)
Grande Prairie, Alberta
—Action North Recovery Centre
High Level, Alberta
—Salvation Army Social Service Centre
Thunder Bay, Ontario
—Lake Superior House
Thunder Bay, Ontario
—X-Kalay
St. Norbert, Manitoba
—Native Clan Organization
Winnipeg, Manitoba
—United Church Halfway House
Winnipeg, Manitoba
—Salvation Army New Hope Lodge
Winnipeg, Manitoba
—Salvation Army Social Service Centre
Winnipeg Manitoba
—Salvation Army Harbour Light
Winnipeg, Manitoba
—Grosvener Place
Winnipeg, Manitoba
—Lambert House
Moose Jaw, Saskatchewan

(*Annex B*)

Minimum Organizational
Standards for Contracts

In view of the many types of CRC's, it is not possible to develop one set of operational standards to apply to all of them. However, the Correctional Service of Canada requires that the following minimum organizational standards be met for a CRC to qualify for initiation or renewal of a contract, to ensure a consistent basic level of CRC operations and at the same time provide freedom of scope for program innovation:

i) that the Centre be provincially or federally incorporated as a non-profit organization;

ii) that the Centre maintain and provide to the Solicitor General or to such person(s) as he may direct, financial records, namely, a budget, record of income and expenditures and a fully audited annual financial statement as may be requested by a representative of the Ministry;

iii) that the Centre provide room and board and supervisory personnel available on a 24-hour basis (except in cases of minimal service facilities, where a facility meets the minimum organizational standards but provides only a minimal level of service such as room only).

iv) that the Centre has a clearly defined program statement including admission policy, program description, termination policy;

v) that the Centre has a policy which requires the reporting of infractions of the law, and terms and conditions of release, to the CSC district office representative.

SMALL LOANS ACT
CRIMINAL CODE

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from Tuesday, October 7, the debate on the motion of Senator Barrow for the second reading of Bill C-44, to amend the Small Loans Act and to provide for its repeal and to amend the Criminal Code.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, technically the explanation given by Senator Barrow on the legislation is unimpeachable. In effect this legislation is aimed at eventually repealing by proclamation the Small Loans Act, and introduces a new concept in the Criminal Code section establishing a criminal interest rate. In other terms, if you lend money at 60 per cent interest you commit a crime, while at 59 per cent it remains perfectly legal. Such is the situation proposed by the bill.

There are two aspects of course. Why repeal the Small Loans Act? The sponsor of the bill told us this was the only protection available against loan sharks. So it would disappear, only to be replaced by a new provision in the Criminal Code that would establish 60 per cent and more as a criminal interest rate. The technical aspect of repealing the Small Loans Act is a problem of interest to whom? The Committee on Banking, Trade and Commerce was suggested by the sponsor as the one the bill should be referred to. On the other hand, the new proposed section 301 of the Criminal Code is a problem that in my view is the responsibility of the Committee on Legal and Constitutional Affairs. I feel of course that the bill should be first referred to the Committee on Banking, Trade and Commerce, to determine the practical, technical consequence of repealing the Small Loans Act, but that later the Committee on Legal and Constitutional Affairs should look into that new provision.

I know that during the short time I was Minister of Justice, I had been asked to consider such a provision. I strongly opposed it. At that time—and I remember they had not convinced me—I felt horrified that someone should be considered as operating within the law as a result of a change in the interest rate to 59 per cent. This is a situation that in my view would please Shylocks, but which otherwise would afford no real protection since in the case of loan sharks the problem is not really the interest rate but how to go about getting their money back, collecting loans and interest on those loans, whether through blackmail, violence, etc. Therefore the bill has not much appeal to me. I find it distasteful. This really looks "fishy" to me. I am very curious to know what the committees, that is the Committee on Banking, Trade and Commerce and the Committee on Legal and Constitutional Affairs will have to say about that. For the time being, we will let it go through second reading and will determine in committee what this really entails.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before moving the adjournment of the debate on behalf of Senator Barrow, may I be allowed to add a few comments on the intervention of the Leader of the Opposition.

I merely want to draw your attention to the fact that the principle, which he himself pointed out, is in fact a question that should be of concern not only to honourable senators but to the public generally. For, if I remember correctly, in his remarks Senator Barrow mentioned the fact that 60 per cent, or rather 59 per cent, was not necessarily permitted. But, at the same time, since mention has been made of 60 per cent, for the public in general the conclusion is that the rate of 59 per cent of interest is allowed. So, I agree wholeheartedly with the Leader of the Opposition. I am sure Senator Barrow will also agree. We trust the committee will concentrate its efforts, not only on that question, but will accept the fact that this aspect is of prime importance. I thank you indeed for giving me this opportunity of making a few remarks.

I now move adjournment of the debate, on behalf of Senator Barrow, provided no other senator wishes to speak on the matter. So, it is agreed, and I thank you.

Hon. Martial Asselin: Why not refer the bill to the committee immediately?

Senator Frith: Simply because Senator Barrow is sponsor of the bill and I feel he should be given the courtesy of closing the debate.

Senator Flynn: Senator Barrow is its sponsor and its "patron", in the pejorative sense.

Senator Frith: I thank the Leader of the Opposition for his correction. He has added a word to my French vocabulary.

On motion of Senator Frith, for Senator Barrow, debate adjourned.

• (1510)

[*English*]

THE CONSTITUTION

PROPOSED RESOLUTION FOR A JOINT ADDRESS TO HER MAJESTY THE QUEEN—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Perrault, P.C., calling the attention of the Senate to the document entitled "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada", tabled in the Senate on 6th October, 1980.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, we know, at least for the moment, that there will not be any intervention today on behalf of the opposition. Also we have a committee meeting at the present time and another scheduled to meet when the Senate rises. I therefore propose the adjournment of this debate on behalf of Senator Lamontagne. I defer to the honourable senator and ask that this order stand in his name until tomorrow.

Hon. Senators: Agreed.

Order stands.

CANADA AND THE COMMONWEALTH CARIBBEAN AREA

DESIRABILITY OF CLOSER COMMERCIAL AND CULTURAL RELATIONS—DEBATE CONCLUDED

The Senate resumed from Wednesday, July 16, the debate on the inquiry of Senator Macquarrie calling the attention of

the Senate to the desirability of promoting closer commercial and cultural relations between Canada and the communities of the Commonwealth Caribbean and, in particular, to the desirability of recommending to the government that steps be taken to provide for

(a) subsidization of ocean transport between Canada and the Commonwealth Caribbean area;

(b) assistance in the upgrading of the seaports of Atlantic Canada;

(c) tariff changes to facilitate the exchange of commodities between the two areas;

(d) greater exchange of students between the two areas; and

(e) assistance to encourage meetings of political, business and educational leaders of the two areas with a view to stimulating a mutually advantageous north-south exchange of goods, people, services and technology.

Hon. Heath Macquarrie: Honourable senators, believe it or not, I am somewhat surprised that finally this measure has come forward, because we have had some near misses. Although my appearance would not indicate it, I felt very much like the bridesmaid who never really has made it until today. So I am overwhelmed.

I was chatting with Senator Frith at the beginning of our sitting, and we heard tremendous noises in the distance. But remembering my English poet I sent not to ask for whom the bell tolled, but I was delighted that, in fact, it stopped before I was asked to make my harmonic contribution to today's proceedings.

Those of you who know the sport of harness racing will know that in the days before the automatic starting gate there was that activity before the race got under way which was called scoring. I have not been scoring points, but I have been "scoring" on this item for some little time.

I am happy to have the opportunity to discuss this matter which is very dear to my heart. It is an item which, in exactly the same words but in a slightly different form, because the rules were different, I presented in the House of Commons where I was a member for some time. In saying that, I wish to assure honourable senators that I have no intention of boring them with old speeches that I have used before. Why should I bore you with old ones when it is just as easy to bore you with a new one? That is my outlook on life, being a progressive young man.

Mr. Forrestall, my former colleague in the other place, and my successor as chairman of the Atlantic caucus of my party, has a private member's motion, as they call it, in his name, the wording of which is identical. So we are somewhat like the government in its presentation of a joint resolution, except that we in the Senate have shown greater despatch and are commencing the inquiry rather than having to await its commencement in the House of Commons. However, it is not because of Mr. Forrestall's lack of concern, but rather because of the procedures and agenda there.

I believe that for us to concentrate our interest and strengthen our purposes in reference to the Commonwealth Caribbean is a most worthwhile endeavour, and the more I reflect upon this over the years, and the more I have become acquainted with the area and its wonderful people, the more firmly am I convinced that this indeed should be a high priority.

We look across the world and say, "What are those things upon which we should concentrate; to which should we give priority?", and it is not easy to provide an answer, because Canada, although not a great power, is a very important world power, with many interests and a wide range of activities, as it should have. But it seems to me that the Commonwealth Caribbean has special situations which can, I believe, justify a strong interest and a strengthened interest.

• (1520)

I would invoke history. Before we were an independent country, before, indeed, we had earned the right to conduct our own foreign policy, in the days before 1917, which I would say was the time that Sir Robert Borden brought us through to full international independence, from 1890 to 1895, to the first decade of the twentieth century, we had international gatherings with the leaders of the Commonwealth Caribbean, or the British Caribbean, or the British West Indies, as it may have been called. In 1885 Sir John A. Macdonald acquired a special adviser on West Indian affairs. This reminds me of Professor Ivan Head's important role in our own time! We also had Canadian royal commissions studying the situation of improving trade between the various regions. There were meetings in this city in 1912, 1920 and 1925 and, finally, a most impressive meeting chaired by Mr. Pearson in 1966, which was a culmination of a mutual recognition of special relationships, special ties, close ties. I also remember being very proud when the Diefenbaker government made what was at that time an exceptional and interesting contribution to the then existing Federation of the West Indies. It was very forward-looking, and, indeed, quite unique in many ways.

That is the historic aspect. Obviously, however, there is also the geographic aspect, and we in Atlantic Canada—and our departing colleague, Senator Norrie, for whom I have the greatest admiration would agree—have always had a special relationship with the people to the south. This has not all been based on the fact that we sold them codfish and brought back rum—and there, except for nutrition's sake, we had by far the better bargain, in my opinion. We have in Atlantic Canada a race of rum drinkers, if I may use the word "race" for alliteration. I believe that the people of the four eastern provinces buy more rum—and if they buy it you may be sure they drink it—than all other spirits combined. We have, I think, the Caribbean people to thank for that.

But the situation involves more than fun in the sun and rum in the sun—both of which we find stronger than we are used to, with the possibility of what we might call short-term pain.

I am troubled, and I am sure many are troubled, about the future of our own region in Canada. We see the fulcrum of economic power moving ever westward; we see our relative strength, economically and politically, diminishing, and we

wonder what we can do. I do not have any simplistic or simple answers, but I do agree that one thing we seem to have lost is the vital reality of an earlier day when our seaward location was a good thing. It was important for us in an earlier age to be a sea-girt land. We were on the corridors of commerce. We were in a good location for important trade. Now what are we? We are the remote eastern terminal of a transportation system, and sometimes we feel we are getting more and more remote as the years go by while great development takes place elsewhere.

I do not think it is too late to re-emphasize the importance of the movement of people and goods by sea. That is why I knew, without being a shrewd businessman, or a prophet, or the son of a prophet, that when we let our merchant navy go down we were in trouble, and that when we neglected our seaports we were in even more trouble.

There are opportunities yet for important trade and the facilitation of the transport of goods and people. That is why the Atlantic region must maximize its economic advantage, which is a rule or a law of economics—one of the few things about that subject that I could really understand.

I believe that there are many things we could do in the realm of trade with our eastern seaboard. One of the best speeches that the present Prime Minister made was his address to the Saint John Board of Trade some time ago, suggesting that it was incumbent upon the people of the Canadian Atlantic region to foster and encourage north-south trade, and I re-echo that point of view.

Perhaps there is an element of the sentimental here, because we like these people, and I am very happy to see the distinguished diplomats from that area in the gallery today. I am far too emotional and sentimental a man to start talking about hard-nosed decisions. I do not like people with hard noses. But I believe that in this there is a pragmatic element which is fundamental. Some of our greatest problems in our program of external outreach have come from the fact that we have got into situations that we do not understand.

The horror stories about our various foreign programs have developed from that kind of situation, in which we do not quite understand the socio-economic pattern, as a result of which we get into trouble, our efforts are frustrated, and the people we are trying to help are bewildered. Here, in the Commonwealth Caribbean, is a group of people that we know. They know us, and, God help them, they still like us, which is quite a compliment. We know their system. Generally speaking we know their language. We have had many decades of association. More significant still, there is, in the Commonwealth Caribbean, a collection of very, very small communities with very, very large problems. Not one of them, however, has a problem or a series of problems that is so large or so monumental that Canada cannot assist it to cope with them. Some of the problems of this planet are far beyond this Dominion of Canada, no matter how wealthy it might be, and no matter how well it might be faring economically. But in the region to the south there is community after community, state after state, where our involvement and co-operation could mean the difference between a viable polity and a prosperous economy, and something very very different.

It is said, and this is the jargon of the day in external affairs departments, where there is as much jargon as in any other, that this is a destabilizing area. We read about tension and troubles and dramatic social change, and some very, very shortsighted people say, "Oh, be very careful. They are a bunch of leftists. Have nothing to do with them. You cannot trust them." That is the counsel of the faithless and the blind. They look at the beautiful little island of Grenada, for example, which is passing through such traumatic experiences, and say, "We cannot have anything to do with those people. They are accepting aid from the Cubans." Well, why wouldn't they? Is it not likely that we, in similar circumstances, would do the same? What has always troubled me is the folly of the suggestion that, when these countries are going through serious social upheaval, we should put them in a position where their only obvious friends are on the left. I feel we should affirm and reaffirm that their best friends are their old friends. This is why I am very anxious that we stay committed to these people and that we stay involved, as much as they wish us to be involved, with these communities whose political institutions are derived from the same source as our own, many of which have survived and flourished under the most vigorous assaults.

● (1530)

It is inspiring to note some of the legislatures, consisting of perhaps a dozen people, in some of the really small islands of the Caribbean, functioning with all the tradition of the "mother of Parliaments," to use a quaint expression. It seems to me that that is tremendously valuable and, I believe, worth sustaining. I believe these people will not let us down.

I was sorry that we had to be so cold to the Turks and Caicos Islands. I had the honour of leading a parliamentary delegation to those islands nine years ago. The natives were so anxious to become more closely integrated with this country, but the response from Canada was negative. It was the feeling of the Canadian government that if it could not give assistance to everyone down there, whether requested or not, that it should not give it to anyone. Probably what was asked for really was not what was needed anyway. This may not be imperialism, but it looks very much like condescension. I was not happy about that development.

I feel we should respond and assist people with their major development programs. I want to close by saying that one of the finest pieces of work done by the Senate was the exhaustive and most excellent study of Canada-Caribbean relations in a committee headed by the then distinguished senator who is now the Lieutenant Governor of Ontario, the Honourable John Aird, with the vice-chairman being our distinguished colleague, Senator Grosart. The committee's report is lauded by Caribbean scholars and statesmen far and wide. However, the subject matter of the report is now ten years old, and I believe it should be updated. Much has happened in that decade in the Commonwealth Caribbean, just as many things have happened

in our own country. I would recommend to my colleagues a reawakening of our interest in this part of the world, so close to us in geography; so bound to us in history; so meaningful to us in sentiment; and so vital to us if we want a strong, peaceful and prosperous world.

I would renew my support of the committee's recommendations that we continue to reflect this country's special links with the Commonwealth countries of the Caribbean region, and strengthen and increase dialogue on any suggestion that our neighbours may make for mutual improvement of our lots and goodwill between us.

Hon. Senators: Hear, hear.

The Hon. the Speaker: As no other senator wishes to participate, this inquiry is considered debated.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 872.*)

Table I

Loans approved under the Residential Rehabilitation Programme, Section 34.1, by province, 1974-1979

Province	1974				1975				1976			
	Loans	Units	Hostel Beds	$000	Loans	Units	Hostel Beds	$000	Loans	Units	Hostel Beds	$000
Newfoundland	135	135	—	469	264	269	—	1,020	310	377	55	1,773
Prince Edward Island	—	—	—	—	6	6	—	22	1,045	1,155	1	5,073
Nova Scotia	—	—	—	—	99	130	13	431	715	794	20	3,336
New Brunswick	—	—	—	—	378	462	—	1,214	1,554	1,898	50	6,414
Quebec	—	—	—	—	70	292	—	793	1,183	2,323	6	12,416
Ontario	152	831	437	2,225	844	1,217	224	3,383	2,081	3,133	606	12,244
Manitoba	117	134	—	401	187	265	14	764	282	400	14	1,903
Saskatchewan	—	—	—	—	658	735	15	1,770	1,460	1,538	25	4,691
Alberta	63	63	14	184	365	452	25	1,321	772	909	62	3,570
British Columbia	85	333	171	901	622	1,020	181	2,241	1,349	1,973	259	7,115
Yukon	—	—	—	—	—	—	—	—	—	—	—	—
Northwest Territories	—	—	—	—	—	—	—	—	—	—	—	—
CANADA	552	1,496	622	4,180	3,493	4,848	472	12,959	10,751	14,500	1,098	58,535

Table I (Concluded)

Loans approved under the Residential Rehabilitation Programme, Section 34.1, by province, 1974-1979

Province	1977				1978				1979				1974-1979			
	Loans	Units	Hostel Beds	$000	Loans	Units	Hostel Beds	$000	Loans	Units	Hostel Beds	$000	Loans	Units	Hostel Beds	$000
Newfoundland	583	626	23	3,188	2,196	2,238	12	9,535	2,103	2,105	—	9,920	5,591	5,750	90	25,905
Prince Edward Island	1,323	1,502	1	7,059	1,773	2,413	77	9,461	1,563	1,813	52	6,371	5,719	6,889	131	27,986
Nova Scotia	1,675	1,764	—	7,987	2,888	3,008	—	12,861	2,651	2,760	—	11,521	8,028	8,456	33	36,136
New Brunswick	1,850	2,341	39	10,362	1,927	2,183	3	9,742	2,316	2,472	206	8,756	8,025	9,356	298	36,488
Quebec	2,762	5,317	36	30,142	8,666	12,765	114	66,738	9,675	11,560	21	50,475	22,356	32,257	177	160,564
Ontario	1,928	2,828	163	11,666	1,890	2,582	64	10,866	1,539	1,961	198	7,658	8,434	12,552	1,692	48,042
Manitoba	415	467	—	1,999	535	596	—	2,550	474	488	—	2,197	2,010	2,350	28	9,814
Saskatchewan	1,769	1,913	48	6,357	2,543	2,873	78	9,419	2,223	2,337	111	8,127	8,653	9,396	277	30,364
Alberta	1,321	1,630	22	6,208	1,211	1,321	4	4,394	1,418	1,479	46	4,833	5,150	5,854	173	20,510
British Columbia	2,026	3,719	697	12,255	2,199	3,366	39	10,443	1,774	3,017	1,115	9,510	8,055	13,428	2,462	42,465
Yukon	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Northwest Territories	44	44	—	149	29	29	—	93	33	33	—	170	106	106	—	412
CANADA	15,705	22,151	1,029	97,372	25,857	33,374	391	146,102	25,769	30,025	1,749	119,538	82,127	106,394	5,361	438,686

Table II

Number of cheques issued under the Canadian Home Insulation Program, by province, by year, for the years 1977, 1978 and 1979 respectively

Province	1977		1978		1979		Cumulative Total (1977 to 1979 incl.)	
	Number of Cheques	Amount	Number of Cheques	Amount	Number of Cheques	Amount	Number of Cheques	Amount
		$		$		$		$
Newfoundland	37	8,943.	635	143,854.	7,218	2,373,968.	7,890	2,526,765.
New Brunswick	435	133,557.	3,876	1,137,019.	7,963	3,289,670.	12,274	4,560,246.
Quebec	6	1,283.	7,064	1,834,350.	22,233	7,961,600.	29,303	9,797,233.
Ontario	3,689	784,837.	32,662	7,112,002.	136,486	45,557,391.	172,837	53,454,230.
Manitoba	418	97,708.	3,146	792,255.	9,765	3,181,961.	13,329	4,071,924.
Saskatchewan	182	35,160.	1,478	318,816.	5,706	1,745,184.	7,366	2,099,160.
Alberta	—	—	2,126	466,326.	12,256	3,940,804.	14,382	4,407,130.
British Columbia	942	203,082.	4,872	1,135,770.	14,061	4,620,607.	19,875	5,959,459.
Northwest Territories	—	—	21	4,773.	51	16,100.	72	20,873.
Yukon	—	—	44	8,199.	144	42,024.	188	50,223.
CANADA	5,709	1,264,570.	55,924	12,953,364.	215,883	72,729,309.	277,516	86,947,243.

NOTE: Prince Edward Island and Nova Scotia are not included in the CHIP program. They are covered by the Home Insulation Program.

THE SENATE

Thursday, October 16, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DISTINGUISHED VISITORS IN GALLERY

The Hon. the Speaker: Honourable senators, there is in the gallery a South African delegation of senators and members of Parliament, accompanied by their Ambassador, His Excellency John J. Becker.

Hon. Senators: Hear, hear.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Copies of Order in Council P.C. 1980-2294, dated August 27, 1980, amending Parts I and II of the schedule to the *Hazardous Products Act,* pursuant to section 8(3) of the said Act, Chapter H-3, R.S.C., 1970.

CHILDHOOD EXPERIENCES AS CAUSES OF CRIMINAL BEHAVIOUR

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE TABLED

Hon. M. Lorne Bonnell: Honourable senators, I have the honour to table the report entitled "Child at Risk," a study about childhood experiences as causes of criminal behaviour, by the Standing Senate Committee on Health, Welfare and Science. With leave, I should like to make a few remarks on tabling this report.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Bonnell: Honourable senators, as Chairman of the Standing Senate Committee on Health, Welfare and Science, I am pleased and honoured to have tabled the committee's report entitled "Child at Risk." As honourable senators are aware, on March 23, 1977, during the Second Session of the Thirtieth Parliament, the committee was:

> . . . authorized to inquire into and report upon such experiences in prenatal life and early childhood as may cause personality disorders or criminal behaviour in later life and to consider and recommend such remedial and preventative measures relating thereto as may be reasonably expected to lead to a reduction in the incidence of crime and violence in society;

The subject matter was referred to a subcommittee of the Standing Senate Committee on Health, Welfare and Science, and I had the privilege of being chosen the first chairman of that subcommittee.

The first witness was called on June 30, 1977, during the Second Session of the Thirtieth Parliament. Following the retirement of Senator Ches Carter, I became the chairman of the standing committee and my good friend and colleague, Senator McGrand, became chairman of the subcommittee studying this important subject matter which was so dear to his heart.

Therefore, my first words of congratulations would have to go to Senator McGrand, for without his interest and assistance the work of the committee would have been almost impossible.

Hon. Senators: Hear, hear.

Senator Bonnell: Senator McGrand's lifelong concern about the causes of man's inhumanity, not only to his fellow man but also to other forms of life, is well known. As a country doctor in Fredericton Junction, New Brunswick, he had the unique opportunity to observe the effects of medical treatment on women during pregnancy, on their health and the future health of their children, and to study the causes and effects of the development of babies from childhood to adulthood. For many years during his public career he served his fellow New Brunswickers as Minister of Health and Social Services before being summoned to the Senate. Long before the creation of the subcommittee in search of an explanation for human violence, he began to systematically read the available literature linking the history of human violence and the development of society. It was Senator McGrand's motion in 1977 that authorized the Standing Senate Committee on Health, Welfare and Science to undertake this study.

We are all grateful to Senator McGrand for his outstanding contribution to this undertaking, and I wish to express to him the sincere gratitude of the entire committee.

In turn, honourable senators, I would like to express my own personal thanks to the committee members for the diligence and concern with which they approached this difficult subject. Without their devoted attention this report could never have been completed.

I would like to especially thank the steering committee which assisted me so greatly in their final report. The steering committee consisted of the Honourable Florence Bird, Deputy Chairman, the Honourable Fred McGrand, the Honourable Jack Marshall and the Honourable Andrew Thompson. To these senators I express my appreciation and gratitude for many, many hours of hard work, their encouragement and support.

A word of thanks is also due to our staff, both part time and full time, whose special knowledge and expertise are manifest in every page of the document. In pursuit of our mandate, our researchers reviewed all available literature on this subject; we heard briefs from outstanding authorities across Canada and throughout the United States. Testimony was received from expert witnesses in the fields of psychology, sociology, mental health, anthropology, education, criminology, family study and, of course, medicine and law.

Let me say frankly that this report does not pretend to give all the answers or to offer all the solutions to the vexing problems of neglect, abuse and deprivation. We do not have all the answers, nor do I believe that any other body of citizens has all the answers.

Well, you might ask, what have we done? We have merely touched the perimeters of the problem in the hope that a concerned and sensitive citizenry will recognize the scope of the problem and the need for action.

• (1410)

We know that the cost of maintaining people in our correctional institutions is enormous and now exceeds half a billion dollars a year.

We know that a pattern of crime begun in early life tends to perpetuate itself unless something is done about it.

We know, clearly, that the influences of childhood have some direct causal bearing on all of that, and we become alarmed when we hear that juvenile crime increased nearly 60 per cent from 1975 to 1979.

We know that many of the hazards of prenatal life and early childhood place a child at risk.

What we do not know is how the susceptibilities of those vulnerable years are translated into the violent, anti-social behaviour of later life. And it is our hope that this report will be taken seriously by social scientists, sociologists, psychiatrists, criminologists, psychologists and anthropologists. We hope that it will be taken seriously by medical personnel and other university specialists, such as philosophers and environmentalists. We hope that it will be taken seriously by those in the private sector, such as industrial psychologists and economists and other qualified citizens such as family physicians, family counsellors, teachers, social workers and others.

It is my hope and the hope of this committee that the 28 recommendations of this report will play some special role in our search for effective and preventative measures to curtail the amount of violent crime in this country and thereby add some validity to the adage that an ounce of prevention is worth a pound of cure.

Honourable senators, I found a small piece of poetry, the author of which is unknown, which I thought shone a lot of light on the subject of "Child at Risk" and which I would like to quote:

If a child lives with criticism, he learns to condemn.

If a child lives with hostility, he learns to fight.

If a child lives with fear, he learns to be apprehensive.

[Senator Bonnell.]

If a child lives with pity, he learns to feel sorry for himself.

If a child lives with encouragement, he learns to be confident.

If a child lives with jealousy, he learns to hate.

If a child lives with praise, he learns to appreciate.

If a child lives with approval, he learns to like himself.

If a child lives with recognition, he learns to have a goal.

If a child lives with fairness, he learns justice.

If a child lives with honesty, he learns what truth is.

If a child lives with friendliness, he learns that the world is a nice place in which to live.

Honourable senators, I move, seconded by Senator Marshall, that the report be placed on the order paper for further consideration next Tuesday.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

ADJOURNMENT

Hon. Léopold Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move, seconded by Senator Perrault, that when the Senate adjourns today it do stand adjourned until Tuesday next, October 21, 1980, at 8 o'clock in the evening.

Motion agreed to.

• (1415)

TRANSPORTATION OF DANGEROUS GOODS

STUDY BY TRANSPORT AND COMMUNICATIONS COMMITTEE - NOTICE OF MOTION

Hon. G. I. Smith: Honourable senators, I give notice that on Tuesday next, October 21, 1980, I will move that the Standing Senate Committee on Transport and Communications be authorized to examine and report upon the subject matter of the Transportation of Dangerous Goods Act, Chapter 36, Statutes of Canada, 1980, and any regulations that may be made thereunder.

It may seem a little strange to honourable senators that we are talking about examining a statute rather than a bill. Perhaps I may be permitted to explain now, so that honourable senators will have an opportunity to familiarize themselves with the subject before Tuesday.

Honourable senators will remember that on July 17 last, at the request of the government, particularly the Minister of Transport, the Senate was asked to give third reading to Bill C-18, to promote public safety in the transportation of dangerous goods, so that it might receive royal assent on that day, or the next day, upon the undertaking that when we reassembled in the fall the Minister of Transport would co-operate with the committee in having the committee make now the study that it would ordinarily have made of the bill before it was passed. I

have a letter confirming this from the minister. This notice, therefore, is given pursuant to that undertaking. Discussion of this matter will be found in Senate *Hansard* for July 17, 1980, at page 729. The report itself is at page 734.

QUESTION PERIOD

[*English*]

ENERGY

UTILIZATION OF OIL DRILLING RIGS

Hon. Martha P. Bielish: Honourable senators, I have a question for the Minister of State for Economic Development. A *Globe and Mail* story this morning claims that drilling rig utilization will decline from 100 per cent in 1980 to 59 per cent of capacity by December, 1981. Would the minister tell us how many rigs have already left Canada, and is the government aware of why this exodus is taking place?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will have to seek the information as to the exact number of rigs that may have left Canada. There are, of course, rigs moving both ways across the border, depending upon the drilling contracts that are let, and who gets them. Over the last several years Canadian expertise and capability in this field of activity have gone up very substantially, and, of course, Canadians are participating to a much larger degree in drilling activities in the United States. I will try to get some information as to the movement of rigs in both directions.

DOMESTIC OIL—CALCULATION OF COST OF PRODUCTION

Hon. R. James Balfour: Honourable senators, may I also pose a question to the Minister of State for Economic Development? The Minister of Energy, Mines and Resources, earlier this week, stated that the Government of Canada intends to impose a Canadian petroleum price based on the Canadian cost of production. Would the honourable gentleman indicate more precisely how his government proposes to calculate the cost of production of domestically produced oil?

• (1420)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to examine the statement made by the Minister of Energy, Mines and Resources a little more fully before making a response to the question because there may be a slightly different interpretation possible than the one that has just been made.

Senator Flynn: Several.

Senator Olson: We announced as long as nine or ten months ago that we believed that a price for Canadian energy supplies ought to be based on Canadian circumstances and not necessarily tied to decisions made outside this country, whether they are made for economic or political reasons. To that extent there is no question about it. However, in connection with the part of the preamble to the question where the word "imposed" and other words such as that are used, I am not quite sure that that is the only interpretation which can be put on the minister's statement.

Senator Flynn: There could be several interpretations.

Senator Balfour: I should like to ask a supplementary question of the honourable gentleman. The precise quotation is as follows:

> MR. LALONDE: With regard to fairness, first of all we will put a price on oil in Canada which will be related to Canadian cost of production and which will not depend on the gyrations of the international cartel, OPEC.
>
> MR. CROSBY: Why don't you call it a "made-in-Canada" price?
>
> MR. LALONDE: Yes, it will be a made-in-Canada price based on the Canadian cost of production.

We would be interested in knowing just what components will be taken into account in calculating the Canadian cost of production. More precisely, would you take into account, for example, the total exploration expenditures in Canada in seeking Canadian domestic production of oil; provincial royalties; ordinary lifting costs; and the cost of development drilling? Just what components would go into the conclusion pursuant to which you would arrive at your Canadian cost of production?

That is my question, and I think it is a straightforward question. I will understand if the honourable gentleman cannot respond to it today, but perhaps he can do so next week when he has had a chance to assemble the data.

Senator Olson: Honourable senators, I will take a little time for a more precise answer to the question. I should like to suggest to my honourable friend that apart from all the cost factors that he has mentioned, there will be another one, and that is a reasonable return on investment.

Senator Flynn: In some cases there may be a better return than in others.

EASTERN CANADA—OIL AND PETROLEUM SUPPLIES

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to pursue the question of oil supply with the Minister of State for Economic Development and draw his attention to a statement in the press today that the oil stocks in eastern Canada are still below normal. Does he agree with this statement? Does he think that normal stocks in eastern Canada will be adequate to meet the situation he might foresee in connection with the supply of this commodity?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I think at this point I should reply to questions asked by Senators Roblin and Donahoe earlier this week concerning the supplies of oil in eastern Canada by providing the latest detailed information about inventories in that region of the country.

The information which I have had prepared—and which I will table for the information of the Senate if that is agreeable to senators—provides a breakdown of crude oil and petroleum products for the Atlantic region and for Canada as at the end of August. In order that senators will be fully informed on the status of supplies, I have had the information assembled in terms of total inventory today compared to 1979, indicating the percentage increases in supplies for the same period of time in both 1979 and 1978. The table also shows the supplies of the various products in terms of days' supply this year in comparison to 1979.

● (1425)

As I stated in my remarks yesterday, we are satisfied that there are no forecasts of shortages in supplies of these products for Canada in general, nor indeed for the Atlantic region. Similarly, the International Energy Agency has recently stated that it is not forecasting oil shortages and will not invoke the sharing provisions of the international agreement.

In direct response to the question that is now put, the fact is that in the Atlantic region, for example, as of the date mentioned there were 12.714 million barrels of oil. A year ago there were 9.695 million barrels of oil, compared with 12.714 million this year, so it is up rather substantially.

There is one component in the total supplies that is down slightly, and that is the middle distillates. Crude oil is up by two million barrels, motor gasoline is up from 2.058 million barrels to 3.932 million barrels, and heavy fuel oil is also up slightly, so the validity of the story, unless it singles out one particular commodity, is questionable. The overall supply of all of these petroleum products is up.

I could also draw attention to the fact that in the overall picture for Canada, a year ago supplies were 59.230 million barrels, and today they are up to 79.720 million, so they are up very significantly in that area too.

I should also point out that, taking the Atlantic region by itself, with respect to the number of days' supply on hand, assuming no incoming supplies, a year ago there were 47 days' supply; this year there are 64 days' supply, so it is up. For all of Canada, a year ago the total number of days' supply in storage was 47 and it is now 58.

As you look over the entire chart in days and in total for the Atlantic region and for all of Canada there is no validity to that argument at all. If they are picking out one single product, namely middle distillates, they can find a slight reduction.

With honourable senators' permission, I will table this information that I have given and the honourable senator can look at it and decide whether or not the story has any credibility.

Senator Olson then tabled:

Copies of document entitled "Atlantic Canada Oil and Petroleum Product Supplies". (*English text*).

Senator Roblin: I thank the minister for providing the Senate with that information. The story I am referring to, of course, recognizes the fact that there has been an increase in supply this year. They give the figures for heating oil, diesel fuel and heavy fuel oil, and give the percentage increases, so there is no argument about that. I think what the minister might have mentioned is that 1979 was a particularly poor year for stocks, they were really run down in that year, and it does not provide me with much comfort to know that we have now run up to normal, which is what I think the minister is saying to me. He shakes his head, so he has another point of view.

Senator Olson: I do shake my head, because the table indicates very clearly that the supplies we have now are in excess of the supplies on hand in 1978 as well.

Senator Roblin: That is good to know, and I would be interested to look at those figures.

● (1430)

I am not really interested in trying to convict my honourable friend of negligence, because I do not think that charge would hold. I am looking for information, and I am looking for information which gives a picture of the degree of protection we have against these problems.

The reason I ask this question is that I think the International Energy Agency is itself engaged in making a forecast of a less favourable contingency in the future than that which has prevailed so far. I think most estimates of the supply of oil are based upon the hope that the war in the Middle East will not last very long or, if it does, it will not be very disruptive of supplies. Now opinion is beginning to form that that may be an optimistic reading of the situation, with the result that the International Energy Agency is looking into the future to see what the impact of a prolonged war would be in terms of supplies.

I presume my honourable friend will be able to tell me that Canada is taking part in that study insofar as its impact on Canada is concerned, and if he can give me an affirmative answer in that connection I shall ask him to give us the results of that study once the information is in his hands.

Senator Olson: Honourable senators, I can give an undertaking to try to obtain the results of that study. I think we can presume—although I will check this, too—that Canada is involved in that study, because certainly we are one of the partners in that international energy agreement.

As to the other part of the question, no one can predict accurately what might happen as a result of the war. Hopefully, that will settle down. There are some developments taking place in New York today that may lead to a resolution of that problem. But I do not think anyone should try to predict now what the effect of that war might be. Indeed, the fact that it may go on for some days more is of very serious concern to all recipients of oil coming out of that area. As I indicated yesterday, and in at least one other Question Period, some of the suppliers who are not dependent on that waterway have already indicated that they would increase their production to offset, to some extent, the reduced volume of oil moving through it because of the fighting that is going on in that part of the world.

Senator Roblin: Would my honourable friend be good enough to give us the amount of this extra production that is not linked to this area?

Senator Olson: Yes, I shall try to get that information. I did have some of the figures, but I am not sure that I have all of them here, or indeed whether I was viewing them in that context. I will get those figures.

THE CONSTITUTION DEBATE

MINISTER'S ALLEGED STATEMENT ON AMENDING FORMULA

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Minister of State for Economic Development. My question is not directly related to his ministerial responsibilities.

I read with interest that the minister told a group of Liberal students at the University of Alberta that he disagrees with Prime Minister Trudeau's constitutional amending formula, and agrees with the amending formula supported by Mr. Clark, the Leader of the Opposition, which I think is called the Vancouver formula as compared to the Victoria Charter.

I am wondering whether it is the intention of the minister to fight for this change in the resolution, and whether he is going to proceed with that fight so as to have the resolution amended in the other place before it is referred to committee, or perhaps while it is in committee, or when it is reported back to this chamber. I would like to know when he proposes to fight for his convictions.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I also have the news report in question in front of me, and I want to say to the Leader of the Opposition immediately and categorically that I did not say some of the things I am reported to have said. I did not say, for example, that I disagree with the Prime Minister, and I did not say a number of other things that are in there. But I did say—and perhaps the Leader of the Opposition wants to make a big thing of this—that my own personal preference—

Senator Flynn: I could hardly make a big thing out of any statement of yours.

Senator Olson: —my own personal preference would be for a formula under which no province has a veto. I suppose you could then argue on the basis of the logic that things equal to the same things are equal to each other. All this comes down to the fact that the Victoria Charter formula is a formula under which two provinces would have a veto, whereas I would prefer a formula under which no province has a veto.

The Leader of the Opposition will know, from two experiences in cabinet, that when a cabinet makes a decision, the ministers support that decision even though they may have some slightly different personal preferences. But I can tell him today, without any reservations, that I intend to support the position taken collectively by the cabinet.

Senator Flynn: A supplementary question. Has the minister decided to renounce his principles and not attempt to have the cabinet change its mind?

Senator Perrault: Oh, come on!

Senator Flynn: Come on what?

Senator Perrault: Renunciation?

Senator Olson: I do not believe I have anything to add to the rather full explanation that I gave to the Leader of the Opposition a couple of minutes ago.

Senator Perrault: Hear, hear.

Senator Flynn: I didn't expect you would, but I did want to hear you say so.

INDUSTRY

GOVERNMENT FORMS

Hon. Peter Bosa: Honourable senators, my question is for the Minister of State for Economic Development. It was announced last week that the government intends to reduce the number of forms it requires to be filed by business and industry.

My question is in two parts. First, does this come at the initiative of the federal government, or was it in response to complaints made to the federal government by industry and business? Secondly, how much saving will be effected by this reduction in the paper burden by both the federal government and business and industry? Have there been any estimates made in that regard?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I shall have to get the actual figures of the breakdown. As I recall, we anticipate there will be an annual reduction of about $200 million in the cost to business once the reduction in the paper burden that was announced last week has been in effect for a full year. By way of example, the elimination of the requirement for truckers to keep log books will result in a saving of $36 million to that industry. But the major part of the reduction in the paper burden arises from the much shorter period required for the retention of records, which is very expensive.

I do not believe we have calculated the savings accruing to the federal government itself from this reduction in the paper burden, but certainly the fact that the forms no longer have to be printed will result in a significant saving. I shall try to obtain those figures.

FOREIGN AFFAIRS

ALGERIA—AID TO EARTHQUAKE VICTIMS

Hon. Heath Macquarrie: Honourable senators, my question is for the government leader. I am wondering whether there is any further information on Canadian assistance to the earthquake victims in Algeria, and especially in reference to the most welcome information about the shipment of powdered milk announced today.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have no further information with respect to the Algerian situation.

NORTHWEST TERRITORIES

PROPOSED POLITICAL JURISDICTIONS

Hon. Jack Austin: Honourable senators, I have a question for the government leader with respect to representations which have been made to the government for the division of the Northwest Territories into two or more political jurisdictions.

● (1440)

The minister will know that the government has appointed two commissions to examine this question. The first was headed by Dr. A. W. R. Carrothers, who reported in 1966 to the then Minister of Northern Affairs and National Resources, the Honourable Arthur Laing, recommending against such a division; and last year the Honourable Bud Drury, who was a special commissioner, made, in effect, the same report on that particular question.

Can the leader advise us whether the government is today considering the representations of the Inuit Tapirisat and the representations of the Dene nation with respect to the division into two or more territories of the present Northwest Territories?

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice.

FOREIGN AFFAIRS

HELSINKI FINAL ACT—INSTRUCTIONS TO CANADIAN DELEGATION AT MADRID REVIEW CONFERENCE

Hon. G. I. Smith: Honourable senators, I should like to ask a question of the Leader of the Government. Against the background of the fact that certain East and West talks concerning a variety of subjects, including violations of human rights contrary to the Helsinki Agreement of 1975, are being held in Madrid commencing on November 11, and in view of the fact that a number of ethnic groups in Canada have urged that Canada should on this occasion speak out strongly against such violations, my question is: Has the government taken note of the views of these ethnic groups, and, if so, has it given, or is it prepared to give, instructions to the Canadian delegation to speak accordingly at Madrid?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, without wishing to interfere in the affairs of any state, the government takes the position that Principle VIII of the Helsinki Final Act commits all signatories of this agreement to respect national rights. Canadian representatives at the Madrid follow-up meeting of the Conference on Security and Co-operation in Europe will ensure that the question of the implementation of Principle VIII will be given appropriate attention.

At the Madrid meeting we will emphasize that the harassment and jailing of members of the Helsinki Monitoring Groups contravenes the spirit and the letter of the principles of the Helsinki Final Act.

[Senator Perrault.]

So far as the Soviet Union is concerned—being one of the nations accused of some harassment and infringement of human rights—we will urge that country and other participating states to live up to their undertakings as signatories to the Helsinki Final Act, particularly with respect to human rights.

Senator Smith: Honourable senators, may I ask a supplementary question? Does this mean, in effect, that Canada will draw attention to particular incidents of violations, or will it simply make a general representation to the fact that there should not be any violations? In other words, is it going to be a hard or soft sell approach?

Senator Perrault: I want to assure honourable senators that Canada has never been less than forthcoming in its defence of human rights in international forums in the past, and Canadians have made representations on behalf of specific individuals whom, it is alleged, are suffering violations of human rights. Indeed, members of this chamber were part of a parliamentary delegation that visited the Soviet Union two years ago to speak with Soviet officials concerning a number of cases of alleged restriction of human rights.

I can inform the honourable senator that the situation facing certain people has been brought to our attention, and it is expected that when opportunities present themselves representations will go forward on their behalf to those governments concerned. Those people are:

Oles Berdnyk—writer, founding member of Ukrainian Helsinki Monitoring Group. Sentenced in December, 1979, to six years of hard labour, followed by three years of internal exile.

Balys Gajauskas—long-time Catholic and nationalist dissident. Currently serving 10 years of hard labour.

Malva Landa—founding member of the Moscow Helsinki Monitoring Group and trustee of the Solzhenitsyn Fund for the aid of the families of political prisoners. Sentenced to five years of internal exile on March 26, 1980, for allegedly slandering the Soviet system.

Yuri Orlov—founding member and group leader of the Moscow Helsinki Monitoring Group. Sentenced to the maximum penalty of seven years of hard labour, followed by five years of internal exile for "anti-Soviet agitation and propaganda". Alleged to be in very poor health.

Viktoras Petkus—long-time Lithuanian Catholic activist; one of the leaders of the Supreme Committee of National Movements in Estonia, Latvia and Lithuania; founding member of Lithuanian Helsinki Monitoring Group. Sentenced in 1978 to three years in prison, seven years of hard labour and five years of internal exile for alleged "anti-Soviet agitation and propaganda."

Mykola Rudenko—poet, founding member and group leader of the Ukrainian Helsinki Monitoring Group. In 1977 sentenced in a closed trial to seven years of hard labour, followed by five years of internal exile for "anti-Soviet agitation and propaganda." Said to be in very poor health.

Anatoly Shcharansky—long-time Jewish activist and so-called "refusenik"; one of the founding members of the Moscow Helsinki Group and leading spokesman for the Jewish emigration movement. Sentenced in 1978 to three years in prison and 10 years in a labour camp for alleged "espionage" and "anti-Soviet activity."

Yuri Shukhevych—nationalist dissident; son of an anti-Soviet partisan commander. Sentenced in 1972 to 10 years of imprisonment and five years of internal exile for "anti-Soviet agitation and propaganda."

Oleksiy Tykhy—founding member Ukrainian Helsinki Monitoring Group. Sentenced in 1977 to 10 years of hard labour and five years of internal exile for "anti-Soviet agitation and propaganda." Is alleged to be in very bad health.

I want to say, on behalf of the government of this country, that we take a very deep interest in every one of these cases, and any other instance of alleged violation of human rights or violation of the spirit and the letter of the Helsinki Agreement; and at the Madrid meeting Canadian representatives will emphasize that the harassment and jailing of these and other members of the Helsinki Monitoring Groups contravenes the spirit and the letter of the principles of the Helsinki Final Act. Honourable senators and all Canadians can feel assured that the Canadian government is very aware of these alleged violations of human rights, and Canada's position will be one of a vigorous effort to work on their behalf.

Senator Smith: I thank the Leader of the Government for his informative and extensive reply. I thought I heard him say that the various instances which he enumerated will be the subject of representation by the Canadian delegation at the Madrid meeting, to which we have been referring. Did I understand him correctly?

Senator Perrault: Cases such as these will most certainly be brought to the attention of those governments concerned during the conference in Madrid by Canadian representatives there. In addition, honourable senators are aware of the fact that a parliamentary review committee was formed some time ago. It is chaired by Mr. Caccia of the other place, and includes Senate representation. The committee has been hearing representations from ethnic groups prior to the forthcoming Madrid conference, and it is my understanding that all of the delegates to that conference are fully prepared to focus attention on the plight of these and other people whom, it is alleged, have had their human rights violated. In this respect, I would turn for confirmation to Senator Haidasz and Senator Thompson who, among other senators, have demonstrated a long-time interest in the problem of human rights violations throughout the world.

THE CONSTITUTION DEBATE

LEGALITY OF PROPOSED RESOLUTION

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the government leader. Yesterday I asked if it was the intention of the government to submit to the Supreme Court the question of the legality and constitutionality of the resolution it is proposed we send to Westminster, its amending formula, and the Charter of Rights which it contains. Yesterday the Prime Minister dismissed the idea with the argument that this was a political debate.

I would like the government leader to say if it is the view of the government that, when there is a political connotation attached to a legal problem, that legal problem cannot be submitted to the Supreme Court. Can he amplify, explain or interpret what the Prime Minister really intended to say?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, as I stated yesterday, the government is firmly convinced that it is proceeding in a legal manner. Further, we intend to proceed with the parliamentary schedule which has been established. The motion is under debate in the House of Commons, and I understand it will be a few days more before we can expect the message. The government intends to proceed with the debating schedule established.

• (1450)

As far as the legal implications of the honourable leader's question are concerned, I am not prepared to offer a legal opinion.

Senator Flynn: And I hope you never will. I did not ask for that. I was asking you to justify the validity of the argument that when there is a political aspect to a question the legal aspect cannot be submitted to a court. That was my question. Believe me, I wasn't asking you for a legal opinion. What I am trying to establish is whether the Leader of the Government is aware that when he tells me that the government is certain about the legality of its position he simply dismisses the opinion of seven, if not all, of the premiers, and many, many experts in constitutional matters who have not only expressed doubts as to the constitutionality of the resolution, but have also in many cases said it was clearly against the legal way of proceeding in this respect, especially when you bear in mind the decision of the Supreme Court in relation to the reference of the Senate provisions of Bill C-60. I am quite sure that legal experts like Senator Goldenberg, for instance, would have some reservations about that and would not entirely support the position of the government.

Senator Perrault: All I can suggest to the Leader of the Opposition is that he may wish to contact Mr. Yves Pratte, and request of him that the Honourable the Leader of the Opposition be called as an expert witness, or that his talents be employed in some other fashion, when the case comes before the courts.

Senator Flynn: You do not have legal experts appearing before the courts. That is something you should know. You should have spoken with Senator Goldenberg before replying as you just did.

[*Translation*]

IRAQI-IRANIAN WAR

SAFETY OF CANADIANS IN REGION

Hon. Fernand-E. Leblanc: Honourable senators, my question is for the Leader of the Government. It concerns the conflict or the war between Iran and Iraq.

As you are aware, a great number of Canadians, including my son, are now in Saudi Arabia working for Bell Canada. I had a phone call at noon today telling me that they are concerned about whether or not the government has arranged for their evacuation, since Saudi Arabia has taken a position in favour of Iraq and Iraqi airplanes are now flying regularly over Saudi Arabia and landing at its airports. Canadians over there are worried and wonder if an emergency evacuation plan has been developed, since we know how quickly this problem can become urgent.

[*English*]

Senator Perrault: Honourable senators, I have endeavoured to keep the Senate advised on a day-by-day basis with respect to the situation. The last reports received by me from the Office of the Secretary of State for External Affairs indicated that Canadian nationals there are in no immediate danger. However, I shall endeavour to secure an up-to-the-minute report as soon as possible. I shall contact my office in an attempt to find out if there is any updated information. I can understand the honourable senator's personal anxiety in addition to his general concern about the situation.

I can say in a general way that we support Security Council resolution 479 of September 28, which calls for a mediated settlement. If it is continued, the war could interrupt oil supplies and destabilize the Middle East region. This is the general policy position which I emphasize. Shipping through the Straits of Hormuz must not be disrupted. Tanker traffic is at present moving fairly normally, and the threat of closure of the strait has receded somewhat but only an end to hostilities will guarantee that war does not spread.

There appears to be no obvious role for Canada in mediating a ceasefire. As I have said previously in this chamber, Islamic countries are best placed to effect this. We still seek room for an impartial international commission to arbitrate the Iran-Iraq boundary. There are talks going ahead in New York today. But as far as the continued safety of Canadian nationals is concerned, information will be secured just as quickly as possible.

[*Translation*]

Senator Leblanc: I have been informed that the United States have already developed emergency plans to evacuate American citizens from Saudi Arabia. I believe that our own Department of External Affairs must also be studying various options. However, to reassure the Canadians over there, I believe it would be proper to give them some assurance that there will be no problem if the conflict extends to Saudi Arabia.

Senator Flynn: I agree.

[*English*]

Senator Perrault: The situation is being monitored and I understand that at this moment a telephone call is being placed. If information becomes available in the next few minutes I shall seek leave to present it.

[Senator Leblanc.]

ENERGY

AVAILABILITY OF SURPLUS ALBERTA GAS TO EASTERN CANADA

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to reply to a question asked by Senator Smith during the Question Period on October 15 concerning supplies of surplus Alberta natural gas for the proposed Q and M pipeline to the maritime provinces and the effect of the recently announced contract for gas exports to the northeastern United States.

TransCanada Pipelines (TCPL) announced on Tuesday that it has signed a natural gas sales contract with Boundary Gas Inc. in the United States for export of up to 185 million cubic feet per day of gas over a ten-year period. This contract is, of course, subject to regulatory approval in both Canada and the United States. TCPL has not yet applied to the National Energy Board for an export permit.

I would further like to point out that to date the NEB has assigned all exportable gas to exporters. Before any additional exports would be approved the government would have to be satisfied that gas reserves are surplus to domestic long-term requirements, and this, of course, would include requirements for eastern Canada.

The board will begin hearings on total energy supply and demand in early November. It is expected that the findings would be available early next year, at which time the government would be in a position to determine whether the public interest would be served by the export of additional energy, including gas.

INDUSTRY

ASSISTANCE TO SYDNEY STEEL CORPORATION

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should also like to reply to Senator Muir's question of October 15 regarding federal assistance to the Sydney Steel Corporation.

Honourable senators will be aware that a task force has been struck to develop a business plan for the future operation of the steel plant in Sydney. The task force is expected to complete its report in approximately two weeks. Upon receipt of the report, the federal government will then be in a position to study it and respond.

I would like to take this opportunity to assure Senator Muir that the commitment made by the Government of Canada to the Government of Nova Scotia to provide $50 million in support of modernization of the Sydney Steel plant still stands. I am sure the honourable senator will agree with the Deputy Prime Minister's comments in the other place that the best course of action we should take on this matter is to wait until we have a completed report or plan that fully addresses all aspects of the plant's present and future potential so that when new moneys are spent we will have some assurance that that will result in a viable and certain future for Sysco.

• (1500)

GOVERNMENT FORMS

Hon. H. A. Olson (Minister of State for Economic Development): I have one more delayed answer, and it is to the question Senator Bosa asked earlier today.

The other part of Senator Bosa's question was whether the government had initiated the action to reduce the paper burden. The answer to that question is that the government did, in fact, initiate that action, but that a lot of the action was taken in response to complaints and suggestions that came from business and industry across the country.

THE CONSTITUTION DEBATE

INTERPRETATION OF SECTION 44 OF PROPOSED CONSTITUTION ACT, 1980—ACCEPTANCE OF RESOLUTION BY BRITISH GOVERNMENT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Riley on October 7, and by Senator Asselin on October 8, 1980, concerning the alleged length of the meeting of the Honourable John Roberts and the Honourable Mark MacGuigan with the Right Honourable the Prime Minister of Great Britain. The reports that the ministers in question met with the Right Honourable Margaret Thatcher for only four-and-a-half minutes are false and untrue. The Honourable John Roberts and the Honourable Mark MacGuigan met with Mrs. Thatcher for nearly an hour, and with Her Majesty the Queen for 90 minutes.

I understand the meetings were very productive.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Roblin on July 14, 1980, and again on October 15, 1980, concerning the production of written assurances from the Government of the United States relating to the Garrison Dam project.

As of today, the Government of Canada has received no written assurances from the Government of the United States. Canada has, however, received high level verbal assurances. The diplomatic note which Canada sent to the United States on October 1 asked for written assurances, but no formal answer has yet been received from the U.S. State Department.

SMALL LOANS ACT CRIMINAL CODE

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Barrow, seconded by the Honourable Senator Riley, for the second reading of the Bill C-44, intituled: "An Act to amend the Small Loans Act and to provide for its repeal and to amend the Criminal Code". (*Honourable Senator Barrow*).

The Hon. the Speaker: Honourable senators, it has been moved by Senator Barrow, seconded by Senator Riley, that this bill be read a second time.

Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Léopold Langlois: Honourable senators, I move that this bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I mentioned during the second reading debate that possibly this bill should first be referred to the Standing Senate Committee on Banking, Trade and Commerce, and then to the Standing Senate Committee on Legal and Constitutional Affairs, because it provides for an amendment to the Criminal Code. It now seems to me that that should be done in the reverse order, since this proposed new section of the Criminal Code is supposed to replace in some manner the provisions of the Small Loans Act. Therefore, I would suggest at this time that perhaps the Standing Senate Committee on Banking, Trade and Commerce should seek the approval, or the opinion, of the Standing Senate Committee on Legal and Constitutional Affairs before dealing with the abrogation of the Small Loans Act.

Hon. H. Carl Goldenberg: If honourable senators are agreed, I will discuss this with the Chairman of the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

The Senate adjourned until Tuesday, October 21, at 8 p.m.

THE SENATE

Tuesday, October 21, 1980

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Copies of document entitled "Public Opinion Surveys Conducted or Planned Since March 1979" issued by the Privy Council Office.

Report of Canadian Arsenals Limited, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1980, pursuant to section 75(3) and 77(3) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

Statement showing Classification of Deposit Liabilities Payable in Canadian Currency of the Chartered Banks of Canada as at April 30, 1980, pursuant to section 119(1) of the *Bank Act,* Chapter B-1, R.S.C., 1970.

Report of the Administrator of the Maritime Pollution Claims Fund for the fiscal year ended March 31, 1980, pursuant to section 747 of the *Canada Shipping Act,* Chapter S-9, as amended by Chapter 27 (2nd Supplement), R.S.C., 1970.

Report of the Canadian Centre for Occupational Health and Safety, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1979, pursuant to section 21 of the *Canadian Centre for Occupational Health and Safety Act,* Chapter 29, Statutes of Canada, 1977-78.

Report on the administration of the *Canada Assistance Plan* for the fiscal year ended March 31, 1978, pursuant to section 19, Chapter C-1, R.S.C., 1970.

Report of the National Museums of Canada, including accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1980, pursuant to section 22 of the *National Museums Act,* Chapter N-12, R.S.C., 1970.

Report on the administration of Part I of the *Royal Canadian Mounted Police Superannuation Act* for the fiscal year ended March 31, 1980, pursuant to section 26 of the said Act, Chapter R-11, R.S.C., 1970.

Report of the Department of National Revenue containing Tables and Statements relative to Customs, Excise and Taxation for the fiscal year ended March 31, 1980, pursuant to section 5 of the *Department of National Revenue Act,* Chapter N-15, R.S.C., 1970.

Report of the Canada Employment and Immigration Commission and Department of Employment and Immigration for the fiscal year ending March 31, 1980, pursuant to sections 6, 14(2) and 14(3) of the *Employment and Immigration Reorganization Act,* Chapter 54, Statutes of Canada, 1976-77.

Report of the Canada Employment and Immigration Advisory Council for the 1979 calendar year, pursuant to section 21(2) of the *Employment and Immigration Advisory Council Act,* Chapter 54, Statutes of Canada, 1976-77.

PUBLIC OPINION SURVEYS—QUESTION OF PRIVILEGE

Hon. Jack Marshall: Honourable senators, I rise on a question of privilege respecting the tabling of the document entitled "Public Opinion Surveys." Yesterday I called the contact persons in at least eight government departments or agencies, and in the majority of cases the contact person did not know he was the contact person. In one case I was given four different telephone numbers to call.

Can the Leader of the Government ensure that senators who want some of these public opinion surveys will be informed as to which department they should call and which person should be contacted? Would he also recommend another public opinion survey which would give information on who should be contacted in order to get this information to the public?

Hon. Raymond J. Perrault (Leader of the Government): The honourable senator's surprising proposal that we commission yet another inquiry will certainly be taken under advisement.

Senator Flynn: You will probably do it too.

Senator Perrault: However, the surveys tabled this evening should be accessible to the honourable senator. If the honourable senator has any difficulty obtaining information from one of the government departments, may I suggest that he particularize? Let him set forth the specific nature of his inquiry, and I shall certainly do everything I can to facilitate an early answer.

• (2005)

NORTHERN PIPELINE

REPORT OF COMMITTEE PRESENTED

Hon. Earl A. Hastings, Chairman of the Special Committee of the Senate on the Northern Pipeline, presented the following report:

Your committee recommends that its quorum be reduced to five members.

Respectfully submitted,

EARL A. HASTINGS
Chairman

The Hon. the Speaker: When shall this report be taken into consideration?

Senator Flynn: Not tonight. We have to think about it.

Senator Asselin: It is too important.

Senator Buckwold: The opposition needs time to think about it.

Senator Hastings moved that the report be placed on the Orders of the Day for consideration on Thursday next.

Motion agreed to.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1) (a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting tomorrow, Wednesday, October 22, 1980, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

● (2010)

QUESTION PERIOD

[*English*]

THE CONSTITUTION DEBATE

CORRESPONDENCE BETWEEN LEADER OF NEW DEMOCRATIC PARTY AND THE PRIME MINISTER

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government. I understand that the Prime Minister has received a letter from Mr. Broadbent, the Leader of the New Democratic Party asking—did Senator Guay not understand?

Hon. Joseph-Philippe Guay: I am listening to you.

Senator Flynn: If I might be allowed to finish, and if the honourable senator will keep quiet in the meantime—

Senator Guay: You are taking a long time to get it out.

Senator Flynn: You always take a long time to understand.

Senator Guay: I do understand when something makes sense.

Senator Flynn: I doubt it very much, and I am not the only one. I would ask the honourable senator once more to keep quiet. I know he has a loud voice, but when I have the floor he shouldn't interrupt.

Senator Guay: On a point of order, I don't mind the Leader of the Opposition speaking out of turn but his ears must be wobbling, because he is surely picking the wrong party this time.

The Hon. the Speaker: Senator Flynn, do you have a question?

Senator Flynn: I certainly could not have made a mistake of that magnitude. There is only one voice like Senator Guay's.

The Hon. the Speaker: Question.

Senator Flynn: I was referring to a letter sent to the Prime Minister by Mr. Broadbent suggesting some amendment to the resolution concerning constitutional reform. I was wondering if a reply had been given by the Prime Minister and what the nature of that reply was.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have been advised that there has been a heartening exchange of correspondence between the Right Honourable the Prime Minister and the Leader of the New Democratic Party, Mr. Broadbent.

Senator Asselin: His best friend.

Senator Perrault: I do not have copies of the letters immediately available. It may be that the Prime Minister may wish to make a statement on the subject at some point in the next few hours—

Senator Asselin: You should have one copy because you represent the government in the Senate.

Senator Perrault: —and if it is possible to bring a statement to the Senate, I will do so.

Senator Flynn: Are you saying that you have not yet received a copy of the Prime Minister's reply?

Senator Perrault: I do not have a copy of the letter attributed to Mr. Broadbent, nor do I have a copy of a reply which is reported to have been sent to Mr. Broadbent by the Prime Minister. I understand that an exchange of letters has been made, but I do not have those documents on my desk.

[*Translation*]

Hon. Martial Asselin: Honourable senators, I have a supplementary question. If the letter sent to Mr. Broadbent deals with the resolution currently before the house, why does the Prime Minister extend such preferential treatment to Mr. Broadbent instead of making an announcement to the house or Parliament if it has to do with an amendment to the resolution before Parliament?

[*English*]

Senator Perrault: Honourable senators, surely nothing precludes the Prime Minister of Canada writing to the leader of any party or the leader of any other party writing to the Right

Honourable the Prime Minister. This was not an exchange of official documents. These were letters written by one party leader to the Right Honourable the Prime Minister. I understand that it related to the subject of natural resources. I understand the exchange has been completed in the past hour or so. The document has not yet arrived. That is all that I can say at this time.

Senator Flynn: Could I ask the Leader of the Government if he subscribed in advance to whatever undertaking the Prime Minister would make?

Senator Perrault: It would be unwise for me to comment on the contents of a letter which I have not yet seen personally; but I understand that it was a very encouraging exchange of letters, in which a degree of accord was achieved.

● (2015)

Senator Flynn: I am asking about your own accord, and that of your two colleagues sitting next to you. Did you agree in advance to whatever undertaking has been made?

Senator Asselin: Senator Argue is laughing.

Senator Argue: Solidarity forever.

Senator Asselin: A socialist.

Senator Perrault: I know my colleagues will want to speak for themselves, but I have never signed a policy blank cheque in my entire life, and I have not done so in this case.

Senator Murray: In view of the fact that copies of the correspondence in question have been available to the parliamentary press gallery for some time today, one can only regret and deplore the fact that the minister, who is Leader of the Government in the Senate, has not been given the same courtesy as the press gallery was given by the Prime Minister. Will the minister, however, say whether in fact a decision has been made by the government to accept certain amendments to the proposed resolution?

Senator Perrault: The government said at the outset that constructive initiatives would be considered carefully, and amendments would be considered if they served the public interest. The government takes the position that amendments should be made if they mean improved legislation and if they serve, as well, to meet more effectively the needs of the Canadian people.

Senator Murray: The minister knows the question that I was asking. I will repeat it and perhaps make it more precise. Has the government decided to accept amendments to the proposed resolution covering the area of natural resources and indirect taxation, to name two? Has the government made a decision on this matter?

Senator Perrault: Honourable senators, I am prepared to make a statement on that subject later this evening. I do not have available to me a document that is supposed to be on its way over to me at this time.

[Senator Perrault.]

PROCEDURE RESPECTING REPORT OF PROPOSED SPECIAL JOINT COMMITTEE

Hon. George J. McIlraith: Honourable senators, I would like to raise a matter that I hope will be of interest to honourable senators.

If we examine the motion now before the other place relating to the Constitution, we will notice that it is to the effect that a special joint committee of the Senate and the House of Commons be set up. The last paragraph of the motion reads:

> That a Message be sent to the Senate requesting that House to unite with this House for the above purpose—

And so on.

The point I want to raise is this. Although what I have just read is in the traditional form of a motion, the form of the particular resolution that will be considered by this house when the message comes to us from the other place will be similar to the resolution in the other place. The resolution itself, however, that will be before the committee, if and when it is set up, contains in it a draft bill with many clauses. The procedure here in an ordinary case of consideration of a report from a joint committee of the houses would be to move concurrence in the report. In the event there is no concurrence in the report, and the report of the committee is neither accepted nor rejected, but there is a wish to amend any of the clauses in the resolution, presumably the procedure would be to return the report to the committee with an instruction from the Senate to amend the particular clause or to strike it out. That, of course, cannot take place in this instance because the committee is not a standing committee but a special committee. It is also a joint committee, and for two reasons the ordinary procedure cannot take place. One reason is that since it is a special committee it will be *functus* and will not be in existence. The second reason is that there is no way, as far as I can see, that one house can instruct the members of another house what to do. It just cannot be done.

● (2020)

That being so, the traditional procedure cannot be used, and I would like the Leader of the Government, or his deputy, to take the matter under consideration with a view to clarifying what our procedure will be in the event that the committee makes a report which the Senate wishes to amend in any particular way. What will be the form of our procedure? It may involve providing special rules of procedure for the particular resolution containing a draft bill that will come before us, or there may be some other procedures that I am not aware of that are readily available. Would the leader inform the Senate the procedure to be followed when the joint committee reports to the Senate?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the matter is under consideration at the present time and the helpful remarks of the honourable senator will be taken into consideration as well.

[*Translation*]

CORRESPONDENCE BETWEEN LEADER OF THE NEW DEMOCRATIC PARTY AND THE PRIME MINISTER

Hon. Arthur Tremblay: Honourable senators, my question is directed to the government leader and I think that in a way it is the continuation of the one that has been so aptly asked by our colleague.

I would simply like to know how, in our proceedings, in total accordance with our procedures, beyond, outside and within what is officially before us, a proposed resolution containing a motion for the establishment of a joint committee to study that proposed resolution—or the one the government leader put forward so that we could examine it before the proposed resolution comes to us—I would simply like to know how we shall be decently dealing with the trade-offs that will occur in the meantime, such as the current one we have just learned about through the exchange of letters that the office of the Prime Minister gave to the press earlier?

I recall that at some point during the Constitution conference the Right Hon. Prime Minister himself had a good laugh at the trade-off between a barrel of oil and a barrel of fish, for instance, to show that the issue extended far beyond trade-offs. Judging from the two letters that were given to the press earlier and which we have before us, this is indeed a trade-off.

How shall we deal with trade-offs within the limits of our procedures? I think my question follows those our colleague asked a moment ago.

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I am somewhat mystified by Senator Tremblay's observations. Perhaps I misunderstood what he was endeavouring to communicate. There is now on our order paper an inquiry with respect to the proposed constitutional package, and I am sure that many honourable senators would be more than pleased to hear Senator Tremblay's views. He would feel free to discuss every aspect of the documents tabled in the Senate a few days ago relating to constitutional amendment, and in the context of the inquiry he could certainly discuss the correspondence between the Right Honourable the Prime Minister and Mr. Broadbent and any other aspect of the constitutional dialogue. We would welcome his participation in this debate. Indeed I know that the supporters of the government value the honourable senator's opinions very highly. We would be more than delighted to hear him speak to us this evening.

● (2025)

The honourable senator asks the question, "How shall we proceed?" It seems to me that a good starting point would be for as many opposition senators as possible who have been critical of certain aspects of the constitutional reform proposals to participate in the debate. An inquiry is before the Senate. May we hear their views? As I have said, surely this is a useful starting point.

Senator Tremblay: I have a supplementary question. I have the feeling that the Leader of the Government, because I have not expressed myself clearly, I suppose, has not understood that, in fact, I was not raising a question about the content of any resolution, but about the decency of introducing other matters in the debate, matters which are not in the resolution or any other document that has been presented to us.

We have here a new element. We have a trading-off approach by the government in those two letters. Shall we discuss that as an approach? There is some sort of immorality there. That is why my question was, in fact, a question about decent behaviour. The Leader of the Government just invited me to discuss the content of what was already there, but that is a new element which brings in the question of decency and proper behaviour. Should trade-offs take place at the same time as we have our debate on a so-called resolution? Should basic and more significant things be taking place elsewhere? I would just like to behave correctly in terms of our procedures and in terms of decent behaviour.

Some Hon. Senators: Hear, hear.

Senator Perrault: The honourable senator states that he would like to behave correctly as a participant in the activities of this chamber. Of course, we have no doubt on that account at all; he always has conducted himself with the highest standard of decorum. But let me ask honourable senators a question. It has been suggested that some impropriety has been committed by the Prime Minister in that he has exchanged certain important letters with the Leader of the New Democratic Party in respect to the clarification of certain sections of the constitutional package relating to resources. The other day the Leader of the Official Opposition, the Honourable Joseph Clark—

Some Hon. Senators: The Right Honourable Joseph Clark.

Senator Perrault: —suggested that there was some clarification required of the sections relating to referenda generally and a so-called "people's referendum section" in the Constitution. It has been suggested by certain supporters of the government that perhaps those sections should be clarified through amendment to make certain that the intent of the government is expressed adequately in the legislation proposed. Can that process be dismissed as "trading-off" or "bargaining"?

● (2030)

It seems to me the entire parliamentary process is one of bargaining and accommodation, and attempting to achieve a consensus on a number of key points. Surely, this is the very essence of the parliamentary system. It certainly has been for the number of years I have been associated with it, and I am sure that has been the case for all parliamentarians who have been in this chamber for some time, or in the other place or some other assembly. There is nothing wrong in the procedure of compromise; nothing wrong with the process of attempting to achieve a consensus.

I stated the other evening, honourable senators, that it seemed to me that the most desirable achievement from this process of dialogue in which we are all engaged, or should be all engaged, would be a substantial national consensus, which could be brought to Westminster so that the British Parlia-

ment and Her Gracious Majesty the Queen could feel that our joint address does represent a preponderance of Canadian public opinion. And if it requires flexibility on the part of this government to accommodate some of the concerns of Canadians, whether they are New Democrats or members of the Progressive Conservative Party or any other party, this is the kind of government that will be flexible in order to achieve the best results.

Some Hon. Senators: Hear, hear.

Some Hon. Senators: Oh, oh.

Senator Donahoe: Hear, hear! It will be flexible all right.

Senator Tremblay: The Leader of the Government has alluded to the stand taken by the Leader of the Opposition in the other chamber. In fact, the Leader of the Opposition has said that section 42 and other parts of the proposed Constitution Act, 1980 cannot be accepted in terms of a federal country. On that point we will not have any flexibility. We will not trade off the federal system.

The trading off is in there in those letters. It is not a question of the federation.

[*Translation*]

This is surely a less lofty issue, it is the "trade-off" of the specific things, oil barrels, this or that, specifically those things to which the Prime Minister has already referred, saying that we should not be satisfied with those mundane transactions but look beyond. Referring to the position taken by the Leader of the Opposition in the House of Commons, the leader of the Government meant more essential matters, involving the federal system itself. And on that issue, not only do we not want to be flexible but we pride ourselves that we are not, and if the government is flexible enough to compromise about the federal system itself, as is the case in the resolution, we are going to object. We are adamant on that point. We wish to preserve a Canadian federation and not bring on a unitary state. We will not yield on that issue. If that kind of flexibility is the principle governing the government, as for us, we will remain intransigent.

[*English*]

Senator Frith: That is a question?

Senator Perrault: Honourable senators, I am sure we are all pleased that the honourable senator has, in fact, made his speech, and we have enjoyed hearing his comments, although they were not made as part of the inquiry debate on the Constitution. However, if the letter of the Right Honourable the Prime Minister to the Leader of the New Democratic Party is so controversial—

Senator Asselin: Have you got it?

Senator Perrault: Let me read it to honourable senators who have not seen it.

Dear Mr. Broadbent,

I have received your letter of October 20 in which you express your intention—

[Senator Perrault.]

Honourable senators, do I detect an unwillingness to listen to these words? Will they be embarrassing to the opposition?

An Hon. Senator: They have asked for it, but they don't want it.

Senator Perrault: Well, you know, if you can't stand the heat, get out of the kitchen. Let me start again:

Dear Mr. Broadbent,

I have received your letter of October 20 in which you express your intention and that of the New Democratic Party to support in the House of Commons the "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada."

• (2035)

I am very pleased that you recognize the need at this time for action by Parliament to patriate the Constitution, to entrench certain fundamental rights, to entrench the principle of equalization, and to enshrine minority language education rights. I agree with you that it is desirable that the constitutional package have the broadest possible support in Parliament and in the country.

Honourable senators, I stated that a moment ago. That is the position of the government:

You stress in your letter the importance you attach to the confirmation of the right of provinces to manage and control their resources, the right of the provinces to levy indirect taxation on resources, and to share a concurrent power with federal paramountcy with respect to interprovincial trade in resources. I agree with you that some change for the proposed Resolution with respect to resources will increase the support for the package both in Parliament and in the country. I am, therefore, prepared to deal with this particular issue at this time.

In fact, the points you raise with respect to resources were among those put forward by the Minister of Justice in his opening statement last July at the first meeting of the Continuing Committee of Ministers on the Constitution. I repeated them in September at the First Ministers' Conference.

That is another example, honourable senators, of the flexibility that the national government has demonstrated to the entire process:

The Prime Minister continues:

Of course, during the course of the constitutional negotiations over the summer, we put forward a number of suggested changes. Those relating to resources were expressly acceptable to us only on the condition that agreement be reached to entrench in the Constitution certain basic principles of the economic union.

Accordingly, the type of amendment which I would be prepared to accept would be one which makes specific provision that the increased provincial power could only be exercised in a way that does not allow a province to discriminate against other parts of Canada. Therefore, I would be prepared to accept an amendment which you or

one of your Colleagues may propose in Committee which would:

(1) confirm the jurisdiction of the provinces with respect to exploration, development, conservation, and management of non-renewable natural resources and forestry resources in the province including the making of laws in relation to the primary production from such resources;

(2) give the provinces concurrent jurisdiction in interprovincial trade in non-renewable resources subject to full federal paramountcy and subject to a clause which would prohibit discrimination in prices or in supplies of resources exported from the province to another part of Canada;

(3) give the provinces the right to levy indirect taxation in non-renewable resources as long as such taxation does not discriminate between the province and other parts of Canada.

Yours sincerely,
P. E. Trudeau.

Honourable senators, that is a constructive forthcoming letter written in the spirit which has imbued every one of the government's efforts in this constitutional dialogue, and that is to attempt to clarify and to improve the constitutional package without sacrificing any of the fundamental principles.

Hon. G. I. Smith: Honourable senators, I wonder if I could prevail upon the Leader of the Government to read again a sentence which I am not sure I appreciated. I think it has to do with concurrent jurisdiction over certain things, including interprovincial trade. I am not clear whether that concurrent jurisdiction relating to interprovincial trade concerns only resources or whether it was modified in some way.

● (2040)

Senator Perrault: I felt that that would bring some happiness to the Honourable Senator Smith. I will read it again:

2) give the provinces concurrent jurisdiction in interprovincial trade in non-renewable resources subject to full federal paramountcy and subject to a clause which would prohibit discrimination in prices or in supplies of resources exported from the province to another part of Canada.

I express the personal hope that this is the kind of letter that will win a great deal of support from the provinces across the country.

[*Translation*]

Senator Tremblay: I have a question that touches upon the topic we have now been dealing with for a while but which concerns more directly the conduct of our business.

Are we to understand, in view of the trade-off between the Right Hon. Prime Minister of Canada and the leader of one of the parties of the opposition—whose relations with one particular province are public knowledge, that the resolution could be amended in the House of Commons so as to include the conclusions of that trade-off. Or are we to take it for granted, in view of the type of letters we will deal with in committee, that the conclusions of the trade-off are to be treated as an official amendment to the resolution that has already been accepted by the government?

[*English*]

Senator Perrault: Honourable senators, surely that is a decision for the committee itself to make. Those honourable senators who are members of the committee will have full opportunity to discuss the initiatives that are going to come from the New Democratic Party members of the committee. The committee will write its report, and if a majority of committee members believe that these are the types of amendments that they would like to see made to the bill which is part of the so-called constitutional package, then that fact will be reported to the House of Commons, and the House of Commons will then presumably make its decision.

Senator Tremblay: And shall we as the Senate make our decision at the same time, or will the decision of the House of Commons be the final resolution of the question?

Senator Perrault: The Senate, in due course, will have an opportunity to debate those measures and to participate in the decision-making process, as has been the case since Confederation.

Senator Tremblay: I have a further supplementary. Will that be on the basis of the present powers of the Senate, or will it be under section 44 of the proposed Constitution Act, 1980, pursuant to which we would have only a suspensive veto.

Senator Perrault: Honourable senators, the constitutional package is not in effect as yet, so of course section 44 would not apply to the debate that will ensue.

Senator Tremblay: I am glad to hear that.

INDUSTRY

GOVERNMENT ASSISTANCE TO MASSEY-FERGUSON LIMITED

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development relating to Massey-Ferguson Limited and the efforts to revitalize that firm. There have been some newspaper reports which I think should be commented on. I do not know whether they are accurate or not, and perhaps the minister can help me.

There was an announcement yesterday of a package put together by the Government of Canada and the Government of Ontario in an effort to help Massey-Ferguson Limited. That package, I understand, is conditional on the agreement of the Canadian Imperial Bank of Commerce to lower the rate of interest it charges Massey-Ferguson and to postpone debt payments.

When it insisted on this condition, did the government know that the Canadian Imperial Bank of Commerce was willing to comply? In other words, was the Canadian Imperial Bank of

Commerce privy to this, or is it something that has simply been thrown on the table for the bank to consider in public?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, as Senator Doody knows, the Canadian Imperial Bank of Commerce is one of the large creditors of Massey-Ferguson Limited, and certainly it is one of the leading banks in Canada. There is a package of refinancing that the government would like to see in place, and obviously that would include the Canadian Imperial Bank of Commerce. Whether the bank will lower its interest rates or engage in some other form of assistance in this refinancing package will, of course, have to be looked at.

The announcement was that the Government of Canada and the Government of Ontario would be prepared to provide some assurances by way of underwriting some of the new financing required to put Massey-Ferguson into a viable condition. I do not think it would be wise to speculate on what that package is, although it is clear from the press release, and the subsequent press conference held by the Minister of Industry, Trade and Commerce, that the offer of government assurances, at this point in time, at least, is dependent upon private industry or private investors putting together a refinancing package that appears to bring the company into a viable position.

Senator Doody: I have a supplementary, honourable senators.

I suggest that perhaps it would be of some benefit to speculate on the conditions of the financing package. It is my understanding from what I see that the governments are, in effect, guaranteeing the purchasers of a new issue of stock or debentures, or some sort of security in the company, that they will not lose money on such a purchase. In other words, if the public takes up this new stock issue, or subsequent stock issues, the governments, as I understand it, will undertake to see that they do not lose financially from such an investment. I am wondering whether this will apply to only new investors in the company, or whether present equity holders, present shareholders, will get the same sort of guarantee.

Obviously, I am very interested, because if the governments are going to guarantee the new shares, I would like to buy some; if they are not, then obviously I do not want to get involved. The information that is available now is not sufficiently broad, wide, or detailed to allow me to invest my meager savings in this government-guaranteed operation.

Senator Olson: If the honourable senator is interested in making that kind of an investment, I think he would be wise to discuss it with the team from Massey-Ferguson and some of the banks which have a great deal of money invested. After he has looked at the package, he can then make his own decision as to whether or not it is an investment for his purposes.

What the government is interested in doing is assisting a total recapitalization, or sufficient recapitalization, of Massey-Ferguson Limited so that it can continue as a viable Canadian company, thereby protecting the jobs of over 6,000 workers and a rather large and effective network of distributors and dealers across this country.

[Senator Doody.]

Senator Doody: I have a further supplementary, honourable senators. I get more confused by the minute—which is probably why I should not get involved in discussions of this nature, and why I ask the minister's advice within the confines of the house.

The minister spoke about a major total refinancing of the company. I understand it has outstanding debts right now amounting to approximately $2 billion, and that it desperately needs some $600 million to keep going. What I have heard and read indicates that the Government of Canada may consider guaranteeing new stock purchases to the extent of $100 million, and the Government of Ontario might guarantee $50 million. This is a most unusual type of refinancing.

• (2050)

The minister mentioned the fact that this is a viable Canadian company with some 6,000 employees. I must be off base on that because I thought it was a viable international company with 46,000 employees. Perhaps the minister could correct me if I am wrong in that.

Senator Olson: I have no argument with some of the speculation of the honourable senator with respect to this. I have seen some of those press reports as well. However, I would not like him to misquote me. I did not mean—and I do not think I said—that all the debt of the company would have to be refinanced. I said there would be a recapitalization sufficient to have the prospect of bringing the company into a viable position. Certainly that does not mean the entire debt of the company will be turned over or refinanced. It will, in my view, and I think in the view of the government, require a large measure of co-operation from the present debtholders of the company.

So far as the other figures are concerned, they are essentially correct. There are about 6,000 employees in Canada, and approximately 46,000 in the total international situation. However, the company has its head office in Canada, and that is where its operations are directed from.

Senator Doody: I have one final supplementary. This is such a fascinating arrangement that I think we will probably engage in further discussion of it from time to time. If such an arrangement is made with these hoped-for co-operative creditors, with these would-be financial institutions, and with the company, can this be then accepted as government policy in terms of helping companies that find themselves in serious financial difficulty? Can all other companies, national or international, expect the same sort of treatment from the Government of Canada?

Senator Olson: Honourable senators, the senator can take it that what is offered to Massey-Ferguson is an offer to Massey-Ferguson.

Hon. Lowell Murray: Would the minister undertake, within the next day or so, to table some information in the Senate as to exactly how this guarantee is going to work? The guarantee of which I speak is the guarantee that the government is apparently offering future purchasers of shares against a fall in the value of shares. Would the minister put a piece of paper

on the table in the next day or so explaining how this guarantee is going to work, and exactly what the exposure of the federal government is going to be in this regard?

Senator Olson: Honourable senators, I will undertake to provide as much information as I can. However, I have to advise the honourable senator that one of the other conditions outlined in the offer is a package of refinancing necessary to lead the company into a viable position. It seems to me that we should look at that package and see what the private sector financing does, in fact, involve, and then where the government lays its guarantees—first of all, in what amounts, and, secondly, on what terms and conditions. I know this is part of the instructions of which the representatives of the government and others are aware, and that, at the moment, they are trying to put them together.

[*Translation*]

CANADA-UNITED STATES RELATIONS

STATEMENT BY SECRETARY OF STATE FOR EXTERNAL AFFAIRS

Hon. Martial Asselin: Honourable senators, I have a question to put to the Leader of the Government.

Since last February, the Secretary of State for External Affairs takes pleasure in criticizing, at every turn, our relations with the United States, to such an extent that there is considerable concern in diplomatic circles about the deterioration of diplomatic relations between Canada and the United States.

Again yesterday, the Secretary of State for External Affairs warned the new American administration about respecting the priorities in Canadian and American relations.

Can the Leader of the Government tell us what financial, trade or economic interest we have in criticizing openly one of our most important neighbours, I feel, in the field of trade and economic relations? What interest does Canada have in conducting that debate publicly instead of negotiating between partners as we do with several countries?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I hope that the honourable senator, with his background in international affairs, is not advancing the rather exotic idea that we should agree with every foreign policy initiative advanced by the United States or any other country, and that for the sake of agreement and accord we should not risk disagreement.

The relationship between Canada and the United States is unique in its openness, its extent, its complexity, and probably in its longevity. Though often complementary, Canadian and American interests are not co-terminous, and problems inevitably arise. At no time in our history has the relationship been trouble-free, but we have usually managed to resolve our problems jointly. For example, in connection with the very complex fisheries negotiations, it was in the interests of Canadians on both coasts to have their government engage in vigorous, tough negotiation. It was Robert Frost, the poet of New England, who said, "Good fences make good neighbours." Honest differences of opinion make for good neighbours in the ultimate.

The present so-called "bad patch", which some have written about in connection with relations with the United States, should be seen as one of the inevitable fluctuations of Canada-U.S. relations. Changes in the relationship of the executive branch with the legislature and the judiciary doubtless have made bilateral problem-solving more difficult. Certainly, in general terms, we have a very good relationship with the United States.

FOREIGN AFFAIRS

CANADA'S ROLE IN WORLD PEACE AND STABILITY

Hon. Heath Macquarrie: Honourable senators, I should like to supplement the question from my honourable and distinguished colleague, Senator Asselin. Considering the state of the world at this moment, with the offal of a Chinese nuclear bomb floating gradually over Canada, and probably now over the maritimes; a dangerous ebullience in the United States; a frightening aggressiveness in the Soviet Union; and a highly explosive situation in the Middle East, can the Leader of the Government advise if the Government of Canada, an appreciated, restrained and important member of the world community, is giving consideration to an ameliorating role in this tense situation? In particular, could the minister advise if the government is considering, in the light of this tense situation, the establishment of a joint committee to study, at high priority and with great urgency, a Canadian role on behalf of world peace and stability—disregarding the fact that the former government suggested such a course?

I put this question to the honourable minister, for whom I have the highest regard, remembering that while he is the government's representative in the Senate, he is also the Senate's representative in the government.

Hon. Raymond J. Perrault (Leader of the Government): All honourable senators have a great deal of respect for Senator Macquarrie's views with respect to international affairs. The question will be taken as notice. It is an interesting proposal.

In his earlier remarks he mentioned that there was some continuing nuclear testing in the atmosphere. I think the honourable senator is aware of the fact that successive Canadian governments have persisted in their efforts to achieve a comprehensive test ban treaty, and Canadian initiatives have been going forward in many areas, often without a great deal of publicity. The patient and persistent work of Canadians has won this nation great admiration throughout the world and those initiatives will certainly continue.

The idea proposed by the honourable senator will certainly be communicated to the Secretary of State for External Affairs and to the Right Honourable the Prime Minister.

Senator Macquarrie: I very much appreciate the usual courtesy of the government leader. Can he relay to his colleagues the suggestion that it may be apropos if we conveyed

to the Chinese that we do not like this overflow over our country.

● (2100)

Senator Perrault: Honourable senators, in that respect we regret deeply that China, which has not yet adhered to the partial test ban treaty of 1963, has again carried out a nuclear weapon test in the atmosphere. Canada has long opposed all nuclear weapon testing and our position is well known.

A fundamental Canadian arms control objective has been and continues to be the early realization of an effective multilateral comprehensive test ban treaty—CTBT, as the honourable senator knows—to end all nuclear weapons tests in all environments, to which all nuclear weapon states would adhere. As I have stated, we are persisting in our efforts to achieve a comprehensive test ban treaty.

As for the earlier suggestion of the honourable senator, perhaps he would be willing to provide a short memorandum concerning the specifics of his proposal. It would be more helpful in that form, and certainly it will be treated seriously.

GRAIN

DELIVERY QUOTAS FOR SOUTHERN ALBERTA AND SOUTHWESTERN SASKATCHEWAN

Hon. Earl A. Hastings: Honourable senators, my question is directed to the Minister in charge of the Canadian Wheat Board and is in further reference to the response that he gave me last week with respect to the inability of the CPR to haul normal quantities of grain to the Port of Vancouver, due, among other things, to labour difficulties at Revelstoke, British Columbia.

I am wondering if the minister has anything new to report on a situation which is becoming intolerable to the producers of southern Alberta.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, this question was raised by Senator Hastings last week, and there was also reference to the situation in the other place in a motion under Standing Order 43. It would seem to me that in this instance in the Senate—

Senator Asselin: Are you making a statement?

Senator Argue: Yes.

Senator Asselin: Would you send a copy—

Senator Argue: I do not think I need to be interrupted now. In providing a reply on this subject, I believe I am able to give a little better answer to the substance of the question than can come from the other place under Standing Order 43, where there is no response. I notice that there is no one in the press gallery. In my view, the sessions of the Senate deserve attendance by the press. It is a shame that the Canadian Press and other news services are not here tonight and on other occasions when important statements are made by senators on both sides of the house.

[Senator Macquarrie.]

With regard to the substance of this matter, I can inform honourable senators that on the sixteenth of this month a telegram signed by the Honourable Jean-Luc Pepin, the Minister of Transport, and myself, as Minister of State for the Canadian Wheat Board, was dispatched to Mr. F. S. Burbidge, President, Canadian Pacific Limited, and to Mr. E. G. Abbott, Executive Secretary, Canadian Railway Labour Association. The telegram read as follows:

> We are becoming increasingly concerned about restricted grain delivery opportunities faced by southern Alberta grain producers. It appears that, to a large extent, this situation is caused by slow rail movements by C.P. We would ask that every effort be made to resolve this situation as quickly as possible.

In response to that telegram, I received the following reply from Mr. E. G. Abbott, Executive Secretary, Canadian Railway Labour Association:

> Re movement grain southern Alberta—CP rail:
>
> Our association appreciates your wire October 17th. I will be meeting with senior officers of the union concerned in Winnipeg on Monday, October 20th, to discuss this serious matter and to explore any positive steps that can be taken to alleviate this very serious situation.
>
> I will advise you of any suggestions or results as soon as possible.

We also received a response from Mr. F. S. Burbidge, President, Canadian Pacific Limited. It is quite a long dispatch. I shall read only those sections that I consider to be particularly pertinent:

> We have no recourse except to proceed with discipline and possibly legal action in order to resolve the matter and we are proceeding on this basis.
>
> CP Rail has also initiated other arrangements in cooperation with the grain transportation authority and the Canadian Wheat Board to help relieve the effect of these labour difficulties on grain movements. Starting this week, and for the next several weeks, we will begin moving an additional three to five hundred cars from southern Alberta to Thunder Bay.

So that is a very—

Senator Murray: He said that on television last night.

Senator Argue: As I say, that is an important statement. It is important that he has said it on television. It is an important initiative. The information received from Labour Canada indicates that the Canadian Pacific has filed an application with the Canadian Labour Relations Board for a cease and desist order. The hearing is scheduled for Thursday, October 23.

The action by Canadian Pacific is welcome—

Senator Marshall: What was the question?

Senator Argue: —but I should point out that when grain from southern Alberta is shipped east to Thunder Bay, it moves at an extra expense. There is a greater cost involved to move it to Thunder Bay than to the Pacific. Therefore it is an expense to the wheat producer. Nonetheless, this action is most

welcome because it will certainly help provide producers in that area with needed funds that can be obtained when they haul their grain to market.

A motion was moved today in the other place by Gordon Towers, seconded by the member for Medicine Hat, Mr. Hargrave:

> That the Minister of Transport immediately request Dr. Hugh Horner to re-assume the responsibilities of his former position for a sufficiently long period of time to get the minister in charge of the Canadian Wheat Board out of this mess and the farmers out of a financial squeeze.

That is really an important Standing Order 43 motion. Dr. Hugh Horner was there during all of the months when the problem existed. He left on October 15. He has been gone for five or six days, and the best that they can offer in the other place is, "Bring him back." But when he left, what did he say? He said, "I have accomplished all of the objectives I had set for myself." It is too bad that one of his objectives—and I say this only because this matter has been raised—was not to help—since they say he can help—solve the labour dispute and get the wheat producers out of this mess. He sent in his letter of resignation, saying that his relations with the federal government, with the Minister of Transport, was wonderful and cordial, and he left almost weeping. He then went home and said, "Well, I had to do that because of those terrible Liberals down in Ottawa that are out to do in the west and cause us so much trouble." All I can say is that I do not think this motion really deserves any more attention than it received, namely—

Senator Flynn: Then why do you raise the matter?

Senator Argue: Because I think it is important.

Senator Flynn: It is entirely irrelevant to the question that was put to you.

Senator Argue: It is important to point out that the solution to this problem is coming from people who are in responsible positions, and it is not coming from members of the opposition in the other place, who have no better recourse than to move that motion under Standing Order 43, which accomplishes nothing.

Senator Flynn: That is none of our business and it is entirely out of order to raise that matter in this house tonight.

[*Translation*]

INDUSTRY

GOVERNMENT ASSISTANCE TO MASSEY-FERGUSON LIMITED

Hon. Fernand E. Leblanc: Honourable senators, I should like to go back to the problem that was brought up a moment ago. My question is directed to the Minister of State for Economic Development and concerns the Massey-Ferguson problem. I feel it is very important and that many solutions have been suggested. I wonder if, at the present time, the federal government is considering the possibility of resorting to the same solution as when Canadair was experiencing considerable difficulties in Montreal; at that time the Canadian government took over the company. Since then, things have been going so well that new jobs have been created and the company is expanding rapidly. Is, as I said before, the federal government now studying that possibility or, possibly, negotiating the possibility of taking over Massey-Ferguson?

● (2110)

[*English*]

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the brief answer is no, the federal government does not have that kind of arrangement under consideration at the moment.

FISHERIES

EASTERN CANADA REGIONS

Hon. Jack Marshall: Honourable senators, I hesitate to prolong the Question Period, but I have an important question for the Leader of the Government which I am sure he will have to take as notice. My question has to do with the contemplated changes in the fishery regions in Atlantic Canada. Could the leader extract from the Minister of Fisheries and Oceans a statement as to whether they are changing the regions in Atlantic Canada, one of which will take away part of Newfoundland and put it into a new gulf region together with Prince Edward Island, northern New Brunswick, northern Nova Scotia and southern Quebec.

I ask this question because of the displeasure such a change would bring to certain parts of Newfoundland.

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice.

Senator Marshall: If these contemplated changes are indeed going to take place, would the Leader of the Government ensure that the fishermen affected will be able to engage in dialogue with regard to the decisions made by government.

Senator Perrault: That question will be answered as a supplementary.

THE CONSTITUTION DEBATE

STATEMENT BY CLERK OF THE PRIVY COUNCIL

Hon. Charles McElman: Honourable senators, my question is directed to the Leader of the Government. It was reported in the press last week that in a recent speech given in the United States by the Clerk of the Privy Council, Mr. Michael Pitfield, he informed his audience that the only way meaningful and effective reform of the Canadian Constitution could be brought about was when the nation was in a state of crisis. Would the leader undertake to determine if this report has any accuracy, and, if so, to table that part of the transcript of the speech making such a reference.

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice.

Senator McElman: When the leader is making his inquiry, will he find a method of delivering a message to the effect that when matters of great portent, such as the Constitution of Canada, are being debated in the Parliament of Canada, public servants, no matter how high or low in the pecking order, might be little seen and less heard.

Hon. Duff Roblin: Honourable senators, I could not have said it better myself. I congratulate my honourable friend on his wise counsel.

CORRESPONDENCE BETWEEN LEADER OF THE NEW DEMOCRATIC PARTY AND THE PRIME MINISTER

Hon. Duff Roblin: Honourable senators, my question is prompted by the statement read to us tonight by the Leader of the Opposition with respect to the letter the Prime Minister gave to the Leader of the New Democratic Party in the other place.

My curiosity is piqued by a word on which I would like clarification. The paragraph numbered 1 at the bottom of page 2 of the Prime Minister's letter says that the amendment would:

> (1) confirm the jurisdiction of the provinces with respect to exploration, development, conservation, and management of non-renewable natural resources—

I wonder if my honourable friend could give me an idea as to what the word "management" means. I take it it means, among other things, not merely the physical management but the economic management of the resource in question. Is that a fair interpretation?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I will take that question as notice.

Senator Roblin: I would like to expand on the question by giving my honourable friend the reason for asking. Obviously this involves a question of price if economic management is included in that expression. I think it will be of some interest to members of this house to know whether or not this is the case.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Duff Roblin: Honourable senators, I would like to ask another question that is based on a long-standing discussion I have been having with my honourable friend about the Garrison diversion in Manitoba.

The Leader of the Government will recall that on July 14 he left me with the impression that there was a written statement with respect to the policy of the Government of the United States. I see that he has now replied to the effect that there was no written statement, but that there was a high-level verbal assurance. I presume that in the course of receiving that assurance someone made a note of it. Would the leader be kind enough to let me know exactly what that high-level assurance consisted of?

[Senator Perrault.]

Hon. Raymond J. Perrault (Leader of the Government): An inquiry will go forward, honourable senators.

EXPORT DEVELOPMENT CORPORATION

PROPOSED LOAN TO U.S.S.R. FOR COAL PROJECT

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have four delayed answers which are quite lengthy. If it is agreeable to honourable senators I will place them on the record without reading them.

Hon. Senators: Agreed.

Senator Olson: On October 15 Senator Roblin asked a question as to whether the minister had been in communication with the Government of British Columbia concerning a proposal of the Export Development Corporation to lend $180 million to the U.S.S.R. in connection with a coal project in that country, and whether this proposal has been considered by the Export Development Corporation and whether they are proceeding with it.

(*The answer follows:*)

> First of all, I should say that I have not been in contact with the Government of British Columbia over this matter, because there is no basis in fact for the report. The Export Development Corporation has not, and is not now considering such a loan to the U.S.S.R. The Corporation did, in 1976, provide export financing for a Canadian company, Unit Rig and Equipment Ltd. of Stevensville, Ontario, for the export of a fleet of 84 heavy duty trucks to the Soviet Union.
>
> I would like to stress that this financing was approved in 1976. It was provided within the mandate of the Export Development Corporation to assist Canadian manufacturers to aggressively pursue opportunities in the export market, thereby expanding Canadian industry and providing jobs for Canadians. In fact, some 200 jobs resulted from this export financing, as well as more than 1,000 jobs with sub-contractors in Ontario, Quebec and Alberta. In the same interest, the federal government has publicly stated, and remains committed to the orderly development of Canada's resource industries, including the coal industry of British Columbia.

ENERGY

INTERNATIONAL ENERGY AUTHORITY—OIL RESERVES EASTERN CANADA—OIL AND PETROLEUM SUPPLIES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the second delayed answer is in reply to a question asked by Senator Roblin on October 16, concerning the International Energy Agency study of the western oil supply situation.

(*The answer follows:*)

> The loss of production to the international market as a result of the Iraq-Iran conflict is significant—between 3-4 million barrels per day. However, other producing coun-

tries have agreed to either increase production (e.g., Saudi Arabia) or drop plans for reducing production (e.g., Nigeria). This will assist in making up the shortfall. The greatest concern in the Middle East is not the lost production from these two countries but rather the prospect that the conflict might spread.

Another factor mitigating the impact of the loss in production from Iraq and Iran is that all Western industrialized countries are in an extremely favourable stock position, with an estimated 400 million barrels above normal inventory levels for this time of year. IEA is of the view that the threat of shortages is not significant enough to justify invoking the oil sharing agreement and that pressure on prices in the spot market, which is an early signal of impending shortages, can be controlled by coordinating efforts to draw down stocks.

The IEA, as an agency with continuing responsibilities to monitor international oil supplies, undertakes studies on various aspects of the supply situation regularly. I would like to clarify that the IEA is not carrying out a special study of the supply situation as a result of the Iran-Iraq conflict. A test of the IEA oil sharing system was initiated on October 1, and of course Canada is participating fully in this study. This test had been planned for many months prior to the outbreak of the Iran-Iraq conflict and the fact that it is proceeding now is entirely coincidental. As requested by Senator Roblin, I will be pleased to provide further information on these matters when the study I have referred to is completed, in about two months' time.

FINANCE

SALE OF GOLD RESERVES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a reply to a question asked by Senator Austin on October 14, in which he asked to be informed as to the nature of our interest-earning foreign assets on the sale of gold. He asked whether the government takes into consideration the potential earning gains of these assets on the one hand and the movement of the commodity value of gold on the other and whether the proceeds are converted to Canadian dollars or credited to our current account balance.

(*The answer follows:*)

The nature of these assets is principally in the form of U.S. government securities. One example is, as the honourable senator suggested, U.S. treasury bills.

In response to the honourable senator's question regarding considerations of the upward or downward movement in the commodity value of gold on the one hand and the potential gains in interest-earning assets from the sale of gold, I wish to assure the honourable senator that the Bank of Canada, as fiscal agent for the government, does indeed take such considerations into account in gold transactions.

The honourable senator also asked if the assets from the sale of gold are converted to Canadian dollars and credited to Canada's current account balance. The assets are not converted to Canadian dollars. Under the current gold sales program, they are added to the foreign currency assets in the Exchange Fund Account. The relationship between these assets and balance of payments accounting is very complex and difficult to assess, but to the extent that gold is sold abroad, it is treated as an export and therefore could have an effect on our current account balance.

INDUSTRY

GOVERNMENT FORMS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I now have a reply to a question asked by Senator Bosa on October 16 inquiring as to what savings the government's recent measures to reduce the paper burden entail for the business community and the federal government.

(*The answer follows:*)

As I mentioned to the honourable senator last Thursday, we anticipate there will be savings of about $200 million for business in this second series of measures, bringing to $300 million the total annual savings effected during the two year term of the Office for the Reduction of Paperburden. The first series, some of you may recall, was announced by the Honourable Tony Abbott early in 1979, and resulted in savings of $100 million.

The biggest chunk of savings in this latest series, about $100 million a year, will result from a shortening of the period required for the retention of records by businesses.

The honourable senator will recall that I mentioned on Thursday savings of $36 million for the trucking industry. Other measures include changes to Customs and Excise regulations resulting in savings of $20 million a year. Statistics Canada is modifying a number of surveys, notably its monthly survey of Employment Payrolls and Hours, which alone will save business an estimated $21 million a year.

I have made available to the honourable senator a detailed background paper listing all the measures I recently announced and the savings they entail for business.

There will unquestionably be internal savings for the federal government as well as a result of these measures. However, the focus of the Paperburden Office during its two year mandate was on its activist advocacy role for business, not government. The benefits the government derives from the elimination of forms and simplification of procedures will be significant but their total value has not been estimated.

HEALTH AND WELFARE

INCREASED GUARANTEED INCOME SUPPLEMENT—ACTION BY PROVINCIAL GOVERNMENTS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a number of delayed replies. The first one is the question asked by Senator Buckwold relating to the status of the guaranteed income supplement pass-on issue. This is a very long answer including a survey of all the provinces and whether or not they are passing on their guaranteed income supplement additional amount. I ask that this be included in the record of today's proceedings rather than reading it.

Hon. Senators: Agreed.

(*The answer follows:*)

Status of the Guaranteed Income

Supplement Pass-on Issue

PROVINCIAL INCOME SUPPLEMENTS:

The Provinces of Nova Scotia, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia and the Northwest Territories have income supplementation programs for recipients of Old Age Security and Guaranteed Income Supplement Benefits. Manitoba, British Columbia and the Northwest Territories also pay these benefits to Spouse's Allowance recipients.

—All of these provinces and the Northwest Territories have confirmed their intention of fully passing on the Guaranteed Income Supplement/Spouse's Allowance increase of $35 per household to recipients of these benefits.

PENSIONERS IN INSTITUTIONS:

—In the case of Old Age Security pensioners resident in provincial institutions, the standard practice is to charge most of the Old Age Security/Guaranteed Income Supplement rate for room and board, leaving an amount called the "comforts allowance" for personal expenditures. If a province has increased the monthly comforts allowance by the full $35 increase, it is considered to have passed on the increase in full.

FULL PASS-ON

Nova Scotia

—The Nova Scotia Minister, the Honourable Laird Stirling, has confirmed in writing that the maximum comforts allowance that may be provided would be increased by $35 to $105.

—Officials have confirmed that an order in council has been prepared to allow the increase to be fully passed on in municipal and provincial institutions.

—However, there is no way of knowing if the municipalities will actually pass along the full increase to residents of institutions.

—Ministerial correspondence indicates that, at least in some municipalities, a full pass-on has not taken place.

[Senator Olson.]

Ontario

—The Honourable Keith Norton sent a telex on August 1, 1980, stating that the $35 increase will be passed on in full to all eligible senior citizens receiving care in facilities funded by Ontario.

—This means that the monthly comforts allowance for institutional residents, 65 years of age or older, has increased from $61 to $96, effective July 1, 1980.

Manitoba

—It was confirmed at the officials' level that pensioners in provincial institutions would benefit fully from the $35 increase.

—Pensioners in institutions are charged a daily rate of $8.50, which is considerably lower than the maximum Old Age Security/Guaranteed Income Supplement benefits that they may receive.

—Thus, the $35 increase would be fully passed on, leaving an allowance for comforts of approximately $125.

Northwest Territories

—The Minister of Social Services, the Honourable Arnold J. McCallum, stated that pensioners in institutions would have the $35 increase passed on in full to them.

—The official comforts allowance remains at $30, but as an income exemption of $35 is now permitted, pensioners in institutions in effect receive $65 for comforts.

PARTIAL PASS-ON

—Following is a list of provinces/territories where it has been confirmed that a partial pass-on would occur:

Province/ Territory	Increase	New Level of Comforts Allowance
	$	$
Newfoundland	5	50
Prince Edward Island	10	50
New Brunswick	20	70
Quebec	15	90
Yukon	26	90

—Newfoundland has increased the allowance by $5 for all adults, not just pensioners, and plans to improve the quality of care.

—In Prince Edward Island, the Minister of Health and Social Service, the Honourable James M. Lee, has said that he will make every effort to improve the quality and standards of care in institutions with additional funds the province received by increasing the comforts allowance by only $10 of the $35 increase.

—The Province of New Brunswick has increased, on the grounds of equity, the comforts allowance for those under 65 by the same amount ($20) as the increase to Old Age Security/Guaranteed Income Supplement pensioners. The province claims that it is not receiving

a windfall gain, as the $20 increase represents the amount it could afford to pay each person in an institution—pensioner and non-pensioner alike—using all the additional funds from the $35 Supplement increase.

—Quebec also pointed out that it increased the comforts allowance by $15 for all adults in institutions, not just Old Age Security/Guaranteed Income Supplement recipients, and that they also plan to improve services to senior citizens.

OTHER

Saskatchewan

—The Minister of Social Services, the Honourable Murray J. Koskie, stated that there would be no increase in the comforts allowance, which remains at $35.

—However, he also said that the province would be increasing by 5 percent the universal special care subsidy. As most institutions have already set, for this year, the rates charged to residents of institutions, these extra funds should result, according to the Minister, in improved quality of care. A check with officials of the Saskatchewan Association of Special Care Homes has confirmed that this should occur.

—Officials of the Ministry will be writing to each institution to ask them to use the additional money in this way or to reduce the rates charged to residents.

Alberta

—The degree of the pass-on—that is, the amount of the increase in a pensioner's comforts allowance—is dependent on the level of care required by the pensioner. Charges for basic care range from $6 a day to $11 a day. The pensioner must pay additional costs for drugs, telephone, etc. After these charges are paid, the pensioner then is permitted to keep what is left, or $47, whichever is greater.

—Thus, the degree of pass-on depends upon the level of care that the pensioner requires and the cost of additional expenses.

British Columbia

—The Minister of Human Resources, the Honourable Grace McCarthy, stated in April that the increase in the Supplement would be passed on in full to pensioners in institutions.

—However, letters from pensioners residing in British Columbia institutions indicate that the rates being charged to pensioners in institutions are being increased by $2 per day, from $6.50 to $8.50. This would mean that pensioners in institutions may not only fail to see an increase in the amount left over from their Old Age Security/Guaranteed Income Supplement benefit after the daiiy rate is paid, they may experience a decrease.

—Mrs. McCarthy recently wrote explaining that the increase in the per diem rate charged to persons living in institutions coincidentally occurred at the same time as the $35 increase in the Guaranteed Income Supplement and the Spouse's Allowance.

—She stated that this daily rate has not been increased since January 1978, although costs had increased along with pensioners' ability to pay.

—Accordingly, earlier this year, the Ministry of Health undertook a review of the per diem rate and decided that it should approximate 75 per cent of the Old Age Security/Guaranteed Income Supplement guarantee level in effect before the $35 increase took place.

—This policy resulted in an increse of $2 a day, from $6.50 to $8.50, in the rate charged to residents of institutions.

—Mrs. McCarthy stated that if the $35 increase in the Supplement had been taken into account, the per diem rate would have been raised to $9.50, rather than the $8.50 now charged.

IRAQI-IRANIAN WAR

SAFETY OF CANADIANS IN REGION

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Leblanc on October 16, regarding a possible evacuation of Canadians now in Saudi Arabia.

(*The answer follows:*)

Officials in the Department of External Affairs have assured me that there is a level of concern and have looked at an evacuation plan. However, of all the countries in the region, Saudi Arabia has caused the lowest level of concern.

The United States has also looked at evacuation plans, but has not officially communicated its concern to Canadian authorities.

FOREIGN AFFAIRS

ALGERIA—AID TO EARTHQUAKE VICTIMS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I now have an answer to a question asked by Senator Macquarrie on October 14, concerning Canadian aid to Algeria as a result of the El Asnam earthquake.

(*The answer follows:*)

To date there have been 2,325 deaths formally reported by on-site rescue teams and the official number of people hurt has reached 7,725. The estimate of 20,000 dead by the Algerian Red Crescent has not yet been confirmed.

No Canadians, among the 850 registered at our embassy, were touched by the earthquake.

Ten days after the catastrophe, emergency priority has gone toward feeding and lodging the 150,000 to 200,000 homeless people.

As a result of Algerian requests, we have asked a dozen Canadian companies who specialize in the construction of prefabricated homes to quickly contact Algerian authorities.

We are studying the possibility of sending a technical team to help with preliminary infrastructure work.

Emergency food aid is under consideration and would be added to the $250,000 worth of food already given by CIDA.

A private group of Canadians has arranged to ship $100,000 of evaporated milk using government agencies.

TRANSPORT

EXPENDITURES FOR CHARLOTTETOWN AIRPORT

Question No. 14 on the Order Paper—**By Hon. Heath Macquarrie:**

1. In each of the last ten fiscal years, what was the total expenditure upon the Charlottetown Airport for

(a) repairs

(b) renovations

(c) additions to passenger terminals

(d) cargo facilities

(e) parking space, and

(f) runways?

2. (a) What is the estimated date of completion, (b) cost, and (c) seating capacity of a new passenger terminal?

3. What other improvements or extensions are in progress, or in contemplation?

4. What area of land has been acquired for extension of the Charlottetown Airport?

5. What is the current seating capacity of the passenger terminal?

6. What is the total passenger capacity of all scheduled commercial aircraft?

Reply by the Minister of Transport:

1.

CHARLOTTETOWN AIRPORT EXPENDITURES (000's)
FISCAL YEARS 1970/71 TO 1979/80

	Repairs	Renovations	Additions to Passenger Terminals	Parking Space	Runways	Total
1970/71	61.8	—	100.9	—	45.1	207.8
1971/72	—	—	7.5	0.6	5.2	13.3
1972/73	—	—	—	26.5	264.8	291.3
1973/74	14.3	—	—	—	21.6	35.9
1974/75	2.6	67.5	0.2	—	7.8	78.1
1975/76	1.2	35.0	68.0	—	172.3	276.5
1976/77	—	36.4	—	—	91.5	127.9
1977/78	5.2	—	2.4	—	3.7	11.3
1978/79	—	—	—	—	3.9	3.9
1979/80	—	—	—	6.0	—	6.0
	85.1	138.9	179.0	33.1	615.9	1052.0

The above list includes capital projects only during the last ten years. No projects included under Treasury Board Submission of November 3, 1977 for $21,531,500 for Charlottetown Airport Redevelopment. Expenditures by Transport Canada on Cargo Facilities are included in "Additions to Passenger Terminals".

2. The Air Terminal/Operations Building was originally scheduled for tender call June 1979. Due to the separation of the operations portion from the main passenger processing building and the reopening of the negotiations with the airlines and Provincial Government on space allocation and rental rates, the tentative date for tender call is summer of 1981 with completion in the spring of 1984 at a total estimated cost of $5,400,000.00. Seating will be for approximately 160, depending on the actual layout.

The Control Tower/Operations Building is in the design stage with no major expenditure this fiscal year due to a complete redesign and the requirement to seek amended program approval from Treasury Board. The total estimated cost of this building is $2,600,000.00; tender call is scheduled for the spring of 1981 with completion in 1983.

3. Airport Improvements: Present status and anticipated activity:

A) Combined Services Building completed in the fall of 1979 with the exception of paving and services at a cost of $1.9 million. Contract for paving and electrical duct installation awarded June 5, 1980 at a cost of $220,000.

[Senator Perrault.]

B) Aircraft parking apron and two connecting taxiways to runway 03-21 completed in the fall of 1978 at a cost of $1.7 million.

C) Fire Training Area completed in the fall of 1978 at a cost of $93,000.

D) Infrastructure components of water and sewer including on-site installations and cost sharing agreements with the City of Charlottetown and Village of Sherwood respectively for construction of a water boosting pumping station and 2200 linear feet of 8" sewer line. Total project will be completed this July at a total cost of $530,000.

E) The timing for construction of the new East/West runway 10-28 originally scheduled for 1981/82 at a cost of $5.5 million is uncertain at this time.

F) Roads and car park including landscaping at a total estimated cost of $1.8 million will be constructed to coincide with the completion of the Air Terminal Building.

4. Land acquisition program commenced in July 1978. Settlement with six of the twenty-two owners secured by February 1979. Minister of Transport authorized expropriation December 14, 1978 and Minister of Public Works signed the authorization February 11, 1979. Notice of intent to expropriate published in Canada Gazette April 20, 1979 with public hearings held in Charlottetown June 14-15 and 18-19, 1979. Hearing officer's report submitted June 29, 1979. Present expenditure on land acquisition to May 31, 1980 is $1,351,700.

The total area of land purchased to date is 693 acres:

Purchased by Negotiations	: 147 acres
Expropriation	: 546 acres

5. The current seating capacity of the passenger terminal is 109 including 40 seats in the holding room.

6. The two commercial carriers presently using Charlottetown, namely Air Canada and Eastern Provincial Airways, are using 100 seat aircraft (DC-9 and B-737 type) and have no plans in the foreseeable future of using larger capacity aircraft.

CHILDHOOD EXPERIENCES AS CAUSES OF CRIMINAL BEHAVIOUR

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Health, Welfare and Science entitled "Child at Risk," tabled in the Senate on October 16, 1980.

Hon. M. Lorne Bonnell: Honourable senators, in rising to speak on the report of the Standing Senate Committee on Health, Welfare and Science entitled "Child at Risk," I would like to state although a lot of research has been carried out pertaining to the causes of adult criminality, juvenile delinquency and the problems of crime generally, there is one very important area of research which has been left largely unexplored, this being the prenatal, the perinatal and early childhood area, which we now know has a definite influence on the future life of the child. He can be in trouble at home; he can be in trouble at school; he can become anti-social and develop into a juvenile delinquent. If something is not done to correct the situation, he can later end up as a violent criminal.

• (2120)

One might ask: What are the influences in the life of a child which will so affect the scope of his development that he will grow up to be aggressive, anti-social or a violent criminal? How is he influenced by the environment in which he lives? Is there some inherited vulnerability to criminal behaviour? Are the reasons basically social or are they psychological, emotional or physical? Whatever the reasons may be, what can be done to alter the anticipated development of such a child?

These were some of the questions which the committee asked during its inquiry. Specifically, it has explored the early childhood experiences which might be causes of criminal behaviour and has considered what steps might be taken to change such harmful circumstances in early life.

At the commencement of the inquiry requests for relevant information were sent across Canada to appropriate provincial government departments, to heads of universities, to faculties of medicine, psychology and criminology, social scientists and inter-disciplinary studies, to research institutes, to professional associations and to organizations and institutions concerned with child care and education. The overwhelming response to these inquiries has revealed the depth of concern in Canada for the well-being of its very young children.

In addition to the wealth of information obtained in this matter, further background information on the subject was provided by the Library of Parliament through an extensive literature search for relevant material published during the last seven years. A great deal of information from international sources was also obtained.

In preparing the final report, the committee relied heavily on the evidence presented by the expert witnesses who appeared before it.

The mandate of this committee has encompassed a broad and complicated study, a task subsuming the whole field of human development in all its aspects, evolutionary, genetic, environmental and behavioural. We hope and we expect that by gathering together and connecting important and authoritative data we may stimulate public interest and encourage appropriate research, education and legislation. As a result, in the future there may be greater understanding of the problems and the needs of early childhood, and more may be done to prevent the small child from developing into a violent criminal.

We have laid before Parliament 28 recommendations which we feel are important steps which can be taken by the federal government, the provincial governments, municipalities, school and hospital boards that will give the unborn child a better

chance to survive and to take his rightful place in society which he so rightly deserves.

We also recognize the fact that many of our recommendations are asking for more of the taxpayers' money, but when we realize that during the last decade in Canada there has been an accelerating increase in the number of convictions for violent crime, it is our feeling that it would be money well spent. Between 1974 and 1978 there was an increase of more than 17 per cent in the rate of Criminal Code offences, and more than 10 per cent in the rate of crimes of violence. Nearly 138,000 violent crimes took place in Canada in 1978.

There has been an alarming increase in violent juvenile delinquency. In 1974, 6,908 juveniles were apprehended by law enforcement officials, while in 1978, 10,227 were apprehended. Even more disturbing than the absolute number of young people apprehended for acts of violence is the fact that the rates of apprehension increased by an even larger amount of 65 per cent from 155 cases to 249 per 100,000 juveniles.

Recent enlightened efforts to reform offenders and re-integrate them into society, rather than merely punishing them, have not produced encouraging results, Eighty per cent of persons submitted to federal institutions have been previously convicted. Our prison population continues to grow in spite of improved training programs, psychiatric treatment, counselling services and more permissive granting of parole. In April, 1980, 9,324 men and women were inside federal penitentiaries. Crimes of violence are a source of great suffering to many individuals and their families, and pose a great threat to the stability of our society. They also involve a tremendous financial burden.

The operating expenses of a federal institution average $25,000 a year per inmate. In 1977-78, the total cost of operating the federal penitentiaries alone amounted to a quarter of a billion dollars, and in 1977-78 it cost the provinces approximately $600,000 a day to operate correctional institutions. Thus, it can be said that by 1977-78 the total operating cost of federal and provincial correction services was well in excess of half a billion dollars a year.

The capital cost of building new penitentiaries is a constant drain on public funds. During the decade 1968-78, the federal government spent steadily increasing sums of money in order to build new penitentiaries which are now overcrowded and, what is more important, do little to rehabilitate succesfully the offenders who are sent to them.

In spite of the enormous cost it is obvious that the present treatment of offenders has failed to stem the tide of violence in our society. Improved methods to protect the public and to punish and reform offenders are urgently needed. At the same time, every effort should be made to prevent crimes of violence. This is surely a case of an ounce of prevention being worth 10 pounds of cure.

Criminal behaviour, for the purpose of our study, has been confined to violent anti-social behaviour. We have recognized the importance of patterns of behaviour. In some cases juvenile delinquency is the prelude to a criminal way of life. It may in that way be considered as a link in the chain between childhood experiences and later criminal behaviour. Most often the violent criminal is one who suffers from a personality disorder of an anti-social type and whose behaviour is the result of a learned experience. Probably such a criminal was anti-social as a child. Serious anti-social behaviour does not begin for the first time in adulthood, but is almost invariably preceded by anti-social behaviour in childhood.

[Senator Bonnell.]

• (2130)

The evidence presented to us indicates that the vicious criminal is often a misunderstood member of our society. He may live in a state of emotional turmoil for reasons beyond his control. He may have failed to bond with members of his immediate family in his early childhood and later with his peers. Having failed to develop an adequate personality structure he is unable to understand his own problems and how to cope with them. For centuries he has been punished for his failures to develop a normal lifestyle, and to overcome the disabling and unfortunate influences of environmental, congenital, prenatal and postnatal handicaps.

Today we know much about how these problems develop and how it may be possible to rescue such unfortunate children before they become delinquent and the potential criminals of tomorrow. A child who is disadvantaged may be considered to be living under a condition of stress. Research has now revealed the very important interactive effect on child development of multiple disadvantages. It may tolerate one single chronic stress or risk factor with no apparent harmful effect. An additional stress factor, however, may cause the resulting risk of psychiatric disorder to increase as much as fourfold. In other words, the stresses seem to potentiate each other. One type of disadvantage tends to increase the likelihood of others in very direct and predictable ways. A child who must live with multiple disadvantages is thus in a position of high risk for psychiatric disorder and behaviour problems and is in need of all the assistance society can provide for it.

It also seems clear that there is a genetic factor involved in criminality as in other human behaviours. Its importance, however, is overwhelmed by parental, social and environmental influence.

We have found circumstances in prenatal life that can have a harmful effect on a developing personality. If malnutrition during pregnancy is severe, it would not only stunt the physical growth but also the mental development of the fetus. Smoking, or the use of alcohol or other drugs, by the mother during pregnancy will have a generally deleterious effect on the unborn child. A mother who undergoes serious ongoing stress during pregnancy may have a child whose emotional development has been harmed.

All these influences may be considered causes, not specifically of criminal behaviour, but of a disadvantaged life which may set the stage for other adverse influences on the child's future. Together, these influences may cause the child to develop in undesirable ways. One of these ways may be the path of criminal behaviour.

The period around the time of birth is filled with hazards for the fetus. There is the acute risk of brain damage harmfully affecting the emerging personality. There are dangers inherent in some medical procedures and the use of drugs.

Premature children are especially at risk during birth and from the moment of birth onward. They are more likely than full-term babies to suffer from physical problems as they grow. They are more likely to be prevented from forming early bonding with their parents. Because of their sometimes lengthy isolation in hospitals, away from their parents, they are likely to suffer from emotional deprivation at the very beginning of life. They may be harmed more than usual by drugs used around the time of birth. They are more likely to be born with physical abnormalities and to suffer from learning disabilities. They are more difficult to raise. They are much more likely to be abused. All these circumstances handicap their future development and place them at serious risk.

We have considered many factors during the early years of a child's life which may result in later deviant behaviour. Among them are being born to criminal parents, or mentally disturbed or alcoholic parents, growing up as a member of a large family in circumstances of poverty and overcrowding, growing up in a family that is broken or disintegrating or full of strife, or contending with the serious problems of learning disability or hyperactivity, experiencing abuse, neglect or emotional deprivation in early life.

None of these circumstances can be viewed in isolation as a cause of criminal behaviour. In combination, however, they may well set the course of a child's life so that it eventually becomes a violent criminal.

Good parenting is of overwhelming importance to the developing personality of a child. Close affectional ties with an adult in early life and consistent loving care and nurturing in the early years are essential to the optimal development of the child.

It seems there is really no alternative to tender loving care. Whatever can be done to help parents do the job of parenting well will, at the same time, be preventing future anti-social behaviour. Each child should be given the chance to develop the best of its potential.

Honourable senators, I hope that each of you will find time to read the full report and, if not, at least to spend some time in reading the 28 recommendations which your committee has laid before you.

● (2140)

We have made recommendations for changes in the Family Allowance Act, changes in the Unemployment Insurance Act, changes in the National Housing Act, changes in the Criminal Code, and we are recommending changes in the regulations of the Canadian Radio-Television Commission. We are recommending that the Canadian Broadcasting Corporation and the cable television companies adopt a policy to reduce the amount of violence portrayed on television programs. We are recommending changes by the national government, provincial governments, municipalities and school boards. But probably our most important recommendation is No. 28 in which we recommend that an organization be established to be known as The Canadian Institute for the Study of Violence in Society. We further recommend that this institute be financed by the federal government and that it be operated by an independent board representing a wide spectrum of disciplines, and that it have a mandate for at least ten years in order to follow up the results of research and the implementation of its recommendations.

It is our hope that this institute will co-ordinate and evaluate the research that is taking place at the present time in early childhood experiences as causes of criminal behaviour. Our main reasons for wanting to co-ordinate and evaluate the research is that we found that many of our witnesses were experts in their own specific field, but were not familiar with what research was being carried out by other experts in other fields. Many of them seemed to think that their field was the one of most importance and had the most answers to the problem. It was felt that it was necessary to correlate all the different research work carried out in Canada and in other countries and to familiarize the researchers with what others are doing.

This institute should also initiate, promote and assist the funding of new research and pilot projects as they seem to be required to provide for a holistic diagnosis of the causes of violence in our society.

This institute should also initiate, promote and assist the funding of research into those factors which enable most vulnerable children to reach maturity relatively free from anti-social behaviour and crime. The institute, as well, should provide opportunities on a regular basis through workshops, research projects, et cetera, for those in different disciplines to co-operate and study violence in Canadian society. The institute should also attempt to make recommendations into practical methods of reducing the incidence of violence in Canada.

Honourable senators, let me say in closing that I, as chairman, could not have prepared this report without all of the help I had. Let me again thank the committee members for their excellent support over the last three years. I certainly hope that many of our recommendations will be acted upon by the different authorities we have referred to in our recommendations.

Senator Buckwold: Honourable senators, I would ask the Honourable Senator Bonnell to elaborate on a point that rather astounded me. Perhaps I did not hear him correctly, but I thought I heard him say that there is a genetic factor in criminality. I realize he went on to say that that was perhaps overturned by other environmental factors, but nevertheless I was astounded to hear of a genetic factor. Could he elaborate a little on that point?

Senator Bonnell: Honourable senators, we did not go into the aspect of the genetic factor in any depth, and it is a rather complicated matter. However, the research that was available to us did seem to indicate a genetic factor in the case of twins. For example, the chances were that, if one twin had criminal

tendencies, the other could well be a criminal, too. The chances for that happening were even greater, if the twins were identical.

We were also given to understand that if the father was a criminal there seemed to be a greater chance that the child would be a criminal. Obviously, however, we have to take into consideration the fact that the circumstances of environment can also play a significant part in that relationship.

So although genetics would seem to have a considerable influence in almost everything we do, there is no real proof of a genetic factor in criminality other than the research carried on by those who worked with twins, identical twins and Siamese twins; and it was demonstrated that even in the case of twins who had been separated by a long distance and were unaware that they were twins there was a display of the same anti-social behaviour on the part of both Siamese twins. So it did seem to be a factor according to the evidence presented to us.

On motion of Senator Bird, debate adjourned.

TRANSPORTATION OF DANGEROUS GOODS

TRANSPORT AND COMMUNICATIONS COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. George I. Smith, pursuant to notice of Thursday, October 16, 1980, moved:

> That the Standing Senate Committee on Transport and Communications be authorized to examine and report upon the subject matter of the Transportation of Dangerous Goods Act, Chapter 36, Statutes of Canada, 1980, and any regulations that may be made thereunder.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, October 22, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Senator Raymond J. Perrault (Leader of the Government) tabled:

Report of the Master of the Royal Canadian Mint, including accounts and financial statements certified by the Auditor General, for the year ended December 31, 1979, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

Report of the Department of Public Works for the fiscal year ended March 31, 1980, pursuant to section 34 of the *Public Works Act,* Chapter P-38, R.S.C., 1970.

Copies of Order in Council P.C. 1980-2608, dated October 2, 1980, amending Parts I and II of the Schedule to the *Hazardous Products Act,* pursuant to section 8(3) of the said Act, Chapter H-3, R.S.C., 1970.

Copies of Order in Council P.C. 1980-2609, dated October 2, 1980, amending Part II of the Schedule to the *Hazardous Products Act,* pursuant to section 8(3) of the said Act, Chapter H-3, R.S.C., 1970.

QUESTION PERIOD

[*English*]

THE CONSTITUTION DEBATE

CORRESPONDENCE BETWEEN LEADER OF THE NEW DEMOCRATIC PARTY AND THE PRIME MINISTER

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate. The Prime Minister, in point (1) of his letter to Mr. Broadbent, offered to confirm the jurisdiction of the provinces with respect to exploration, development, conservation, and management of natural resources.

Since section 109 of the B.N.A. Act confirms as being within the exclusive powers of the provincial legislatures the ownership of natural resources, would the Leader of the Government indicate what the Prime Minister has offered the provinces which they do not now have, and whether the current federal proposal would leave the ownership of natural resources to the provinces rather than merely the right to manage those resources?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I think it should be understood that the offer by the Prime Minister in his letter to the Leader of the New Democratic Party serves to reconfirm a previous federal offer made during the course of the constitutional discussions with the provincial governments. These words, or most of them, have appeared in the documents in connection with those constitutional meetings. In fact, in respect of natural resources, they confirm a right which already exists. It is a reiteration of the situation which now exists.

However, a further clarification will be provided for honourable senators when we come to the debate on the motion for the formation of a joint committee on the Constitution proposals, which hopefully will commence its work in a few days.

Senator Flynn: What I grasp from the leader's reply is that it is merely a confirmation and there is nothing new in it.

Senator Perrault: Yes, much of it but not all is a confirmation of that which now exists. There has been a suggestion in the course of the Constitution debate in recent days that the provinces at the present time do not own natural resources. In fact, those rights possessed by the provinces are enshrined in the British North America Act. The Prime Minister's letter restates, reconfirms and reiterates the situation which exists. Additionally, further matters are dealt with in the letter provided by the Right Honourable the Prime Minister.

Senator Flynn: I accept the explanation of the leader. However, in listening to Mr. Broadbent yesterday, I thought he had achieved something rather exceptional. Do we understand from his enthusiasm that he is trying to get his party into a formal coalition with the Liberal Party—the Liberal-New Democratic Party—and is it the intention of the Prime Minister to invite Mr. Broadbent to take a cabinet post?

Senator Perrault: I do not think it would be proper for me to comment on remarks made by the Leader of the New Democratic Party in his press conference yesterday.

Senator Asselin: Is he a friend of yours?

Senator Perrault: He indicated he was very pleased with the response he had received from the Prime Minister, and I think Canadians can all take satisfaction in the fact that there is now additional support for the constitutional package.

Senator Flynn: Who is fooling whom?

Hon. G. I. Smith: Honourable senators, I wonder if I might ask the Leader of the Government a supplementary question. Does this point (1), which is set out at the top of the left-hand column of page 893 of the *Debates of the Senate* of yesterday, and as read into the record by the Leader of the Government,

include any implication or reference relating to offshore resources?

Senator Perrault: No, my understanding is that it does not.

Senator Flynn: How do you define offshore resources?

INDUSTRY

GOVERNMENT ASSISTANCE TO MASSEY-FERGUSON LIMITED

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development on the Massey-Ferguson situation.

I wonder if the honourable minister has had an opportunity to look at the situation as we discussed it yesterday. Perhaps he could explain if there is indeed to be preference shown towards new investors in the company, in terms of government guarantees, as opposed to the 30,000 common shareholders of the company.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, what the honourable senator is asking me to do is to try to spell out in detail some of the factors that may be in a recapitalization package that might be put together. Unfortunately he is asking me to do that while the negotiations are going on. I thought I made it crystal clear yesterday in my reply that while these negotiations are going on, with Massey-Ferguson attempting to do what was suggested in the press release given by the Minister of Industry, Trade and Commerce, that we are prepared to underwrite some portion of the new financing, that is the Government of Canada and the Government of Ontario. But while those negotiations are being carried on by the representatives or the negotiators for and on behalf of the federal government, and until we have seen what they have put together, it would not be useful for any minister to comment on the details.

Senator Doody: Thank you, that is very helpful. Perhaps the minister might be prepared to tell the members of the Senate what role the Canada Development Corporation is expected to play in the situation. I realize that there are private corporations and banks and so on involved who would, perhaps, much prefer to keep their involvement low-key until after the finalization. But since the Canada Development Corporation is a crown corporation, perhaps the minister could tell us what involvement is planned for it.

Senator Olson: Honourable senators, obviously the honourable senator answered his own question in the comments he made in the sense that if they are involved they would obviously require the same degree of non-interference, if that is the right word, by senators or ministers making comments about what may or may not be done until such a recapitalization package has been put together. I think the honourable senator really answered his own question by the time he got to the end of his comments.

● (1410)

Senator Doody: Honourable senators, I am a little bit at a loss now. Is there something about this particular arrangement

[Senator Smith.]

that precludes discussion? Is there something that we should not know about, that the public should not know about? Is it something that is alien to the Canadian business world or to the Canadian public generally so that we are not allowed to discuss it or have some information on it? Or is it some sort of different, strange arrangement?

Senator Olson: No, not at all. The press release issued by the Minister of Industry, Trade and Commerce was quite clear. It says in easy-to-understand wording, phrases, sentences, that the Government of Canada and the Government of Ontario are prepared to assure or to underwrite some portion of a financial package that would put Massey-Ferguson back on its feet and into a viable position.

What the honourable senator is now trying to do is to draw me into a discussion of the details of what may be in that package, and I don't know how many times I have to say that I am not going to be drawn into that discussion while the negotiations are taking place. Finally, I can tell him again that those discussions are going on right now.

[*Translation*]

THE CONSTITUTION DEBATE

CORRESPONDENCE BETWEEN LEADER OF THE NEW DEMOCRATIC PARTY AND THE PRIME MINISTER

Hon. Arthur Tremblay: Honourable senators, my question is directed to the Leader of the Government. It is meant to check on whether or not the reading I have just made of the letter of Mr. Broadbent and the reply of the Right Honourable Prime Minister was, in fact, accurate.

In this proposal, Mr. Broadbent says, and I quote:

[*English*]

> —on the condition that the government will accept an amendment moved by myself or one of my colleagues confirming the provinces' right to manage and control their natural resources—

And so forth.

In his reply the Prime Minister mentioned only the non-renewable resources. Do I understand, then, that he has refused at least part of the request, of the proposal of Mr. Broadbent?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, as I stated earlier, the first point in the reply provided by the Prime Minister for Mr. Broadbent really is quite consistent with section 109 of the B.N.A. Act:

> 109. All Lands, Mines, Minerals, and Royalties belonging to the several Provinces of Canada, Nova Scotia, and New Brunswick at the Union, and all Sums then due or payable for such Lands, Mines, Minerals, or Royalties, shall belong to the several Provinces of Ontario, Quebec, Nova Scotia, and New Brunswick in which the same are situate or arise, subject to any Trusts existing in respect thereof, and to any Interest other than that of the Province in the same.

The four western provinces are placed in the same position as the original provinces by the B.N.A. Act, 1930.

There is no deviation from the B.N.A. Act. This statement in the letter from the Prime Minister flows from the B.N.A. Act itself, It is a reconfirmation. It is a restatement of a right which is already enjoyed by the provinces. It is a clarification, perhaps, or a more precise delineation, however it may be described.

Senator Tremblay: What the honourable leader has just said is not an answer to my question. But referring to the B.N.A. Act, there is no distinction in the B.N.A. Act between renewable and non-renewable resources, whereas in the Prime Minister's answer to Mr. Broadbent the confirmation you mention is made only with respect to non-renewable resources.

Do I understand, then, that the doubts about the ownership by the provinces of their resources, which might have been raised as you said a moment ago, are eliminated only for the non-renewable resources, and that with respect to renewable resources the doubts still exist?

Senator Perrault: Honourable senators, the truly contentious issue in some provinces at the present time is the ownership, taxation and disposition of non-renewable resources. The issue, of course, has been under intensive consideration by the various political parties in Parliament and by the public. The Prime Minister's letter to Mr. Broadbent in no way would take away from rights which are contained in the B.N.A. Act. In my view however, the letter serves to clarify the position of the federal government with respect to the non-renewable resources issue which is the subject of so much dialogue at the present time.

Senator Tremblay: Do I understand that for the renewable resources the intention of the government is to maintain the doubt about provincial rights, since the confirmation is just about the non-renewable ones? Is that a government policy—to maintain the doubt about the rights of the provinces with regard to renewable resources?

Senator Perrault: Honourable senators, it may be useful to bring a statement on the matter to the Senate, perhaps at our next sitting, in order to remove any doubt that may be in the mind of the honourable senator. Certainly no such doubts are assailing Mr. Broadbent—

Senator Flynn: No, you can say that again.

Senator Perrault: —nor significantly has there been any comment of the kind made by the honourable senator from the other provincial premiers. Again, I repeat, the Prime Minister's commitments in his letter to Mr. Broadbent in no way detract from the existent rights of the provinces which are contained in the B.N.A. Act. But I would be most pleased to provide further reassurances for the honourable senator. Certainly I would not wish him to have sleepless nights because of his concerns.

Hon. C. William Doody: Honourable senators, I noticed that as the Leader of the Government was listing the provinces whose rights were being reaffirmed, and whose natural resources were being protected, he mentioned Ontario, Quebec, New Brunswick, Nova Scotia and the western provinces. The fact that he omitted Newfoundland tends to reinforce the feeling that many people have in Newfoundland that they are being excluded from the natural resource protection.

Senator Perrault: Honourable senators, none of the provinces are excluded from what the honourable senator has referred to as "national resource protection". In this connection I believe that a growing number of Canadians are becoming seriously disturbed by a number of very inflammatory statements being made by certain professed spokesmen for provincial interests, and by others, who should know better. The suggestion that somehow the government's constitutional proposals constitute some kind of plot to subvert every essential provincial interest is clearly ludicrous. Such allegations are unworthy of this nation and anyone purporting to represent provincial concerns. Perhaps it is about time more Canadians began to speak out about such mischief. There has been a great deal of irresponsible claptrap about the so-called constitutional "package." Some of the statements made by certain premiers in this country to the effect that the constitutional proposals are designed to reduce their rights and influence—yes, and that somehow the proposals would be used to remove Labrador from the jurisdiction of Newfoundland; that somehow the proposals would prevent the extension of education rights—have clearly no rational basis. That is why it is hoped that we can very soon have a debate on the floor of this chamber to discuss these and a number of the other exotic, speculative ideas about what is intended by this proposed constitutional package and the implications of those proposals.

Senator Doody: Honourable senators, on a point of order, on a point of privilege, and on a point of everything else that is decent, when I speak as a spokesman for the province from where I was sent to this place, I do not do so in any irresponsible manner. I am not uttering claptrap, as the honourable gentleman has chosen to remark. I consider that remark to be unworthy of this chamber and of those who are in it. Any comment that I make for and on behalf of the people of Newfoundland is done with deep sincerity and feeling for the rights of the people in that province. We did not enter this Confederation to be sneered and snarled at by the honourable gentleman opposite, or by anyone else. I insist that I have the same rights in this chamber as anyone else, and I expect to be treated the same way.

Some Hon. Senators: Hear, hear.

Senator Perrault: The honourable senator was not being accused of uttering claptrap. I suggested that there were some spokesmen in this country who were engaging in the very dangerous game of verbal pyrotechnics, and that irresponsible talk by certain spokesmen—and I am not confining that to any one province—

Senator Doody: Don't point at me.

Senator Perrault: —could ultimately destroy this country. That is what I suggested. I could make similar references to my own province of British Columbia, where certain spokesmen have made statements which do not stand any kind of

rational analysis. Such talk, apparently, is designed to attract support from the electorate.

● (1420)

Senator Flynn: They are not here today.

Senator Doody: Honourable senators, I think this is an unworthy exchange, and I do not think it should be prolonged. However, I do not believe it is in the traditions of this country for one honourable senator to have to sit and be lectured at and pointed at in a fingerwaving tirade by the Honourable Leader of the Government in the Senate. I don't expect to see it again, and I sincerely hope that it doesn't happen. In future, if we are going to make general and sweeping statements about irresponsible spokesmen for various provinces, I think that is in very poor form as well. One should not generalize in these instances; one should be specific. I don't want to be tarred with any one brush. I want the right to speak for my province when, where and how I want to do it.

Senator Perrault: I want to ask the honourable senator whether he is alleging seriously that because Newfoundland was not mentioned in the short reply I gave to a question a few moments ago that somehow this omission represented a hostile attitude on the part of the federal government towards Newfoundland—

Senator Roblin: Ask Senator Cook.

Senator Perrault: —that this constituted a form of discrimination? Clearly the government, by its actions, has demonstrated quite the contrary. It was not the intention of the Leader of the Government in the Senate to suggest any kind of hostility toward any province. I hope that the honourable senator will credit the Leader of the Government in the Senate with a greater compassion for and understanding of this country, and a greater sense of fair play and decency, than to read that kind of inference into what I said.

Senator Doody: If the honourable gentleman will look back at the record of what he said and what I said he will find that my statement and my question was to the effect that if this was the intention of the Honourable Leader of the Government in the Senate it reinforces the suspicions of some people in Newfoundland that these are indeed the facts of the case. I did not at any time say that they were my suspicions or my feelings. If the honourable senator pretends that there are no feelings of unrest, that there are no suspicions in the eastern part of this nation, then I am afraid he is moving around in a very deep fog and he is in for a very rude awakening, and this country will be the worse for it.

Senator Perrault: As a former minister of the Newfoundland government, surely the senator is aware of the fact that the same rights given to the other provinces were given to Newfoundland in 1949. This is a matter of historical fact. This suggestion, this inference, of discrimination, being made in this chamber can only serve to further divide the country.

Senator Doody: We could keep this up all day, and I have no intention of doing so. The Honourable Leader of the Government can carry on if he wants to. As far as I am concerned, there are in this country ten provinces of equal status. The terms of union will demonstrate that. If the honourable Leader of the Government—and I emphasize the title and the official position—chooses to designate eight of them and ignore the others, then I feel that that is worthy of being brought to the attention of the Senate. I am not inferring any sinister motive. Other people will be reading the record, and they may do so.

Hon. G. I. Smith: Honourable senators, I should like to direct a further question to the Leader of the Government with reference to point (1) in the letter, which I asked about a little while ago. After having listened to him read the relevant section of the British North America Act, which places ownership of resources, whether renewable or not, in the hands of the provinces, I am compelled, I think, to ask him whether ownership, as used by him, as I understood him, when he was referring to the British North America Act, does not include all the characteristics mentioned in the said point (1), namely, exploration, development, conservation and management. If in fact it does, then I would ask him further whether or not the enumeration of these items in point(1) does not in fact lead us to wonder whether or not there is some intention to cut down the attributes and characteristics of ownership by the use of these terms in point (1).

Senator Perrault: I stated earlier that I would bring a statement to the Senate which, hopefully, will serve to further clarify the paragraphs in this letter. I think this would be the responsible thing to do. Secondly, the honourable senator is requesting a legal opinion, which I am not prepared to give at this time.

Senator Smith: I am not requesting a legal opinion. I am simply asking what the Prime Minister means when he produces this sort of paragraph. Perhaps you are suggesting he does not know what he is saying.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am interested to hear from the honourable Leader of the Government that he intends to produce further information to explain, I almost said, the inexplicable, but I guess he will find some way of explaining—

Senator Flynn: As usual.

Senator Roblin: —some of the problems that we on this side foresee in respect of the three points contained in the Prime Minister's letter. I would ask him if at that time he will tell us why renewable resources have been excluded from the concurrent jurisdiction granted in point (2), because in my own province of Manitoba, where we have a very important renewable resource, namely hydro-electric power, we have some real concerns lest the attitude of the present government should restrict us in an improper way in the development and management of that resource. I would ask him whether he would investigate the possibility of seeing that renewable resources are included in point (2) as well as non-renewable.

Senator Perrault: Honourable senators, that will be part of the further explanation which I shall bring to the chamber. Here again, it rather amuses me to hear the former Premier of

Manitoba suggest that somehow the federal government may wish to restrict in an improper way the development and management of hydro-electric power resources of Manitoba. May I recall for honourable senators that, during his tenure as Premier of the Province of Manitoba, massive amounts of federal money were invested in Manitoba, the Nelson River Project among others, in order to help Manitoba further the development of its hydro-electric power resources—hardly the actions of hostile Liberal governments. Perhaps the honourable senator may wish to tell us the total amount of federal money invested in Manitoba hydro projects by federal Liberal governments, when he was provincial premier?

Senator Flynn: Come on!

Senator Perrault: Yet today the suggestion is—

Senator Asselin: Don't play politics.

Senator Perrault: The inference is that there is an unsympathetic federal Liberal government—

Senator Flynn: No.

Senator Perrault: —advancing a plot to subvert the hydro-electric rights$0of Manitoba.

Senator Smith: No such thing.

Senator Perrault: Let's have the figures.

Senator Roblin: Honourable senators, we must recognize what I call the Perrault syndrome, which means that when your argument is a little weak you divert attention by marching in the opposite direction at the top of your lungs, if I may be allowed a mixed metaphor. I do admit that the federal government was very co-operative with Manitoba. The Right Hon. John Diefenbaker was a wonderful man to work with, and in the time of the Conservative government in the federal arena in his day the partnership between Manitoba and the federal government was firmed up and finalized, and I think has been a remarkably successful one. I have no hesitation whatsoever if I owe thanks to anyone else besides John Diefenbaker; I include them in. I am happy to acknowledge help from whatever quarter I receive it, but I am not prepared to stand still for some intimations which have been floated in the wind these days about the federal attitude towards hydro-electric power, particularly when it comes to export questions. I am not aware of any initiative on the part of this administration to proceed with the inter-provincial power grid situation in some new and productive and expansive way. That may be in the cards. I hope it is. I know at the present time the provinces are being left to handle this matter themselves, and I suspect they will manage all right.

I tell my honourable friend that my question is meant in the interests of clarifying the situation; my question is meant in the interests of securing some equal treatment in respect of renewable resources compared with non-renewable resources. If my honourable friend wishes to indulge in his retrospective history he is welcome to do so. As far as I am concerned, I think that the partnership that began between the Right Hon. John Diefenbaker and the government which I had the honour to head has been productive for our province.

• (1430)

Senator Perrault: Honourable senators, I promised earlier that I would bring to the chamber further explanatory material with respect to the text of the letter. I have committed myself to do that, and I shall do it, and an answer to the question asked by the honourable senator will be part of that later reply.

Senator Roblin: That is better.

Senator Flynn: If you had made that reply earlier, that would have ended it.

[*Translation*]

Senator Tremblay: Honourable senators, my question also aims at helping the Leader of the Government to give the required clarifications about the current position of the government. I am thinking more particularly about the third paragraph which deals with indirect taxation.

I remember that a document published by the federal government in 1969 dealt with that issue. It did so in a context much broader than the recognition for or attribution to the provinces of a right to levy indirect taxes on non-renewable resources only.

What I would like to know is this: to what extent does this new policy of the present government reduce what was a few years ago the approach of the government of the day concerning indirect taxation by the provinces or is this still an open issue?

[*English*]

Senator Perrault: That will be dealt with in the statement which I shall bring to the chamber at a later date.

TRANSPORT

NEW AIR TERMINAL AT WHITEHORSE

Hon. Paul Lucier: Honourable senators, I have a question for the Minister of State for Economic Development.

As the building of the Alaska Highway gas pipeline has begun, and on the assumption that the whole line will now be built, resulting in a large influx of people into the Yukon, could the minister determine for me the start of the construction of the new air terminal for Whitehorse?

Having visited Whitehorse this summer, I am sure he is familiar with the totally inadequate facility that is now there. We have been promised a new air terminal for a number of years. I am not really interested in knowing when the plans are going to start or when the architects are going to start drawing. I would like to know when it is they are going to start building.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, obviously I shall have to take the question as notice. I shall try to find out whether a date has been projected—and I am not sure that that is so. I shall provide further information on the question, perhaps tomorrow.

THE ECONOMY

OUTFLOW OF ENTREPRENEURIAL CAPITAL

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have a question or two for the Minister of State responsible for Economic Development arising out of his interesting speech of October 20 to the Canadian Export Association in which he delivered himself of some sentiments with which I heartily concur. I do, however, want to ask him a few questions about their implications.

He started out by saying that Canada would need more capital than ever before and that "to attract this money it will be vital to create a favourable investment climate, first, by reducing the inflation rate, and second by making sure our investment is used as productively as possible."

I have no complaint with those words, but I would ask him how he proposes to reconcile that admirable sentiment with the problem that the country is experiencing these days of massive movements, not of foreign capital but of native Canadian capital out of Canada into other parts of the world for investment.

The honourable minister is aware that in the fields of oil and gas, mining, manufacturing, real estate, and other areas, very significant amounts—I think totalling certainly into the billions—of Canadian investment and entrepreneurial capital are going to the United States.

I bring this to the minister's notice because I think the very first thing we have to do in taking care of our capital requirements is to see why our own Canadian entrepreneurs are not investing their money in this country and explore ways in which they perhaps might be encouraged to do so.

Can the minister give us an indication of policy in respect of this problem?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the first thing the Honourable Senator Roblin should take into account is the fact that once the stage has been reached where there is a sufficient amount of square footage of supermarkets and people wish to continue investing in supermarkets, then they go to where there is a market for that particular kind of construction. I suppose that applies to much of the other real estate industry, too. Whether it is 1980 or any other year, there are, no doubt, gas and oil companies that invest in gas and oil exploration and development in Canada and in other places all over the world, and the same would apply to real estate development.

I do not think it is putting the question in its proper perspective to say that there may be some Canadian investment in real estate outside the country; therefore, that is a diminution in those who want to invest in energy in Canada. That flow goes on across international boundaries all of the time by those who specialize in the various sectors.

I think there was one word Senator Roblin left out in his quotation—and it may result from the fact that he read a newspaper account of my speech—but what I suggested was that it was the government's responsibility to try to reduce inflation, thus improving the investment climate in Canada. And I believe that very sincerely.

I also know that we are very deeply, and properly so, engaged in international trade, and we cannot, if we are going to continue that activity, completely isolate ourselves from inflationary pressures that build up in our trading partners. As a matter of fact, we have done a little better than most other countries on that front most of the time during the last few years, and I think we can take some satisfaction from it.

I am not sure what additional information my honourable friend would like. I stated some objectives and some problems with respect to the economic development that we see taking place in Canada in the 1980s, and additional or massive amounts of capital, even over and above what we have been using over the past four or five years on an annual basis, are going to be required, in my view, by the mid-1980s, and perhaps even sooner. It seems to me that it ought to be stated that we expect a favourable climate for that kind of investment, both by Canadians and by others who are interested in the kinds of sectoral projects that will be taking place in Canada over the next few years.

Senator Roblin: I would concur with my honourable friend that it is to be expected that there will be a certain mobility of capital in our economic structure. That is perfectly true, and I acknowledge that. But it seems to me it is a question of degree, and when we find, as we have in recent years, what seems to some of us to be an inordinate flight—perhaps that is too strong a word—an inordinate movement of capital from Canada elsewhere, one has to wonder, and one also has to wonder about the whole question of where capital goes. It goes where it thinks it will make money. If it is expected that there will be a good return in real estate, capital will go into real estate; if it is expected that there is more money to be made in gas and oil, the capital will be diverted into that sector. It is not true to say that a real estate developer will automatically stick to investing in real estate like the shoemaker sticks to his last, because we see what is happening in the development of the Canadian economic structure.

I stress this point, because later on in the same speech, the minister said—and I have some sympathy with his point of view—that we want to make sure that there is a Canadian presence in this recapitalization or capital development of our country. What better Canadian presence could there be than keeping our own capital at home?

I suggest this to him, not from the point of view that I am prepared to offer him some advice as to how to do it at the present moment but merely to point out that there is a problem in this respect. I also say to him that he has a problem, too, in respect of foreign capital coming into this country, because anyone who has had an opportunity to talk to foreign businessmen—and I have had some limited experience in this connection—is struck by the fact that, whether FIRA is a toothless tiger or not, it is certainly regarded as an obstruction to the investment of foreign capital in Canada.

So the minister has a lot of problems. He has to square the circle. He has to get Canadian capital investment up and he has to get foreign capital into Canada—it cannot be so strong that it will overwhelm Canadian investment—and he has to keep Canadian capital at home.

I sympathize with his target. It would perhaps be unfair to ask him to expand further on his position at the moment, but I hope that before this session is over, and particularly after the budget papers are before us, we will see the minister put some flesh on this rather interesting skeleton that he has erected.

SPEECHES BY MINISTER OF STATE FOR ECONOMIC DEVELOPMENT AND THE MINISTER OF INDUSTRY, TRADE AND COMMERCE

Hon. G. I. Smith: Honourable senators, I have a question for the Minister of State for Economic Development, and it is in relation to a speech of his and a speech of his colleague, the Honourable Herb Gray, as I get them both from the press.

I would like to begin by saying that I sympathize with the position of the government as stated by the Minister of State for Economic Development. My concern, however, is that there appears, judging from the press reports—and that is all I have to judge by—to be some difference between the point of view which he so well expressed and that which his colleague, Mr. Gray, expressed. For instance, as I read the press reports, in a recent speech to the Canadian Export Association, the Minister of State for Economic Development stated that there are prospects for strong growth in all sectors and regions of the Canadian economy. However, some five days before that, his colleague, addressing the Business Council on National Issues, said something which seems to me to be rather different, that being that there is no assurance that Canadian economic performance will be maximized or that we can even keep pace.

In the same speech the Minister of State for Economic Development, as reported, apparently expressed the view that the private sector should, and would be expected to play a very important part in the development of the prospects which he foresees as possible, whereas, judging from the report of his colleague's speech, his colleague looks upon an active role by the government in the development of industry as a major point in government policy.

● (1440)

I am wondering if there really is any difference between these two points of view as reported, and if so, which represents the considered view of the government.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am not attributing anything to Senator Smith, because as he pointed out he was taking it from the press. There have, of course, been a number of articles in the press—and I have about four in front of me and there were some printed about two weeks ago also—attempting to find some significant difference between the view of the Minister of Industry, Trade and Commerce and my view on the role of the government and, indeed, the shape and form that economic development will take. I think they would be very hard pressed to really make that case, and I am going to suggest to the honourable senator that he read my remarks more closely. I know he did not have a copy of the speech and that what he is reading is an interpretation and, I suppose, some quotations.

My reason for suggesting that is because there is really no conflict at all between the remarks made by the Honourable Herb Gray in his statement to the Business Council on National Issues, or in any other forum for that matter, and mine. Mr. Gray's statements and my own are completely compatible. Mr. Gray spoke, for example, about the need for imaginative government action and leadership. I could not agree with him more, and that is why I outlined an agenda of eight items that are contained in this speech—and I have a copy of that here too that I would be happy to send to my honourable friend—but in any event I did say that those were eight items on which Canadians will have to move if we are to have sustained economic growth in the 1980s. You can look at some of those specific points, and I am not going to go into them now, that I raised in my speech, but I said that Canadians will have to move in these eight areas. One of the agenda items, as I pointed out in my remarks to the Canadian Export Association, was energy. I highlighted the need to maximize the benefit to Canadians of the massive energy projects which will be coming on stream. Mr. Gray expressed similar concerns to the Business Council on National Issues.

Another agenda item was technology. I talked about industry increasing its share, I think, of R&D. Mr. Gray spoke in his address about the private sector pursuing innovation and both of us have talked about the pressing need to deal with skilled labour shortages. Both of us have talked about working co-operatively with the private sector, and the point is that the remarks of Mr. Gray and myself are completely compatible and are, indeed, part of the co-ordinated effort by the government at this time. I think the last two articles are not so difficult, because any intelligent person reading the arguments that are made there would come to exactly the opposite conclusion of what is written in the headlines. But I remember reading some articles two or three weeks ago that took certain quotations of mine out of context, and then put them along side some statement attributed to some official somewhere. I don't mind that; I have lived with the press in my political career for the last 25 years or so, so I know they do it. But I thought that article was perhaps the lowest yellow political journalism I have seen for quite a long time. But that is part of the game that goes on here, and I am sure my honourable friend who has had so much experience in politics, and the way that people write about it, is not going to be greatly disturbed about this attempt to pick some differences or disputes between cabinet ministers. That is par for the course every day.

Senator Smith: Well, the honourable gentleman delivered himself of some views about the press which I do not wish to be taken as having subscribed to either before or after this intervention now. But my primary concern, as I indicated to him, was whether there was any difference, any substantial difference between himself and his colleague, and if so, which

of those represented government policy. That is all that I asked. I presume, and I do not want to put words into his mouth, that what he is saying, insofar as what he said was relevant to the question, is that there is no difference and that they are both in accord with government policy.

Senator Olson: I tried to explain to the honourable senator that an intelligent analysis of both speeches would lead to the conclusion that there is no significant difference.

Senator Smith: I am not sure whether the honourable gentleman is suggesting that I have not made an intelligent analysis—

Senator Olson: I said that you have not read the speeches.

Senator Smith: —but as long as he accepts the view that I have not, that is fine. All I am pointing out to the honourable gentleman is that if he were to suggest that I was not making an intelligent analysis, then I would probably take some exception to that.

Hon. Guy Charbonneau: My question arises out of this speech made by the Honourable the Minister of State for Economic Development in which he stated that investment needs over the next ten years will necessitate a trend away from unproductive government offered subsidies. I wonder if the minister would elaborate on which currently offered subsidies he considers unproductive.

Senator Olson: Well, honourable senators, it goes a little beyond that. There has been, and I think there will continue to be times, when, for example, government assistance in one form or another is necessary to take an industry over a difficult period. It happens in fisheries sometimes and it happens in agriculture and in many other sectors of industry. Where there is a prospect that the industry concerned is going to turn or be revitalized into a healthy industry, there is no question. But in my view to prop up industries where that prospect is not present is perhaps not as productive as getting into those areas where there is a potential market for the production.

Senator Charbonneau: I fully agree with the principle enunciated by the minister, but he still has not answered my question. I realize that some programs and some subsidies have to be amended along the way. But the minister has still not answered which ones he considers as unproductive as of this moment or two days ago when he made the statement.

Senator Olson: The honourable senator now is trying to get me to pick out some specific ones and identify them. I do not blame him for asking the question. What I was doing was stating some principles, and since the honourable senator already agrees with me that he too agrees with those principles, then we do not have any dispute over what is in the speech.

Senator Charbonneau: Surely the minister did not make that statement without reviewing which subsidies were unproductive before making the statement. All I am asking now is which ones are unproductive.

[Senator Smith.]

BANKRUPTCIES

Hon. Nathan Nurgitz: Honourable senators, I also have a question for the Minister of State for Economic Development. I am referring to a newspaper report indicating the substantial increase in bankruptcies for the nine-month period ending at the end of September, which indicates an 18 per cent increase in the number of bankruptcies, and worse than that, almost a 30 per cent increase in the volume of default. That is to say that the value of liabilities has increased by somewhere around 30 per cent. Further, statistics indicate that generally these are small- and medium-size businesses that are going under. So I wonder if the minister could tell us, given the importance of small- and medium-sized businesses in providing livelihood for Canadians, what precisely the government might be proposing to do to cut down on this high rate of bankruptcy.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, you will all know that there have been a number of factors in the Canadian economy contributing to what the honourable senator has just pointed out, and I suppose one of them is the substantial increase in the cost of money that is taking place, and which is indeed substantially higher than was anticipated when the investments were made. That, of course, throws budgeting out.

• (1450)

The honourable senator will also know, and it has been acknowledged by the government, that there has been a downturn in economic activity not only in Canada but all over North America. Historical reference to that will show that, whenever there is a downturn there is an increase in bankruptcies, and in what he has referred to as the level of default in some payments.

I am not sure that it is significantly out of line with other things, but I would expect that within the next few days, when the budget comes in and a number of other things occur, the honourable senator will hear a number of encouraging ideas for dealing with these kinds of problems.

REGIONAL ECONOMIC EXPANSION

FEDERAL-PROVINCIAL AGREEMENTS

Hon. Lowell Murray: Honourable senators, I should like to ask a question of the Minister of State for Economic Development arising out of testimony given yesterday before the Standing Senate Committee on National Finance by several senior public servants in the Government of New Brunswick.

Agreements between the Government of New Brunswick and the Government of Canada in the areas of forestry and industrial development expired some time ago. I am speaking of DREE agreements. Although new agreements have been negotiated between the province and the federal government at the official level and approved some considerable time ago at the political level in New Brunswick, they have not yet been approved by the federal government.

We were led to believe in committee yesterday that those agreements are pending some form of approval by the Ministry of State for Economic Development.

My question is in two parts. First, will the minister, today or tomorrow, shed some light on the status of those two DREE agreements; second, will he address himself to the larger question of the role of the Ministry of State for Economic Development in respect of the subagreements under the general development agreements signed between the federal government and the provinces? I should like to know whether his Ministry of State for Economic Development must approve those agreements after they have been negotiated by DREE, by the federal line department, and the province, and, presumably, have been approved by the federal Treasury Board. At what stage is his ministry involved in this process? Is it at the beginning or at the end? I ask this so that we can be sure that the Ministry of State for Economic Development is acting as a spur to economic development rather than, as it appears to be in the present case, a drag.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will have to look at the evidence that was taken before that committee to find out precisely the terms in which the replies, if that is the right word, were given to the questions asked by the members of that committee.

However, I can say that if it was alleged in those replies that the Minister or the Ministry of State for Economic Development was required to make some final decision with respect to the approval of those agreements, or, indeed, the subagreements that were involved, then somebody is being misquoted somewhere, because I am sure they meant the Cabinet Committee on Economic Development, of which the Minister of State for Economic Development is the Chairman. That is a different perspective on that.

With respect to the suggestion that apparently some subagreements had been made by the department involved, in this case, DREE and the provincial government, and that those agreements have been held up and so on, I will look into that matter to see whether or not the stage has been reached where the agreements are about to be announced, or, indeed, have been agreed to. The honourable senator will also realize that the Minister of State for Economic Development has stated in this chamber before that he will not make announcements for and on behalf of his colleagues. The Minister of Regional Economic Expansion will make that announcement when he is prepared to do so.

Senator Murray: I am not asking the Minister of State for Economic Development to make announcements on behalf of anybody else, but perhaps on his own behalf he could tell us today whether it is a fact that the Ministry of State for Economic Development is not involved in the negotiations of, or in the approval process of, the subagreements negotiated between the federal government and the provinces under the general development agreements.

Senator Olson: Well, honourable senators, it ought to be well known to the Honourable Senator Murray what the purpose of the Cabinet Committee on Economic Development is. It is to consider economic policies from all of the economic departments to see that they are in keeping with the economic policy of the government. That is not new for this government. I believe it was present in the procedure of the last government and the government before that.

I can assure Senator Murray, however, that it is the committees that take these economic policies under advisement, and give their approval or delay them or take whatever other action they choose to take.

INDUSTRY

GOVERNMENT ASSISTANCE TO MASSEY-FERGUSON LIMITED

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have certain delayed answers that I should like to give today, if I may.

First I should like to reply to a question asked by Senator Murray during Question Period on October 21 concerning the offer of federal assistance to Massey-Ferguson.

What is involved in the answer, although it is quite brief, is essentially the same material as I gave to Senator Doody a few minutes ago, but because I gave an undertaking to answer Senator Murray I will do so.

I would like to stress once again the importance of the negotiations which are now under way in order to assemble a package of recapitalization for Massey-Ferguson. Obviously the success of those negotiations will determine the final form of the assistance from both the federal and the provincial governments, and it is therefore in our interest not to prejudice the outcome of the negotiations. The Minister of Industry, Trade and Commerce announced that the government would participate in the recapitalization effort in order to quickly restore confidence on the part of lenders, buyers and suppliers so that Massey-Ferguson might take advantage of merging favourable market trends. I know that there has been speculation about the amount of government assistance, but I am not prepared to disclose a stated amount until such time as a satisfactory recapitalization package has been assembled.

ENERGY

DOMESTIC OIL—CALCULATION OF COST OF PRODUCTION

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to reply to a question asked by Senator Balfour during Question Period on October 16 concerning the calculation of the cost of production of domestic oil.

As I have already stated, one of the major elements of federal energy policy is that Canadian oil prices should be made in Canada rather than set arbitrarily by the OPEC cartel. This in turn implies that oil prices should reflect the cost of producing oil in this country.

The issue of determining cost of production is, of course, a complex and important one. The government has recently announced the appointment of Mr. H. Renouf to head up the Petroleum Monitoring Agency. One of the agency's prime goals will be to determine the cost structure of producing oil in

Canada in order that the government may properly administer a blended oil pricing regime.

The blended oil price, I might add, will include a number of components in order to arrive at a price that will be based on Canadian conditions rather than on an OPEC-mandated price which bears no relationship to cost factors. The components of a blended price regime would take into account the cost of producing oil from existing fields, the cost of tertiary or enhanced recovery from existing fields, the cost of tar sands oil, and, of course, the cost of imported oil from international producers. When our frontier oil comes on stream it would also become a factor in establishing a blended price.

I would like to add that the government will be providing detailed information on the oil pricing question in the budget and energy statements which will be brought in next week.

● (1500)

PARLIAMENT

MEMBERS—ALLEGED PENSION BENEFITS—NEWSPAPER ARTICLE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Lang on October 15, 1980, concerning pensions of members of Parliament. It is rather detailed. If honourable senators agree, perhaps it could be incorporated in today's record of proceedings.

Hon. Senators: Agreed.

(*The answer follows:*)

Relatively speaking, the benefit formula and the contributory requirements under the Members of Parliament Retiring Allowances Act are comparable to related provisions of pension plans for members of provincial legislatures. The current pension plan for Members of Parliament has been in effect since 1979 and incorporates major recommendations for change made by an independent study commissioned by the Government prior to that time. Among other elements, this study took into consideration for comparison purposes the pension plans for the elected representatives of a number of other countries.

Under the terms of the Members of Parliament Retiring Allowances Act, a Member of Parliament is eligible for a pension after six years of pensionable service. This pension is payable for life upon termination as a Member of Parliament. In consideration of the fact that pensions are payable in such a manner, however, Members of Parliament are required to pay a very high percentage of their salary towards the cost of their pensions, 8½ per cent of salary in total.

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

APPOINTMENT OF ACTING ASSISTANT DEPUTY MINISTER

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a reply to a question asked by the Leader of the Opposition on October 15, 1980, concerning the appointment of Mr. R. J. Fournier as Acting Assistant Deputy Minister of Indian Affairs. The reply is lengthy, so perhaps it should be incorporated into the record.

[Senator Olson.]

Hon. Senators: Agreed.

(*The answer follows:*)

I am informed that the appointment of Mr. R. J. Fournier on an acting basis was discussed by the Deputy Minister of Indian Affairs and Northern Development with his Minister before announcing such acting appointment. The views of certain leaders of the native Canadian community, to the extent that they had communicated such views to the Deputy Minister, were indeed part of the Deputy Minister's discussion with his Minister concerning Mr. Fournier's appointment.

As this appointment was made as an interim measure pending the completion by the Public Service Commission of the regular staffing process, the normal practice in such situations of designating an acting appointee from amongst officers immediately available to the Deputy Minister was followed. In this context, one native Canadian who is a member of the Deputy Minister's senior management team was considered; this officer, however, was in the process of being promoted by the Public Service Commission to another senior position within the Indian Affairs Program and it was not considered appropriate to request him to act as Assistant Deputy Minister at this time.

APPOINTMENT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Williams on October 15, 1980, concerning Indian Affairs. The question concerned the appointment of a person who is stationed in Washington, D.C.

I am informed that the appointment to which the honourable senator refers in his question must relate to the assignment of Ms. Theresa Nahanee, an officer of the Department of Indian and Northern Affairs, to the Bureau of Indian Affairs of the Department of Interior, U.S. Government, in Washington, D.C. Ms. Nahanee is a native employee of the Department who is currently participating in the Career Assignment Program (CAP) of the Public Service Commission of Canada.

Her assignment to the Bureau of Indian Affairs of the United States government has been arranged as part of her development plans for future senior management responsibilities in the Canadian Federal Public Service. Her duties in the Bureau of Indian Affairs will have included over the year a series of assignments in various sectors of the bureau where she will gain knowledge of their operations and policies and benefit from the American experiences in the field of Indian administration. She will, by the same token, share with her hosts her knowledge of the Canadian Indian administration. While it is anticipated that the assignment will contribute

significantly to Ms. Nahanee's personal development as a prospective senior manager in our own public service, her sponsoring department, Indian Affairs and Northern Development, expects that the knowledge and experience acquired will benefit them as well in the contribution she will be able to make on her return to the continuing review and development of departmental policies and programs designed to serve the Canadian Indian and Inuit people.

CHILDHOOD EXPERIENCES AS CAUSES OF CRIMINAL BEHAVIOUR

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the consideration of the report of the Standing Senate Committee on Health, Welfare and Science entitled "Child at Risk", tabled in the Senate on October 16, 1980.

Hon. Florence B. Bird: Honourable senators, the public hearings and the preparation of the report, "Child at Risk", have been an illuminating and mind-expanding experience for those of us who worked hard on the subcommittee.

Senator McGrand was, of course, the heart, the brain and the philosopher of the inquiry. The single-minded humanitarianism of our colleague, and his profound belief in the importance of the operation, were an inspiration. The report is the result of his indefatigable pursuit of knowledge, his insistence on getting the best possible witnesses in a wide spectrum of disciplines, and his patience in writing and rewriting the careful drafts prepared by the support staff.

The printed record of the submissions by 27 high-powered witnesses will be an invaluable source of research material for many years to come. Already it has been in great demand by institutions and individual researchers not only in Canada but in other countries. It, in itself, justifies the work of the subcommittee and brings great credit to this house.

[*Translation*]

The report "Child at Risk" is well documented and concise. I can assure you that it is an impartial and accurate summary of what we have read and heard. We wanted it to be short in the hope that it would be read and re-read not only by legislators, public servants, social workers and educators, but also by parents and young people.

This report is not expensive. At $2.95, it is really a bargain to enrich the mind!

The 28 recommendations are pragmatic in the sense that they are politically practicable. They are sensible and they are realistic. Some of them will cost some money, but I am convinced, honourable senators, that they will bring about savings in the long run. We have only to think about the $500 million that we spend each year to build prisons and keep people behind bars. We have only to think also about the expense in human values.

[*English*]

There is no one single cause for the accelerating velocity of violence in our society. There are many contributing reasons for it, such as urbanization, over-crowding, rising expectations that cannot be fulfilled, weakening of the influence of the family and the church, and being cut off from our contact and interaction with our natural animal environment.

An important factor is, of course, genetic inheritance that goes back for generations and is, in part, responsible for the inability of an individual to endure stress or to have a toleration for alcohol.

Important as all these are, they did not fall within the terms of reference of your committee. Our mandate was concerned with early childhood experiences as causes of criminal behaviour. Our inquiry over the last 3 years has proved, without a shadow of doubt, that environment is a tremendously important factor.

The witnesses convinced us that the future adjustment of an infant and the behaviour of an adolescent and adult are greatly influenced, for better or for worse, by what happens to a fetus *in utero*, to an infant during and immediately after birth, and to a child during the first few years of its life. We know now that physical and emotional deprivation during these periods can lead to resentment, social withdrawal and violence.

Our recommendations are, therefore, designed to prevent some of the environmental causes that put a child at risk of developing criminal behaviour.

For example, we recommend an extension of day care services for the following reasons: Today, one out of every three marriages ends in divorce. As a result there are many single parents with children. As a rule, these men and women must work to support their families. Every year more mothers go out of the home to work because two pay cheques are no longer a luxury; they are a necessity for many families. That means that someone must look after their children; most of them cannot afford home help. Many now put their children into private homes where there is no one to check on whether or not a child is at risk, or to provide counselling and guidance for the parent. Well run day care centres with professional staff can give those children and their parents the help they need. At present, there are not enough day care centres to fill the need. There is a long waiting list in most cities, and day care is needed not only for pre-school children but also for school children.

• (1510)

The report of the Commission for the International Year of the Child supports our opinion in this respect. It states:

> The reality is that over 600,000 children under the age of seven have no access to day care, and there are probably over one million "latch-key" children in Canada. This situation has worsened since it was examined by the Royal Commission on the Status of Women in 1970, and if the present trend continues, it could become a major crisis in the future.

Recommendation 3 is that family allowances be extended to pregnant women provided they receive prenatal care, and is based on the information that the nine months *in utero* are as important as any other time in the life of a child. The allowances would only be given for seven months, longer than they are now, since it takes time for a woman and her doctor to know if she is pregnant and if she is able to keep her child. In 1981 the gross cost of extending the allowance would be about $83 million. Of this, about $16 million would be recaptured through the taxation system, so that the net cost would be about $67 million.

This is not a particularly revolutionary recommendation, since for years now pregnancy allowances have been paid to women in France and Belgium. Similar legislation was introduced in Britain right after the war in order to make sure that pregnant women understood their nutritional needs and were given prenatal care.

All these recommendations in regard to day care centres and the extension of family allowances will obviously cost money in the short term, but, as I mentioned earlier, I am convinced that they will save money in the long term.

As I said before, we are spending half a billion dollars a year to keep people behind bars. At the same time, the cost of violence in the destruction of life, health and property is incalculable. There is no way to put a money value on the human suffering caused by violence in the home—the anguish of the battered child, the physical and psychological misery of the wife who has been beaten again and again. There is no way to calculate the trauma of a woman who has been raped, the misery of an elderly couple who have been tortured and beaten, or the grief of the family of a storekeeper or taxicab driver who has been killed during a hold-up.

Nor can we put a money value on the cost of the violence people commit against themselves instead of toward others—and here I refer to the people who become alcoholics, drug addicts or prostitutes, or who take their own lives. I find it horrifying that in the last decade the suicide rate for young people under 15 years of age has increased by 59 per cent, while the rate for those between the ages of 15 and 19 years has increased by 236 per cent.

The cost of mental illness and of keeping people in institutions is also increasing. We know now, as a result of our inquiry, that many serious neuroses are caused by early childhood experiences.

As Senator Bonnell mentioned last night, violence has become one of the great dangers to our society. Between 1974 and 1978 there was a 10 per cent increase in the rate of crimes of violence. What is an even greater worry is that during the same period there was a 61 per cent increase in the number of juveniles apprehended for crimes of violence. In 1978, about 139,000 violent crimes took place in Canada. The 80 per cent recidivism rate indicates a high degree of failure in our efforts to rehabilitate the inmates of our penitentiaries, in spite of the Archambault Report, the Fauteux Report, the Ouimet Report and, more recently the MacGuigan Report. It is obvious to your committee that we may be able to save money in the future by preventing violence by getting at some of the root causes, rather than continuing to spend money, unsuccessfully, to punish and reform offenders.

Recommendation 28 is perhaps the most important single recommendation in our report. It recommends setting up The Canadian Institute for the Study of Violence in Society. The reasons for it are as follows.

As we listened to the witnesses we had the impression that each was working in isolation and was unaware of what was being done by other researchers in Canada and in other countries. The doctor who was working on brain damage was sure that he had the answer. The social worker involved with battered children was sure that he or she had the right and only answer. The same can be said of the psychiatrist, the anthropologist, the gynaecologist and the psychologist working in the field of emotion deprivation—each was sure he or she had the only answer.

After a while we asked the witnesses if they thought there should be some multidisciplinary organization where information could be pooled and further research could be undertaken. Each of them said, "Oh yes, that is the thing we need more than anything else. We must be able to work with others and find out what is being done elsewhere". They all agreed that more research is needed, and that too was obvious to your committee.

We have spelled out in detail in Recommendation 28 what we hope the institute will do, so I will not burden you with it now, since you will, of course, read it yourselves, if you have not already done so. I hope the money will be found somewhere to set up the institute, because I think it is of paramount importance.

In conclusion, I personally am sure that our recommendations can do much more than help to prevent children from getting into trouble with the law. If they are implemented, I believe they will give our country a greater number of healthy, happy children who will grow up to be well-adjusted adolescents and adults. Surely, honourable senators, that is something which all of us, on both sides of this house, want for the future of Canada.

On motion of Senator Marshall, debate adjourned.

THE CONSTITUTION

PROPOSED RESOLUTION FOR A JOINT ADDRESS TO HER MAJESTY THE QUEEN—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Perrault, P.C., calling the attention of the Senate to the document entitled "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada", tabled in the Senate on 6th October, 1980.—(*Honourable Senator Lamontagne, P.C.*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Senator Lamontagne is not able to be

here this afternoon—at any rate, he will not arrive until later—and I am authorized to yield to Senator Manning on his behalf.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Ernest C. Manning: Honourable senators, I enter this debate with some trepidation because of the seriousness of what we are discussing. Seldom in the long history of this chamber has there been greater need and obligation to honour the twofold responsibility which is ours, to give sober second thought to those propositions which come before us and to bring to bear on parliamentary debates the desires and concerns of the regions we represent. If ever a proposition cried out for sober second thought it is the one before us now. It bears directly on Canada's future as one strong and united nation. Unwise decisions may create a backlash that could inflict mortal wounds from which Confederation would not recover. If Canada is strong enough to endure the blows already dealt to national unity, we still may be confronted with constitutional provisions which will be permanent causes of regional alienation and dissent.

We are all aware of the long series of efforts to reach agreement on constitutional reform. On at least two occasions agreement was reached, but when it came time for ratification, someone always lacked the fortitude or necessary political support to take the final step. The long series of efforts and failures reached a climax at the last meeting of first ministers.

● (1520)

The major factors militating against success were apparent. The first was unrealistic objectives and time constraints. Both the pre-conference committee and the conference itself tried to reach agreement on a much too broad spectrum of reform, thereby opening up too many areas of disagreement. Had the committee and first ministers concentrated on the single goal of reaching agreement on an amending formula and patriation, I am confident that that initial goal would have been reached. The way would have been opened for immediate patriation and impetus given to concerted efforts to resolve the remaining issues in an atmosphere of co-operation and goodwill.

Secondly, the time constraints placed on both the committee and the conference were unrealistic. Such negotiations are, of necessity, slow and laborious processes, requiring much patience much perseverance, and much time. They simply cannot be hurried. By insisting on unrealistic deadlines, the propects for success were impaired.

The third cause of failure was the Prime Minister's almost total rejection of the viewpoints and concerns of the 10 provincial premiers. In a philosophical approach to what he regards as Canadian nationhood, he held that Canada is more than the sum total of its provinces, and the federal government, rather than a partner with provincial governments, is a power above and apart, representing national interests which transcend those of the ten provincial governments combined.

While attaching great importance to his so-called "people's package," including his "Charter of Rights," he was unresponsive to the equally important concerns of the provincial premiers in matters which affect not merely their regional interests but the well-being of the nation as a whole.

For example, every part of the country today is adversely affected by unresolved jurisdictional disputes involving the ownership and management of natural resources, including offshore mineral rights. In my province alone, two major projects for increasing Canada's energy supply, by developing the Athabaska oil sands and the Cold Lake heavy oil deposits, are close to being abandoned because of the jurisdictional conflicts over energy-pricing policy.

These two projects alone would infuse over $13 billion into the Canadian economy, would create thousands of new jobs for Canadians, many in central Canada, and, when in production, would reduce imports of costly foreign oil by over 250,000 barrels a day. It is estimated that the value to Canada of these projects alone would be approximately $15 million a day.

Recent reports indicate that some $2 billion of oil exploration and development capital has already been diverted to the United States, and scores of drilling rigs are following, with the loss of hundreds of Canadian jobs—all because of federal-provincial controversy over energy management and pricing policy. A similar situation is developing on the Atlantic seaboard with respect to offshore mineral rights.

I cite these examples not to impute blame but to emphasize that the national as well as regional interests are severely damaged by unresolved jurisdictional disputes. The solution to these problems does not necessarily require constitutional amendments, but it does require a recognition that often the national and regional interests of this country are inseparably related and the provincial governments must therefore be treated as equal partners with the federal government in the policymaking process through which solutions to these problems must be found.

Concerned that Ottawa is committed to exercising increasing control over the management of provincial natural resources and regional economic policy, the provincial governments made it clear that if the Constitution is to be amended they want their right to the ownership of natural resources and the management of provincial economic policy reaffirmed and entrenched. A twentieth century Constitution must provide the framework for a meaningful new national economic policy.

The Prime Minister's response to their insistence that economic rights be given equal recognition with what he describes as people's rights was to say that he was not prepared to bargain freedom for fish or fundamental rights for oil. Under such circumstances, it was not surprising that the conference ended in failure.

The wise and prudent thing to do at that point would have been to set aside temporarily all issues other than patriation and agreement on an amending formula, which even then could, in all probability, have been reached. Instead, the Prime Minister decided to embark upon a course of unilateral action to both repatriate and amend the Constitution, despite warn-

ings from most of the premiers that such action could have dire consequences for Confederation.

I do not question the Prime Minister's belief that he has chosen the right and responsible course, but he is wrong—terribly wrong—and he is risking unnecessarily the danger of tearing Confederation apart.

May I comment on the implications of what he is attempting to do? To begin with, patriation per se is not a matter of disagreement among the Canadian people or Canadian governments. Practically all agree that our Constitution should be our own statute, passed by our own Parliament and domiciled in our own country. It is equally true to say that patriation is not a matter of widespread public interest or concern, even after the federal government has spent millions of dollars on television advertising telling Canadians that it is. Certainly, it is not regarded by the public as a matter of urgency. On the average Canadian's list of concerns, patriation would have a very low priority compared with the really serious and urgent problems of unemployment, inflation, energy, balance of payments, and budget deficits.

I venture to say that, left to their own good judgment in assessing the public mood, few if any government party members in the other place, or in this chamber, would be making patriation and constitutional reform a major national issue at this point in time had not the Prime Minister, as Leader of the Liberal Party, insisted on making it a national issue.

I repeat, while it is not a matter of urgent public interest and concern, few if any Canadians, and certainly no Canadian government, are opposed to patriation per se. For this reason, it was improper for the Prime Minister, at the press conference announcing his intentions, to say that those who might propose petitions or resolutions to Westminster would look silly saying to the British Parliament, "We don't want our Constitution in Canada." No one is saying that at all.

What the provincial governments and many individual Canadians are saying is that they do not want the federal government to act unilaterally in a matter with such far-reaching implications for every province and every Canadian citizen. Particularly, they do not want the Prime Minister acting unilaterally to make patriation a smoke screen behind which the government of another country is being asked to make significant amendments to our Constitution, unacceptable to many Canadians and to at least seven of the ten provincial governments.

● (1530)

The course of action on which the Prime Minister has embarked embodies two grave consequences for the unity of Canada now and in the future. The first is the divisive impact of what already has taken place. It is beyond comprehension why the Prime Minister would arbitrarily initiate the course of unilateral action he has announced having regard to the circumstances which exist at present. With the ties of Confederation already under severe strain, he could not have chosen a worse time to embark on a course of divisive unilateral action.

[Senator Manning.]

To proceed in the manner proposed violates the spirit, if not the letter, of established provisions for altering the B.N.A. Act, and does violence to long-standing Canadian traditions. It ignores entirely the valid objections voiced by the ten provincial governments. It makes a mockery of Canada's commitments to those people of Quebec who defeated the sovereignty-association referendum on the strength of federal promises that there would be speedy and acceptable constitutional reform.

The claim that the action proposed honours those commitments is one of the most dishonest aspects of this entire exercise. Much effort towards constitutional reform in recent years was prompted by a desire to meet Quebec's aspirations and concerns. What is now proposed is unilateral action rejected by Mr. Lévesque representing the supporters of sovereignty-association, and by Mr. Ryan representing the majority of Quebecers who rejected sovereignty-association. The course the Prime Minister is pursuing is one which both Quebec leaders not only reject, but publicly affirm they will go to court to prevent. To say that this action is being taken to meet Quebec's aspirations is ludicrous.

In a confederation such as ours in which a co-operative partnership between the two levels of government is vital to national unity and strength, no government should act unilaterally to override the expressed objections of a substantial majority of the other partners, except in cases of extreme necessity. Even then the central government should not act unilaterally unless it has a substantial majority in the House of Commons and unless its members are drawn from all regions of the country, thereby truly reflecting the national will. This essential requirement does not exist in the present Parliament.

Of a total membership of 282, there are at the present time six vacancies in the House of Commons. The government party supporters number 143 for a majority of 33 seats. But 72 of the government's members are from one province—Quebec—and over 86 per cent of its members are from the two central provinces of Quebec and Ontario. It has only 20 members from the eight other provinces combined, only two members from west of the Ontario-Manitoba boundary and none west of the province of Manitoba. Under such circumstances it is in no sense a truly national government. What we have is the leader of what has become a regional political party with only regional representation in Parliament presuming to alter the face of Canada and remake it in his own image, after his likeness, by imposing unilaterally on the entire nation an amended Constitution that significantly changes the structure and basis of Confederation.

That the Prime Minister recognizes this weakness is evident from his recent concessions to the New Democratic Party to gain their backing to give the semblance of support from more regions of Canada. The extent to which these concessions are substantive remains to be seen. Of one thing I am certain—the Prime Minister and his government have not begun to appreciate the amount and intensity of the animosity his decision to act unilaterally has engendered in many parts of this country,

particularly western Canada, and how grievous the wounds already inflicted on the unity of this nation.

The second grave consequence is that which we will face in the future if the unilateral action is carried to fruition. It is inaccurate to say that the provisions embodied in the proposed Constitution bill do not significantly alter the status quo. They are provisions which have far-reaching implications and hold the potential for future controversy and dissention. Let us consider their implications briefly.

First, there is the matter of the so-called Charter of Rights. All provincial governments and the overwhelming majority of the Canadian people unreservedly support the concept of respecting and protecting human rights. The point of contention is whether a Charter of Rights should be entrenched in the Constitution, or whether the protection of human rights should remain the responsibility of Parliament and the provincial legislatures.

Certainly an argument can be made for entrenchment. Entrenchment would give such rights an immutability they do not possess when embodied in federal or provincial statutes. Entrenchment is used in the United States to ensure basic rights. Ironically, it is also employed by the Soviet Union which, on paper, has one of the most idealistic constitutions in existence. This is significant only in that it proves that entrenchment in itself is not a guarantee that human rights will be respected.

It is interesting that entrenchment is strongly supported by those who abuse their rights to advance a particular cause or serve their own interests. In the United States professional criminals and subversives seem to be among the best-informed on the matter of their constitutional rights. The work of law-enforcement officers frequently is thwarted by such people employing every legal device to escape justice on the grounds that some constitutional right has been at least technically violated. Those who are obviously guilty often are acquitted by the courts on the grounds that the process of justice did not show due regard for some aspect of their entrenched constitutional rights.

The alternative to entrenchment is the British system based on a concept of human rights too broad and comprehensive to embody in a constitution and that respects the sovereignty of Parliament to legislate wherever necessary to ensure that individual rights are protected. This is the system we have followed in Canada for over 100 years, and which has worked eminently well. The Honourable the Leader of the Government in initiating this debate said that if the late Right Honourable John Diefenbaker were alive he would be saying, "Hear, hear," to the proposal to entrench a Charter of Rights. Without presuming to speak for the late Mr. Diefenbaker, I doubt the accuracy of the leader's conclusion. Mr. Diefenbaker, above all else, was a champion of the supremacy of Parliament, and his confidence in Parliament as the proper custodian of human rights was demonstrated by his decision to establish his Charter of Rights as a bill passed by the Parliament of Canada.

• (1540)

When parliaments are the guardians of human rights, if weaknesses develop or changes become desirable, elected representatives soon feel the pressure of public opinion, and the necessary statutory changes can readily be made in response to the public will. In our diverse society in these changing times it is my conviction that this is an eminently better system than that which takes this matter out of the hands of Parliament by constitutional entrenchment, where new provisions can be added or old provisions strengthened or changed only by controversial constitutional amendments, and where those who feel aggrieved have recourse not to their elected representatives but only to the courts.

However, in the matter before us, the primary issue is more than which of these two systems is best. The question is: Should the federal government, lacking true national representation in Parliament, move unilaterally to change an established system which is working eminently well, when such$0a change has obvious disadvantages and is objected to by all but one or two of the ten provincial governments and a large body of Canadian people?

My submission is that it should not.

But there is another feature in the proposed Charter of Rights which, if entrenched unilaterally, will prove to be a permanent source of disunity and will certainly be counterproductive. I refer to the provision regarding language rights.

The stated objective is to ensure that English or French minorities have the right to have their children educated in either official language, if the number of students in the community warrants. That involves an indisputable change in the Constitution as it relates to provincial rights in the field of education. It takes away from provincial legislatures a power they have exercised for over 100 years, and exposes them to the obligation to provide and fund language education facilities for minority groups able to claim such service as a constitutional right.

Regardless of the merits, no one can say that that is not a fundamental change in the Constitution, and since it directly affects long-established provincial rights, it is one that should not be made without the concurrence of the provincial governments.

If implemented in the manner proposed, it will become a continuing source of controversy. It will be impossible to avoid disputes over what is the proper number of pupils that should require school authorities to provide instruction in the language of the minority. That question will be decided by the courts. The adverse consequences of school authorities being forced by court orders to provide and fund education in the second language for minority groups are obvious, especially in communities which are hard-pressed to provide adequate educational opportunities in one language.

But what should give us further concern is the negative aspect of all of this on bilingualism itself. Unfortunately, bilingualism is such a sensitive and emotional issue that most people tend to avoid discussing it for fear of being misunder-

stood. Bilingualism has been a national issue in this country for 15 years. We have had an Official Languages Act for 11 years. Surely by now some facts are apparent to us all.

The passing of the Official Languages Act gave official status in the federal field to the French and English languages, but it did not make a single Canadian bilingual. Eleven years later, and after spending hundreds of millions of dollars on language education, Canada remains a bilingual nation in name only. Surely by now experience has taught us that you cannot attain bilingualism by legalistic means. It must be a matter of individual desire and choice, stemming from an appreciation of the value and satisfaction of being able to communicate in both English and French.

Entrenching language rights in our Constitution will be counterproductive so far as fostering bilingualism is concerned. What it will do is increase the resentment and resistance of those who will interpret such entrenchment as a further attempt by the federal government to unilaterally force on them and their region of the country something they do not want and cannot be made to accept. If bilingualism is a national goal, we do not hasten its attainment by creating situations which mitigate against it.

I turn now to the matter of equalization. If by equalization is meant entrenching in the Constitution the existing formula for redistributing revenue to subsidize provinces whose income from certain fields of taxation falls below the national average, there will be little objection, even though such entrenchment would rob the formula of desired flexibility.

The real danger in such entrenchment, and the reason it is opposed by at least some of the provinces, is uncertainty as to the interpretation that may be placed on guaranteed equalization. The question is being asked in more than one province, "Is this a provision to enable the federal government to grab a lion's share of the revenue from temporarily lucrative but depleting provincial natural resources on the ground that such action is a national necessity to increase federal fiscal grants to other provinces to comply with the Constitution's equalization provision?"

Government supporters will argue that such is not the intent, and certainly they have every right to so argue. But I draw your attention to two important facts. First, many Canadians in western Canada at least, and the leaders of a number of provincial governments east and west, simply do not trust the Prime Minister when it comes to respecting the ownership and management of their depleting natural resources and the revenues that accrue therefrom. Second, no matter what the intent may be, the precise meaning of equalization in the Constitution will be subject to different interpretations, and will inevitably lead to controversy and references to the courts, all of which will have a negative impact on federal-provincial relations and national unity.

Finally, there is the proposed provision with respect to an amending formula. It is proposed that following patriation no changes will be made for two years unless unanimity is attained. In the national atmosphere of resentment which unilateral action will produce, there is little hope of unanimity being attained during the two-year period. After two years, amendments will be made in accordance with one of three options: first, the so-called Victoria Charter; second, a new formula agreed to by that point in time; or, third, a national referendum.

With respect to the Victoria Charter, while it represented a substantial measure of agreement, it contains features to which some provinces take strong exception. One is the power of veto to be permanently enjoyed by the Provinces of Ontario and Quebec but denied to all others. Having regard for the difference in population between the provinces, it would be unrealistic to argue that each should have a full power of veto. But surely, in those matters involving the rights and powers which provinces now enjoy, they should not be altered or taken away without the consent of the province affected.

● (1550)

Regarding the possibility of working out a new amending formula, if good methodology is employed, I believe that can be done provided the federal government is prepared to modify its uncompromising rigidity in the matter of retaining centralized control over government policy decision-making processes in Canada.

I am well aware of the federal government's claims of flexibility, but what it ignores is that there are two kinds of flexibility. It is one thing to be flexible in agreeing to move the pieces around within a certain parameter you have defined—in this case its own particular concept of Canada—but it is another thing to be flexible by agreeing to move the pieces beyond the parameter you have defined in order to respect and accommodate the equally valid positions of other levels of government.

It is not a matter of denuding the federal government of its proper and necessary federal powers. It is a matter of recognizing that Canada has undergone tremendous change in recent years and the old concept of a nation with a protected industrialized central region with a hinterland east and west no longer is viable. Having regard for national growth and economic development, especially in the western provinces, major decision-making powers can no longer be concentrated in the central government dominated by representation from one region of the country. Unfortunately, there has been little federal flexibility in addressing this major national issue.

In the matter of a national referendum as a method of implementing constitutional amendments, this is surely one of the least desirable courses of action. It is a method whereby the federal government could attempt by massive national propaganda to persuade a majority of the Canadian people to accept its proposals for constitutional change, no matter what the views and concerns of the provinces might be. Reports that the federal government's propaganda fund has been increased to $35 million are not without significance.

More serious is the fact that referendums inevitably produce polarization. People are asked to choose sides on issues which invite fundamental differences of opinion. The resulting polari-

zation divides families and communities, and could seriously further divide the country. This latter danger is aggravated by the imbalance of population and interests between the various regions and provinces. Nationally the citizens of the two central provinces, who have mutual interests significantly different from those of other regions, could always outvote the rest of the population.

It is true that a referendum on a constitutional amendment under section 41 will require a double majority for acceptance—that is, a national majority of those voting, and a majority in favour in each major region of the country, namely, Ontario, Quebec, the maritimes and the western provinces. This would enable citizens in any one region to defeat the referendum even if it received a favourable majority nationally and in each of the three other regions; but such an outcome would generate resentment and further aggravate the already serious regional differences which impair the unity of this country.

Honourable senators, the irony of this whole situation is that it is man-made and totally unnecessary. As I have said, constitutional reform is not in itself a matter of urgent public importance and concern. The extent to which it has become a contentious public issue is because the Prime Minister has chosen to make it so. It is now dividing the country and consuming the time and energies of governments which could be better spent in co-operative efforts to resolve the nation's far more serious and urgent economic problems.

Having regard for these circumstances, I appeal to all honourable senators to weigh most carefully the role that this chamber can and should play at this crucial time in our national history. I suggest there are three things that we can and should do. First, we should do all in our power to persuade the Prime Minister to reconsider the dangerous course on which he has embarked. This obviously rests primarily with senators who are members of the government party. As such, their individual and collective judgment is something which I am certain the Prime Minister respects. I am equally certain that they have deep respect, and even affection, for their leader which must surely be a motivation for them to dissuade him from a course that can only enshrine him in history as a leader who did more to divide Canada than any other Prime Minister since Confederation.

Secondly, we can act to prevent the proposed resolution from being approved by Westminster by withholding our endorsation. Westminster might act without the concurrence of the provincial governments, but it would not act without the concurrence of this house. Surely this is a situation in which all partisan interests should be set aside and we should all act solely in the interests of Canada as a nation. This can well be an historic occasion, when the wisdom of the Fathers of Confederation in providing this chamber of sober second thought will be demonstrated as never before.

Thirdly, we can initiate within this chamber an alternative course of action that could lead to a resolution of disagreements over constitutional reform. We should establish a small task force and employ a wholly different methodology to develop acceptable constitutional amendments. The substance of future amendments in areas of concern should first be embodied in temporary political agreements between the federal and provincial governments with the understanding that after a trial period of perhaps two years their substance would be adopted as constitutional amendments and implemented under whatever amending formula has been worked out. I am confident that such a procedure could be successful, and certainly it would be an appropriate and constructive role for this house.

I close with an earnest appeal to those who in their resentment and frustration are reacting to the government's present proposals with talk of separation. I am deeply troubled by the large number of serious-minded responsible people in western Canada who a year ago would have rejected the idea of separation out of hand, but who are now joining or supporting organizations advocating that the west separate. Such organizations are attracting members and fringe supporters not by hundreds but by thousands. It would be a grave mistake for the federal government to ignore the potential danger to Canada inherent in such trends.

I am unalterably opposed to any attempts to break up this country in any way. I am certain this is still the position of the majority of Canadians east and west, and I appeal to all such to remain steadfast in their commitment to Canada as one united nation from sea to sea no matter how great the provocations may be.

I appeal with equal fervor to the Prime Minister and his government for the good and future of Canada not to go on imposing more strains on ties which already are at the breaking point. Let none of us fail Canada in this crucial hour.

On motion of Senator Olson, debate adjourned.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FOURTH REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the fourth report of the Standing Joint Committee on Regulations and other Statutory Instruments, which was presented on Thursday, July 17, 1980.

Hon. John M. Godfrey: Honourable senators, as Joint Chairman of the Standing Joint Committee of the Senate and the House of Commons on Regulations and other Statutory Instruments, together with the other Joint Chairman, the Honourable Perrin Beatty, M.P.; the Vice-Chairman, Mr. Kenneth Robinson, M.P.; the Honourable Ramon Hnatyshyn, M.P.; and Mr. Svend Robinson, M.P., I recently attended a conference in Canberra, Australia of, as they described it, "Delegated Legislation Committees" of the Commonwealth.

"Delegated legislation" is just another name for subordinate legislation, which is the name used by most of these committees, although some have somewhat similar names to ours. The public, of course, has not the vaguest idea of what we are talking about when we use such expressions as "delegated

legislation" or "subordinate legislation". In our report, which is the main subject of my speech, we recommend that our present committee be renamed the Standing Joint Committee on Regulatory Review, so that the public would have a better understanding of the function of the committee from its name. For the sake of convenience, I will use this name when referring to other committees in other jurisdictions exercising the same function, and I will use the term "regulation" as interchangeable with "subordinate" or "delegated legislation."

● (1600)

Because we were attending the conference in Canberra, we were anxious to present our report before Parliament adjourned in July so that it would be available to delegates attending the conference. Our legal counsel, Graham Eglington, worked under extreme pressure in producing the first draft and subsequent re-drafts, and I want to pay tribute to his efforts. He is an outstanding authority in this field and the committee leans very heavily on his expertise and advice, not that we always take it, as the minutes of our proceedings and evidence will show.

I might also say that I spent many hours in the re-drafting process, which is the kind of contribution a senator, particularly one with a legal background, can make, as we do have more time than members of the House of Commons, who are much busier than we are on other matters.

Our report was the result of the committee's being originally empowered, in February 1979, to conduct a comprehensive study of the process by which government regulations are enacted and how that process can be improved, with particular reference to "the means by which Parliament can better oversee the government regulatory process."

We had just got going—in fact, we were in Washington studying how they handle these matters in the United States—when the election was called, which stopped our work. We had just nicely got going again when the government was defeated and another election was called. Finally, on June 4 of this year both houses again referred this matter to our committee and, as I have mentioned, we were able to complete our work on July 17.

This question of regulatory reform is being studied to death in Canada right now. The Institute for Research into Public Policy in Montreal has been studying the matter for several years. At a federal-provincial meeting of first ministers held in February 1978 it was agreed:

> —that the whole matter of economic regulations at all levels of government should be referred to the Economic Council of Canada for recommendations for action, in consultation with the provinces and the private sector.

Shortly thereafter, the Prime Minister formally requested the Economic Council to:

> —undertake a number of studies of specific areas of government regulations which appear to be having a particularly substantial economic impact on the Canadian economy.

[Senator Godfrey.]

The chairman of the council, at the request of the Prime Minister, prepared a preliminary report on the regulation reference for the meeting of first ministers in November 1978. In light of the discussion of the preliminary report by first ministers, some modifications were made in the council's research plan. The Prime Minister had requested the council to prepare an interim report by the end of 1979, and this report was actually issued in November 1979. It would appear from their report that they undertook five general or framework studies and fourteen specific areas of study. In contrast, our committee relied on our own experience, including what we had learned of the procedures in other countries, the expertise of our counsel, Graham Eglington, and studies made by others, including the interim report of the Economic Council, which we found helpful.

One would have thought that the activities of our committee and the Economic Council would have been enough, and that the federal government would await these reports before having someone else do a study. Not at all. During the Clark government, the Honourable Perrin Beatty was given the responsibility by Mr. Clark to look into the whole question of regulatory reform. As soon as the present government took office, it was announced that a task force of parliamentarians would be appointed to look into regulatory reform. Its terms of reference were:

> —to examine and report upon government regulations in order to minimize the burden on the private sector.

That was followed by some details.

The task force also had to report by December 19 of this year. It was, therefore, required to accomplish in less than seven months what the Economic Council was given nearly three years to accomplish. The task force wisely decided this was impossible, and in a discussion paper that they issued it was stated that:

> The task force has decided to focus on the process of regulation. We will be examining both the process of establishing regulatory schemes and the process of administering them.

Part, therefore, of what they intend to study would duplicate the work of our committee, and I would presume that they will find the report of our committee very helpful. I would hope that they will reach the same conclusions as we did. If they do, this will be very helpful in persuading the government to do something about our recommendations.

I will not discuss at great length the 66 recommendations we made. These are summarized at pages 22 to 25 of our report. I would like, however, to touch briefly on the highlights.

First of all, I would read paragraph 6 of our report, and the first sentence of paragraph 7:

> 6. Subordinate legislation is an historically accepted means of governance. There is no longer any point in arguing that it is fundamentally improper or that it should be used only occasionally or for mere matters of detail. What is essential is to surround the making of subordinate legislation with procedural safeguards and

measures of control so that the rights and liberties of the subject, which it is the object of our constitutional order to protect while maintaining a viable system of government, may be secured as well under subordinate legislation as under statute. Subordinate legislation must not-$0become a means, even unwittingly, of suppressing rights and liberties or of subverting parliamentary supremacy over the law. The Crown's power has never stood higher; the potential for its abuse has never been greater.

7. Subordinate legislation may be inescapable and the implementation through it of policy, even policy never debated by Parliament, may be inevitable; but that is no reason to allow subordinate legislation to be made without adequate check, without any democratic element in its formation, and embodying any provisions Parliament's delegate chooses.

We emphasize in our report that the means can be in certain circumstances just as important as the ends. Too often for the sake of administrative convenience, proper procedures are not provided for. It is the provision for proper procedures that protects the hard-won rights and liberties of the people secured over centuries of constitutional conflict. It is to protect these rights that it is now proposed to entrench some of them in our Constitution. If you examine that part of the proposed Canadian Charter of Rights and Freedoms set out in Schedule B of the resolution on the Constitution, under the heading "Legal rights," you will notice that it deals essentially with procedures.

In our view, a parliamentary democracy should require that means and procedures be subject to public scrutiny and parliamentary control, as well as the policy or merits of regulations and other subordinate legislation. How do we propose that this be done? Well, we think that the process by which regulations are enacted can be improved from start to finish. I believe that I can best explain how we propose to improve the process by which regulations are enacted by going through the actual process of enactment and explaining with each step our recommendations.

The first step in the regulatory process is the introduction of a bill in Parliament, which, among other things, authorizes the enactment of regulations. This is usually referred to, as far as regulations are concerned, as the enabling clause in a bill.

● (1610)

When a bill receives second reading, it is referred to a standing committee which then considers the bill clause by clause, and that committee can make amendments, which may or may not be accepted by the government or Parliament. Often such amendments are negotiated between the chairman of the committee and the minister responsible for the bill. While this committee may have some expertise in the area covered by the bill, it is rarely that it has any particular expertise with respect to clauses enabling regulations to be enacted.

Our recommendation at this stage of the process is two-fold: First, the enabling clauses of the bill should always be referred to the Joint Regulatory Review Committee, which has an expertise in this area, and which will be charged with the responsibility of reporting on these enabling powers to the standing committee considering the whole bill. Thus, that committee will have the expert advice of the Joint Regulatory Review Committee as to whether or not these enabling clauses conform to approved criteria. Much of the present difficulty with regulations stems from the fact that enabling clauses are drafted by officials in the government who are much more interested in giving themselves wide and practically unfettered powers to enact regulations than they are in protecting the rights of citizens who are subjected to the regulatory process.

The second recommendation we make at this stage of the process is that, when a bill which includes powers to enact regulations is being considered by a committee, a draft of the proposed regulations be submitted to the committee for consideration at the same time. Many bills are, in varying degrees, skeletal in their nature—that is they provide for the enactment of regulations but not much else. When a committee is studying a bill, that committee, in many cases, hasn't much idea how the bill will operate and affect the public unless it sees the regulations which the government proposes to enact under the enabling clauses.

I shall refer to only one instance where this has been done in the past. The committee studying the new Immigration Bill a few years ago requested the government to provide information as to what it proposed to put in the regulations. This was done, and the committee was thus in a much better position to consider the bill itself and its implications.

The next step in the regulatory process is the drafting of regulations by the department concerned. The only requirement under the Statutory Instruments Act is that the department concerned submit the draft regulations to the legal advisers to the Privy Council Office, who are, in fact, officers of the Department of Justice. As we point out in paragraph 19 of our report, it is doubtless the case that the legal advisers have managed "to weed out many offensive or *ultra vires* provisions in regulations," and our committee has undoubtedly "assisted the legal advisers in their own work." While in the opinion of our committee the existing means of checking and controlling the enactment of regulations as to their legality and propriety is a considerable improvement over the situation existing before the passage of the Statutory Instruments Act, it could be improved still further.

Our committee, and the legal advisers to the Privy Council Office, have not concerned themselves with the policies or merits of the thousand or so regulations that come before it each year. Our committee believes that it is more appropriate for regulations to be scrutinized by the appropriate standing committees of the houses as to policy and merits.

We state in paragraph 14 of our report:

Your Committee believes that the appropriate stage for the review of subordinate law as to its policy and merits is

well before it is finally made. Your Committee also believes that more effective than any scheme of parliamentary scrutiny of the policy of a proposed subordinate law that can now be devised is an obligation to make that proposed law public, to state the reasons for its making and to consider representations from the public, whether individuals or groups.

This can be accomplished by the introduction of what are called notice and comment procedures, somewhat similar to the notice and comment procedures provided for in section 553 of the Administrative Procedures Act in the United States, which has been in effect since 1946. An eminent authority in the United States has described this system as "simple and overwhelmingly successful," and there is no reason that the committee can see why it should not be equally so under our system of government.

Put very simply, this procedure requires that departments and agencies of government provide to those parties particularly interested, and to the general public, advance notice of their intent to propose new regulations and allow as much advance consultation in the formative stages of draft regulation making as circumstances permit. Experience in the United States shows that simple procedures have a greater chance of being accepted by those who must operate under them, and give promise of swifter results.

The Economic Council of Canada in its interim report recommended that a 60-day notice and comment procedure be adopted for all new regulations which have a significant implication in terms of cost or impact on the distribution of income and are susceptible to cost-benefit analysis.

Our committee did not believe that notice and comment procedures should be confined to regulations which meet economic or monetary criteria or are susceptible to cost-benefit analysis. We were of the opinion that, with certain exceptions, "the reasons for and the policy of all subordinate legislation be subject to the light of public scrutiny."

The exceptions would be, for example, those regulations made in urgent circumstances, some involving small-scale amendments to existing laws or of a housekeeping or domestic nature governing matters within the Public Service where it would be impracticable or unwise to subject them to any notice and comment procedures.

May I at this point confess to a particular bias in favour of our recommendations as to notice and comment procedures? I was considerably more enthusiastic about this recommendation than were some of the other members of our committee and our legal counsel. This enthusiasm stemmed from frequent dealings with regulatory agencies over many years while I was practising law.

To give one example, at one time I represented the second largest mutual fund group and the Canadian Mutual Funds Association before the provincial securities commissions across the country. For some years, these provincial securities commissions would publish policy statements which were virtually indistinguishable from regulations, without prior consultation with the industry. In about 90 per cent of the cases, these statements would have some technical defect that would make them either unworkable or not as workable as they should be. When these defects made them unworkable, the securities commissions would always, of course, have to amend them, much to their embarrassment. When they were workable but could have been improved upon, they would often not amend them. Being only human, they did not like to admit they were in error unless they had to.

After some years of this, and particularly after a change of chairman in Ontario, things got much better. The Ontario Securities Commission, for example, for a good many years has always consulted closely with that segment of the financial community that is most affected by a proposed policy statement, and publishes draft policy statements for comment from the industry, the professions and the public before adopting them.

I should point out that, with respect to many bills, the federal government has gradually adopted notice and comment procedures. These take many forms. They can be by way of publication of green or white papers, or by having first reading of a bill accompanied by an announcement that it was not the intention to proceed with the bill in that session but merely to give the public a chance to comment on it.

The problem with proceeding by way of what is really a draft bill when it is only intended to give it first reading is that sometimes it is so faulty technically that the whole bill is discredited. The industry affected, when it is opposed to the principle of the bill, just loves to pounce upon the technical defects in a bill in order to discredit its principle, and often keeps up the criticism long after the government has admitted the errors and announced that it will correct them.

More and more government departments are calling in representatives of groups that are particularly interested in a bill or who have particular expertise in the subject matter of a bill. The new Bankruptcy Bill is an excellent illustration of what I am talking about. This bill was originally given first reading back in 1975. It had been prepared by the department without outside help and was a disaster, being ripped apart by the Senate Banking, Trade and Commerce Committee. The committee suggested 139 amendments, with the result that the original bill was withdrawn.

Since that time, the department has worked very closely with a committee from the Canadian Bar Association and the Licensed Trustees in Bankruptcy. They have also paid a great deal of attention to what the Senate committee had to say, incorporating in the new bill most of the amendments suggested by that Senate committee, with the result that the bill in its present form is a vast improvement over the one originally proposed. A great deal of time would have been saved had the committee of the Canadian Bar Association and the Licensed Trustees in Bankruptcy been consulted from the start.

Procedures which provide for public input and make sense when bills are being prepared, surely, in most instances, make sense when new regulations are being considered. Some

departments do follow these procedures voluntarily, and they appear to work. For example, in the presentation of the regulations under the Transportation of Dangerous Goods Act, the department worked very closely with the industry. The department did not wait for the bill to become law. Draft regulations, which are of a highly technical nature, were being considered by an industry association at the same time that the bill was before Parliament. In fact, I am informed that these regulations have gone through four drafts and, no doubt, the regulations will be better for having this industry input.

● (1620)

I have already spent some time on our recommendations for notice and comment procedures. We made 16 recommendations with respect to them, and I will only mention two more. We recommended that, wherever possible, notice of proposed regulation-making should be given before a draft regulation is prepared and published. This is because very often policy has become frozen by the time a draft regulation is prepared. Attempts at modification, change or abandonment are likely to be met with resistance.

Our committee, of course, studied the whole question of freedom of information a few years ago and made an extensive report on it, which was substantially adopted by both the Conservative and Liberal governments in their respective bills. We consider that the principle of freedom of information is important in the regulation-making process, and we recommended therefore that both the document which forms the factual basis of the decision to make a new regulation, and the comments submitted on it, should be open to public scrutiny.

The next step with respect to the enactment of regulations is for them, with some exceptions, to be registered and published in the *Canada Gazette*. Our committee recommends that, in addition, all regulations be tabled and laid before Parliament immediately upon registration and be referred to the appropriate standing committees of the houses for review on the merits and as to policy. It would be unrealistic to expect such committees to review the merits of, and hold hearings on, all regulations, even entirely new ones. However, they should be permitted, on their own initiative, to review and report on such regulations coming under their jurisdiction as they may select. The Regulatory Review Committee would, of course, still consider all regulations as to their legality and propriety and we recommend that they also have the power to recommend to the appropriate standing committee that they review certain regulations on their merits.

There is no point in having committees of Parliament consider regulations unless they can do something about them. In the United Kingdom, they have procedures by which a majority of regulations are subject to either affirmative approval in either the House of Commons, or both houses, before they can be made, or are subject to annulment after they have been made in either the House of Commons or both houses. These are commonly called affirmative and negative vote procedures. In 1976, in the United Kingdom, approximately 13 per cent of general regulations as opposed to regulations that are local in their character, were subject to affirmative vote procedures, and 65 per cent were subject to negative vote procedures.

Under the Statutes of Canada to the close of the 1976-77 session, in only 21 instances is Parliament allowed the opportunity to disallow a regulation or to prevent its coming into or continuing in force by refusing to affirm it. Because of the rarity of the procedure, there are no rules in either the Senate or House of Commons dealing with affirmative or negative vote procedures.

Our report recommends that a commitment be made by the government to use the affirmative vote procedure where practicable. In this connection, I would like to read from paragraph 26 of our report:

> It is not possible to specify all those cases in which affirmation would be possible and desirable, although its virtue in cases of subordinate laws made under skeletal statutes is obvious. Affirmation would also be highly desirable in cases where the exercise of enabling powers may
>
> (a) substantially affect the provisions of the enabling or any other statute;
>
> (b) impose or increase taxation, fees or charges;
>
> (c) lay down a policy not clearly identifiable in the enabling Act or make a new departure in policy; or
>
> (d) involve considerations of special importance.

We further recommend that all regulations not subject to a statutory affirmative procedure be subject to being disallowed on resolution of either house. At the conference in Canberra, the United Kingdom representatives told us that their negative vote procedures were largely useless because the rules of their House of Commons did not provide for adequate debate, or that there must be a vote on a negative resolution.

We anticipated this in our report because in paragraph 24, we recommended that if any resolution for disallowance of a regulation is moved, and is not withdrawn, the regulation should be deemed to have been disallowed if a debate on the resolution does not take place and culminate in a vote within a fixed number of sitting days. Our committee favoured a minimum of five signatures for a motion of disallowance in either house, and also recommended that no debate can be commenced on a motion to either affirm or disallow until the expiry of a time limit for receipt of a report from the Regulatory Review Committee as to that regulation's legality and propriety, and from the appropriate standing committee on its merits.

I have already taken up a great deal of the time in this house, but I cannot sit down without commenting on the recent Conference of Delegated Legislation Committees which I referred to at the start of my speech.

The opening address at the conference, which can properly be described as the keynote speech, was given by the Governor General of Australia, Sir Zelman Cowan, who was a law professor before he became Governor General. This was a most excellent, interesting and scholarly effort and helped to

explain to those delegates coming from outside Australia why a law professor was chosen to become Governor General.

The conference highlighted what we already knew, namely, that Australia was well ahead of Canada in the area of regulatory and administrative reform and, in fact, as Sir Zelman Cowan pointed out in his speech, Australia has one of the best systems of administrative law in the world. This has all occurred mostly in the last 10 years following a series of committee reviews in the late sixties and early seventies. As Sir Zelman Cowan pointed out:

> The recurrent themes have been the need for a comprehensive structure of independent institutions to supervise the administration, the avoidance of the haphazard growth of government bodies, the provision of basic rules of fair conduct and the need for assurance that the system works by providing that the citizen may secure access to government information to make sure that the decisions by government made on that evidence and affecting him were fair and right.

Sir Zelman points out that out of this has come a body of legislation in Australia of a very comprehensive sort.

There is legislation providing for an ombudsman "to investigate complaints, to involve himself in the decisions of government departments and of ministers whenever there is a complaint of abuse, unfairness and maladministration."

There is legislation in operation providing for a national administrative appeals tribunal. I might mention that this appeals tribunal has jurisdiction to hear appeals from administrative decisions in certain areas, while in Canada we have specialized appeals tribunals like the Immigration Appeal Board.

There has recently come into operation the Administrative Decisions (Judicial Review) Act, which provides for a review by the Australian Federal Court, by a single simple procedure of administrative review, of administrative decisions made under Australian federal law. To quote Sir Zelman again:

> It has the great merit of simplicity, and of the greatest importance is the provision that a person whose interests are adversely affected by a decision given in the exercise of powers or functions conferred by a Commonwealth statute may obtain a full statement of the reasons for that decision.

● (1630)

Sir Zelman also referred to the establishment of the Administrative Review Council "to keep the new structure of administrative law and discussion making under review".

In its first report, the chairman of the council spoke of the issues with which it was concerned. He said, "They concern the balance between the citizen and the government, a balance which is critical to a free society".

In our report we recommended, in paragraph 35, the establishment of a similar council, composed of members from the regulatory agencies, government departments, public interest groups, industry and labour, to maintain a continuous review of the regulatory process. We noted that similar councils exist in the United States and the United Kingdom, and have proved effective.

While in Canberra, the Canadian delegates spent an hour and a half with the distinguished members of their Administrative Review Council. After this meeting and after reading their annual reports, I am more convinced than ever that we should have the same kind of council in Canada.

There is one final matter that I would like to refer to. In Australia, regulations, after they are enacted, are reviewed by the Senate Standing Committee on Regulations and Ordinances. That committee has the power to recommend that a regulation be disallowed, and the Senate itself has the power to disallow. Whenever the committee in the past recommended disallowance, the Senate invariably adopted the recommendation and disallowed the regulation.

The Australian government decided to bow to the inevitable with the result that no regulation has been disallowed since 1971. The minister involved pays heed to the objections of the committee, and by a process of informal negotiations a satisfactory amendment is agreed upon. This illustrates that if a committee has the necessary power, and the proper procedures are in place by which that power can be exercised, it does not need to actually use the power to achieve satisfactory results. The actual workings of our own Senate committees when considering legislation is a good illustration of this.

If, therefore, greater accountability to Parliament is to be achieved in the regulation-making process, the powers that we recommend should be given to the Regulatory Review Committee and the appropriate standing committees of both houses of Parliament to recommend the approval or disallowance of regulations, even though that power, in actual practice, may rarely be used except as a threat.

In our report we state that after six and a half years of operation the committee "cannot be said to be well known". That is certainly the understatement of the year. Our report was, with one or two rare exceptions, completely ignored by the press. I can say that the committee is also completely ignored by many of its members. While its work is extremely important, it has no political sex appeal, not only because of the nature of its work but because it is completely non-partisan. To emphasize this aspect, the House of Commons co-chairman is always chosen from the opposition.

Membership in the committee involves many hours of work in reading the material beforehand in preparation for its meetings. Since its inception we have never been able to get a full complement of senators to fill the Senate vacancies on the committee. Often senators who are appointed quickly discover how much work is involved in preparing for much of the routine work of the committee, and want to beg off in order to leave themselves free to attend meetings of more interesting committees.

We have a nucleus of devoted members who come to the meetings well prepared and thus can make an effective contribution, and that is all we really need. Senator Forsey, as co-chairman from the inception of the committee, was, of

course, a tower of strength. I would also like to particularly mention Senator Lafond who has been a devoted and effective member of the committee from the start. There were and are also devoted and effective members from the House of Commons.

The fact that our report was so completely ignored by the press creates serious problems. I think the Honourable Perrin Beatty put the matter very well at the conference in Canberra when he said:

> Perhaps the single most difficult problem that we have had to deal with is encompassed in the following questions: How do you reach the consciousness of the Government in the first place; how do you create that demand that is necessary with so many competing sources for the attention of the Government; how do you create that demand for changes on issues which you think are vital to the liberties of Canadians?

The five parliamentarians who went to Canberra were all keen and devoted members of the committee. That was why they were chosen. One of the great benefits we received personally from the conference, and from meeting members of other similar committees in other parts of the Commonwealth, was that it reinforced our belief in the importance of the work of the committee and the importance of trying to somehow move the government to adopt the reforms recommended in our report.

The fact that the press ignores our work and our recommendations is not unique to Canada. We discovered the same situation existed in other countries, particularly Australia. Yet the forces for reform were able in Australia to move the government to do something. I believe that it was, as Sir Zelman Cowan pointed out, because of the series of committee reviews in Australia in the late sixties and early seventies.

We are presently going through the same process in Canada. Our committee, spearheaded by Mr. Jed Baldwin, and with the help of other outside committee reports, was able to persuade a reluctant government to bring in a proper Freedom of Information Bill. We, of course, were greatly helped because the press gave the whole issue lots of publicity. We have pledged ourselves on our committee to take up the cudgels on behalf of reform of the regulation-making process and, with the help of those other bodies that are presently studying this question, I have high hopes that we may get somewhere, even without the help of the press. It would, however, be a lot easier for us if we could get them to take an interest in this issue.

On motion of Senator Macdonald, for Senator Nurgitz, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, October 23, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

VISITORS IN GALLERY

Hon. Peter Bosa: Honourable senators, I should like to draw attention to the presence in the north gallery of members of the Society of Canadian Ladies of Friulano origin, most of whom are visiting the Parliament Buildings for the first time. I extend to them, on behalf of the Senate, a hearty welcome and an enjoyable visit.

Hon. Senators: Hear, hear.

OFFICIAL LANGUAGES

NEWSPAPER REPORT—QUESTION OF PRIVILEGE

Hon. Lowell Murray: Honourable senators, I rise on a question of privilege which I believe affects the rights of members of this party in this place, if not all honourable senators.

My attention has been drawn to a statement attributed to the Prime Minister in the city of Quebec yesterday when commenting on a demonstration outside his hotel by representatives of the federal government's translators and interpreters. Speaking of the groups that had come to protest, the Prime Minister said:

> The first was a group of translators who came, I suppose, to protest against my government without whose policies the job of translation would probably disappear.

Senator Flynn: The emperor!

Senator Murray: The inference is pretty clear that under a government constituted by any other party, save his own—

Senator Flynn: No, save himself.

Senator Murray: Under any other government constituted by any other party, the policies of bilingualism, which are the law of the land, would not be honoured. That is false; it is despicable; and it is divisive as a tactic for the Prime Minister of Canada to employ.

The fact of the matter is that there are language rights under the Constitution of the country. There is also an Official Languages Act, which was passed in 1969 with the support of all parties in both chambers, and a resolution which passed at least the other place in, I believe, 1973, with the unanimous support of Parliament. To suggest that those policies would not be honoured, that that law would not be honoured, that bilingualism would disappear under the government of another party, is a despicable and divisive and inflammatory thing for the Prime Minister of Canada to say. It is false and, therefore, an affront to members of this place and the other place belonging to a party other than the Liberal Party. I wish to protest most vehemently against this kind of statement coming from that source.

• (1410)

A little while ago I accepted an invitation to become joint-chairman of the Special Joint Committee of the Senate and of the House of Commons on the Official Languages. I did so, not because I do not have other ways of occupying my time but because it was represented to me that this acceptance on my part would reinforce the non-partisan or multi-partisan commitment in both chambers of Parliament to the concept and the spirit and the policy of bilingualism.

If this is the attitude that the government is going to adopt, I simply say that a good many of us in other parties are wasting our time.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, first of all I question whether the alleged point of privilege is in fact a valid point of privilege.

Senator Flynn: If you don't know, just say so.

Senator Perrault: Secondly, the Honourable Senator Murray has ascribed to the Prime Minister motives which the Prime Minister has never espoused. Thirdly, the honourable senator has raised an alleged point of privilege on the basis of truncated and fragmentary newspaper reports—

Senator Flynn: How do you know that? Come on!

Senator Perrault: I know that Senator Murray is perfectly capable of speaking for himself without the writhing Leader of the Opposition attempting to intervene.

Senator Flynn: Yes, but you are speaking through your hat.

Senator Perrault: The Honourable Leader of the Opposition, who is showing an undue degree of sensitivity this afternoon, should be reminded of the fact that Senator Murray talked in terms of newspaper reports when he rose to his feet.

Senator Flynn: Yes, and I invite you to deny them, if you can.

Senator Perrault: Perhaps the Leader of the Opposition can tell us when fragmentary newspaper reports were accorded the status of Holy Writ in this Senate chamber.

Senator Flynn: It is so typical of the Prime Minister that I challenge the Leader of the Government to deny that he said it. If he does not deny it, let him apologize. But that is never the case for the Prime Minister. He never apologizes.

Senator Perrault: While I must express admiration—

Senator Flynn: I don't want your admiration. You can keep it for yourself.

Senator Perrault: While I must express admiration for the honourable leader's fine Perry Mason courtroom form this afternoon, he is entirely out of order in standing at his desk and pointing his finger at the Leader of the Government.

Senator Flynn: Pointing my finger at nothing.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report on operations under the *Regional Development Incentives Act*, for the month of August, 1980, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

He said: This is a program that is enjoying remarkable success across the country.

BUDGET SPEECH

ACCOMMODATION FOR SENATORS IN SENATE GALLERY OF HOUSE OF COMMONS

The Hon. the Speaker: Honourable senators, as previously announced, the Minister of Finance will deliver his budget speech in the other place on Tuesday next, October 28, 1980, at 8 o'clock in the evening.

Senator Flynn: At long last!

• (1415)

The Hon. the Speaker: May I be permitted to remind honourable senators that none but senators will be admitted to the Senate Gallery of the House of Commons on that occasion. This step is being taken for the purpose of providing accommodation in the gallery for as many senators as possible. In this manner, senators will not be excluded from the gallery on account of many of the places being occupied by relatives and friends of senators.

May I add that such instructions were first issued in 1931 by the then Speaker of the Senate, the Honourable P. E. Blondin, and that this practice has been followed ever since by succeeding Speakers.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORT OF COMMITTEE BUDGET TABLED

Hon. B. Alasdair Graham, Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration, tabled a report approving the budget of the Special Committee of the Senate on the Northern Pipeline.

(For text of report, see today's *Minutes of the Proceedings of the Senate.*)

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I should like to comment on the state of affairs regarding the motion in the other place concerning the Constitution and to explain how I understand it will affect us.

If I understand correctly the proceedings and rules in the other place, yesterday the house leader there gave notice under Standing Order 33 that he would be invoking closure on that motion.

Some hon. Senators: Shame!

Senator Frith: The significance of that, so far as we are concerned, and so far as timing is concerned, is that he must present that motion, of which he gave notice yesterday, before the Commons adjourns at 10 o'clock this evening. That motion is not debatable. If it is passed, then debate on the resolution must be concluded by one o'clock the following morning; in other words, one o'clock Friday morning.

Senator Flynn: Not the debate on the closure motion.

Senator Frith: No, not the debate on the closure motion; the debate on the motion that is the subject of closure. There is no debate on the closure motion itself. In other words, once it is put, it must be voted upon. I will leave aside for now questions of substance and just explain how our hours of sitting will be affected.

Under our rules we would sit at two o'clock tomorrow, unless the usual Thursday adjournment were moved. Let us suppose we are sitting tomorrow and we receive the message at 2 p.m. At that time we could not deal with the message, or the resolution that is the subject of the message, without leave. There must be two days' notice, and under our rules two days' notice means that a sitting day must intervene. Therefore, if leave is not granted and we wish to deal with the matter on Monday, we will have to sit tomorrow in order to give the notice, and again on Saturday in order to have a sitting day intervene. If for any reason we wish to adjourn until tomorrow morning, we will have to have leave today to put such an adjournment motion.

That is the context in which the Leader of the Government, the Leader of the Opposition and I discussed how the Senate should proceed with regard to the imminent message which, it would appear, will be forthcoming from the other place. In other words, we cannot deal with the message, without leave, any time before Monday. We could deal with it as early as tomorrow morning, with leave, or tomorrow afternoon with leave, or on Saturday with leave. But we must have leave to deal with it before Monday. I can say that the Leader of the Opposition has stated that he is prepared to give leave for Monday evening or Monday afternoon, and in that case we would not be required to sit tomorrow or Saturday. You will understand that the only purpose for sitting on Saturday would be to—

• (1420)

Senator Flynn: Or tomorrow.

Senator Frith: Or tomorrow—would be to give the notice. I do not agree completely with what the Leader of the Opposition has said. If we have leave it is perfectly clear that we could commence our debate on the motion tomorrow morning.

Senator Perrault: Immediately.

Senator Frith: As I say, if we have leave we can commence work tomorrow morning. Without leave—

Senator Flynn: We cannot have it tomorrow morning.

Senator Frith: Of course, we can have it tomorrow morning. If I may review the situation again, the likelihood is that the motion before the House of Commons will be agreed to at one o'clock tomorrow morning. If we are sitting we will be able to receive the message tomorrow morning, and if we have leave we will be able to proceed immediately. If we do not have leave, we cannot deal with it until Monday. Even then we will have to sit on Friday and Saturday in order to start our debate on Monday. The point is that we can, with leave, deal with it as early as tomorrow. We can deal with it as early as Monday without leave, or we can deal with it Monday with leave which saves our sitting tomorrow and the next day. That is how I understand the situation.

Senator Perrault: Perfectly clear.

Some Hon. Senators: Oh, oh.

Senator Frith: Is it not clear?

Senator Flynn: I am quite sure that if the Leader of the Government understood, then it must be very, very clear indeed. I do not know of anybody who would not understand it if he did.

Senator Perrault: Leave is granted, and we start immediately.

Senator Flynn: No, leave is not granted for tomorrow and leave is not granted for sitting on Saturday. Can you just imagine the Senate rushing to consider a resolution of that importance, when the debate on it in the Commons is about to be forced to a conclusion by the use of closure. How silly we would look. But I'm sure many on the other side do not mind looking silly.

Senator Frith: We would look sillier if we were not here to work on it.

Senator Flynn: Oh, no.

Senator Frith: Well, we have a legitimate difference of opinion.

Senator Flynn: It is a difference of opinion, but I feel strongly that after so many years of looking silly, it's about time the Senate should wake up and try to assume its responsibilities.

● (1425)

In any event, the only thing that is important is that I have agreed that if the Senate adjourns today until Monday—and I suggest Monday night—we will be prepared to consider the motion assuming it has reached us by then. I say that out of

respect for the other place. I am quite sure, however, that if I had been in my honourable friend's situation I would have said "when it reaches us"—because it will reach us, of course. The servility of the majority in the other place is even greater than the servility one finds in this house.

In any case, it will be a very interesting debate. I do not mind giving the assurance on behalf of the opposition that we can start debating the motion on Monday night.

Senator Perrault: Honourable senators, may I say that it is with great regret that the government must accept the fact that the Leader of the Opposition is unwilling to give leave to have this debate commence tomorrow. This debate is of historic importance, the constitutional proposals are of historic importance. One might have expected the members of the opposition, who have asked a great many questions on the subject of the proposals—

Senator Flynn: And we did not get many replies!

Senator Perrault: —and the Address to Her Majesty, would have sought eagerly the opportunity to commence this debate as soon as possible.

With great regret, let us note again the position of the official opposition. They are not prepared to commence this debate tomorrow morning, or even tomorrow afternoon.

Senator Flynn: Are you moving the motion to adjourn?

Senator Frith: Honourable senators, I think the position of the Leader$0of the Opposition is clear, and I sugget that we meet on Monday afternoon at 2 p.m.

In fairness, I should say that the Leader of the Opposition has said he would prefer the evening, but would agree to sitting at 2 p.m. I know that is the normal hour but I accept his agreement as a courtesy on his part. We would prefer, in the circumstance, to proceed at 2 o'clock on Monday.

Senator Flynn: I would suggest—but I am not insisting, and I am not going to be upset if my suggestion is not acted upon—to the honourable the deputy leader that if the Senate were to meet on Monday evening at 8 o'clock, we on this side would be able to meet before the sitting of the Senate and decide on our course of action. We might just as well assume that the house will pass the resolution tonight but I think we have to consider the position that we must take once the House of Commons has made its decision, and I would have preferred to have a few hours in which to discuss that before the Senate sits on Monday. If the rule of the majority prevails, however, that will not upset us unduly.

Senator Frith: Well, we are only in a position to invoke the rule of the majority by sitting tomorrow and Saturday, and, in the circumstances we do not intend to do that.

Senator Flynn: You can do it if you want. You can impose it on your side.

Senator Frith: We are not now talking about the rule of the majority. We are talking about leave, and an agreement between both sides. I appreciate the concern that the Leader of the Opposition has, but we would prefer to sit at two o'clock

on Monday afternoon. In that way, perhaps what would seem to the opposition to be impatience on our part gets a little room, and what might seem to us to be more patience than is necessary on the part of the opposition will have an equal amount of room, and we achieve some compromise. I appreciate the concern of the opposition, but I also appreciate the offer to sit at 2 o'clock on Monday afternoon.

I ask, then, that it be understood that when that item appears on the Orders of the Day next week, leave will be granted to deal with it.

Senator Flynn: But move the motion to adjourn before that.

Senator Frith: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Monday next, October 27, 1980, at 2 o'clock in the afternoon.

• (1430)

Senator Manning: May I ask for clarification on one point? If the house sits on Monday afternoon, will it also sit Monday evening?

Senator Frith: I am afraid I cannot give an undertaking on that at this time.

Senator Asselin: Why not?

Senator Frith: Because it may be that we will want to continue the debate Monday night. We are sitting Monday at two o'clock—

Senator Asselin: And Monday night, too?

Senator Frith: We don't know. We hope not.

Senator Smith: I really don't follow this at all. If it is not intended to sit Monday night, why sit Monday afternoon? Why not simply sit Monday night? You are not gaining anything. If the desire is to gain only the equivalent of a night, then it seems to me that could be done equally well by sitting either in the afternoon or at night. It should also be taken into consideration that not all of us live within easy distance of Ottawa.

Senator Perrault: Honourable senators, as it has been indicated by a number of senators that they wish to participate in this debate, meeting at two o'clock Monday afternoon will give honourable senators, especially those in the loyal opposition, an opportunity—

Senator Flynn: Please, please!

Senator Perrault: —to contribute to the debate. It is expected that there will be enough speakers to continue on into Monday evening, unless, of course, the opposition wishes to have an early vote on this important motion.

Senator Smith: All I can say is that reason seems to have deserted my honourable friends, entirely, if they are not prepared to say that we will be sitting Monday night as well as Monday afternoon.

Senator Murray: Maybe those on the government side will not be speaking.

Senator Frith: Honourable senators, I am sorry if we did not make our position clear. It is that we would like to have as much time as possible available for all senators to debate what we consider a very important motion. I think everybody does. That is why, if it seems that there are speakers still wishing to speak on Monday night after our having started our sitting on Monday afternoon, we would like to be able to give those senators, no matter who they are or on what side, the chance to speak on this motion. That is why we would like to sit on Monday at two.

If nobody is ready to speak Monday evening, we will not continue with the debate, but, if people do want to speak, we would like to give them the chance to do so.

Senator Perrault: Hear, hear.

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, I had intended to ask this question during Question Period. However, with leave, I shall ask it now, as there is obviously a relation between what is being discussed at the moment and the question I wanted to ask. With your permission, I shall read as an introduction the document in question, and you can tell me if I can ask my question now or if I should wait until later.

Senator Frith: It is up to you to decide whether you will ask your question during Question Period or right now.

Senator Tremblay: Since the Deputy Leader of the Government has so suggested, I shall ask my question now and make it as brief as possible.

Does the Leader of the Government stand by his statement or the assurances he gave us and which appear on page 848 of the Senate *Hansard*? This is my question. I do not have the document with me. I have been asked not to read it. May I ask my question?

Senator Frith: Do you want clarification on what was asked yesterday?

Senator Tremblay: No, this is another matter. It would have been better for me to read the document, but you asked me not to do so and to put my question instead.

It concerns something which came up during the debate which followed introduction of a motion by the Leader of the Government under the heading of notices of inquiries, which motion has brought about certain exchanges recently. I think I should read this document, because otherwise my question makes no sense.

The Leader of the Government said at the time:

> —I gave the assurance, which I give again, that this is not a substitute for the debate which will undoubtedly take place at a later time.
>
> Again, let me review the anticipated procedure with you. First there is a desire and an intent on the part of the government to accord all members of Parliament, whether they serve in the Senate or in the other place, a full opportunity to debate not only the motion to refer to a joint committee but also the contents of this resolution. That is of fundamental importance.

The procedure which is now being followed in the other place is to debate the motion to refer to the joint committee. If that motion is accepted in the other place, a message will be sent to the Senate inviting us to participate. There will then be an opportunity for a debate in this place, which will not be restricted; honourable senators will have an opportunity to set forth their views in the frankest possible terms.

My question is as follows: Does the government leader still stand by this statement? Do we have the assurance that the debate in the Senate will be in no way limited?

• (1435)

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): May I once again remind honourable senators about the rules of this chamber. We have no time limitations. We have no closure procedure and we do not propose to introduce closure rule changes. Honourable members of the opposition will have a full opportunity to set forth their views and, indeed, we shall await with anticipation what they have to say about the government's constitutional proposals. The rules of the Senate, of course, differ from those existing in the other place. I stated on October 14 that we hoped there would be participation by honourable senators in this debate. Not only that, let it be reiterated that the motion to be debated next week relates to whether a joint Senate-Commons committee shall be formed to study certain constitutional proposals. This will be the substance of the debate. The committee at some point in time will be reporting back to the Senate with its proposals, if any, and there will be further opportunity for debate at that time. Again I remind honourable senators that we have no closure procedures in the Senate.

[*Translation*]

Senator Tremblay: On a supplementary.

In the assurance he has just given us, the Leader of the Government stated specifically that the members of the opposition in the Senate would be entirely free to debate the matter as they see fit. Bearing in mind the fact that, in the other place, when the motion for closure was announced, there were more speakers on the waiting list from the government side than the opposition, when the Leader of the Government indicated that members of the opposition in the Senate could debate freely, was he limiting the privilege to senators of the opposition only?

[*English*]

Senator Perrault: There is no intent on the part of the government to limit the privileges of the opposition. I reiterate that this debate shall proceed under the rules of the Senate known to all senators.

Senator Tremblay: I am just asking if the members of the majority will have the same privilege that we, the opposition, have been granted, if I understand the words of the Leader of the Government, in view of the fact that yesterday more government members of the House of Commons were prevented from discussing the question because of closure than members of the opposition?

• (1440)

Senator Perrault: Honourable senators, a different set of circumstances exists in the other chamber. It should be borne in mind that a budget is to be presented this week, a budget that has been advocated for many, many months by the opposition. The parliamentary schedule in the other place is a very full one. Members there have been discussing the constitutional motion for many, many days. In fact, and on balance, there has been no restriction on freedom of expression in the other place. Far be it from me to comment further on matters before members of that house. I can only say that as far as this chamber is concerned, honourable senators, we are awaiting with interest the comments of Senator Tremblay and others. Indeed, we shall listen with interest to speeches from all parts of the chamber.

I think that the Leader of the Opposition's statement that somehow the government supporters are servile—I think he used that word earlier today—

Senator Flynn: In the other place.

Senator Perrault: —really is a reflection on the entire Senate, and I think it should be resented by all honourable senators.

Senator Flynn: I said in the other place. If I were to suggest to the Leader of the Government that as far as we are concerned we thought we could spend about two weeks of debate in this place on this resolution because of its importance, would he agree?

Senator Perrault: Honourable senators, I have no idea of the speaking intentions of the Honourable Leader of the Opposition and his followers.

Senator Flynn: But would you be satisfied?

Senator Perrault: It is of little value to engage in speculation about the future course of events.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE CONSTITUTION DEBATE

CORRESPONDENCE BETWEEN LEADER OF THE NEW DEMOCRATIC PARTY AND THE PRIME MINISTER

Hon. Lowell Murray: Honourable senators, I should like to ask the Leader of the Government whether he is going to bring in the statement that yesterday he undertook to make concerning an interpretation of the exchange of correspondence between the Prime Minister and Mr. Broadbent.

Hon. Raymond J. Perrault (Leader of the Government): Yes, I am very pleased to do so. Yesterday and the day before a number of questions arose concerning the exchange of correspondence between the Leader of the New Democratic Party and the Right Honourable the Prime Minister of Canada.

First of all, it is now incumbent upon Mr. Broadbent, the Leader of the New Democratic Party, to move an amendment in the other place when the resolution reaches the committee. The supporters of the government are very eager to reach that stage so that they will have the opportunity to explain in detail some of the questions that have been raised in the other place and in this chamber over the last two weeks. However, I should like to respond to the concerns raised by several honourable senators, insofar as it is proper for me to do so.

I caution that the latest initiatives taken by the Right Honourable the Prime Minister are in the form of a letter, and as such have no legal status. It is, therefore, difficult to ascribe legal interpretations to a letter in response to another party leader, who will determine the language of the amendment when it reaches committee.

Having said that, I would like first to deal with Senator Roblin's question regarding the definition of "management" in paragraph (1) at the bottom of page 2 of the Prime Minister's letter. I suggest, honourable senators, that the word "management" means precisely what it means in the dictionary, since there is no legal definition for "management" and the Prime Minister did not qualify the word in any sense. That word, if it is included in the amendment—and I remind the honourable senator that this is all hypothetical—will be equally open to the interpretation of the courts as it is to the honourable senator. I would therefore suggest that the honourable senator may apply a broad interpretation to include economic management if he wishes.

The Honourable Senator Tremblay said that the Prime Minister specified only non-renewable resources in his letter. In fact the Prime Minister specified forestry resources in paragraph (1) at the top of page 3 of his letter. Forestry resources, so important in my own province as well as others, are a renewable resource, of course.

The second question that the Honourable Senator Tremblay raised was whether the Prime Minister had worded the letter in such a way as to maintain doubt over provincial ownership of resources. This is clearly not the case, since these provincial rights would be over and above what is already guaranteed to the provinces in section 109 of the British North America Act, and the government has no intention of changing section 109. However, I would caution once again that this is all hypothetical, since the onus of the wording is in the hands of Mr. Broadbent, the Leader of the New Democratic Party.

Senator Roblin yesterday asked why renewable resources were excluded from concurrent jurisdiction in paragraph (2) on page 3 of the Prime Minister's letter. The honourable senator, as an experienced parliamentarian, perhaps recalls that that is precisely the type of question that would best be dealt with in committee. Therefore, the sooner we are able to set up the proposed joint committee the sooner we will be able to discuss the dynamics of the resolution and the draft bill, and any amendments that are proposed, from whatever source.

Lastly, the Honourable Senator Tremblay asked about the possible provision for indirect taxation on non-renewable natural resources by the provinces. At this the first stage of constitutional discussions the government is not prepared to go beyond that. However, in the next stage of the discussions the provinces will be free to bring up anything they want, including the broadening of indirect taxation, and the national government can re-introduce the concept of an economic union. The letter from the Right Honourable the Prime Minister to Mr. Broadbent merely says what we are prepared to accept within the context outlined by Mr. Broadbent in his letter.

I hope that this rather lengthy explanation of a hypothetical subject has been satisfactory and of help. I would urge honourable senators to move to set up the proposed joint committee as soon as possible, just as soon as we receive the motion from the other place, to remove this debate from the realm of the hypothetical.

Senator Murray: Honourable senators, as a human being my heart goes out to Ed Broadbent, because he has been hung out to dry by the Prime Minister of Canada and by the government.

Senator Flynn: And vice versa.

Senator Murray: The Prime Minister, through the instrumentality of the Leader of the Government in the Senate, has tried to place the onus back on Mr. Broadbent to explain what the Prime Minister meant in making what the Leader of the Government calls his offer to Mr. Broadbent the other day. The Prime Minister of Canada made an offer to accept an amendment from Mr. Broadbent or one of his colleagues in a certain context, and it is surely up to the Prime Minister and the government to state what the limits of that offer are, to define what that offer is, to explain what it is about and to state what they will accept.

Perhaps I can focus on the point at issue by asking the Leader of the Government now whether he and the government stand by the statements he made yesterday during the Question Period. I will very briefly put on the record the salient points. At page 907 the Leader of the Government said:

> In fact, in respect of natural resources, they confirm a right which already exists. It is a reiteration of the situation which now exists.

A little later on on the same page, when the Leader of the Government was talking about natural resources, he said:

> In fact, those rights possessed by the provinces are enshrined in the British North America Act. The Prime Minister's letter restates, reconfirms and reiterates the situation which exists.

• (1450)

At page 908, in answer to a question from my colleague, Senator Smith, as to whether the offer has any implications relating to offshore resources, the minister said:

> No, my understanding is that it does not.

A little later, at page 909, the minister said:

> There is no deviation from the B.N.A. Act. This statement in the letter from the Prime Minister flows from the B.N.A. Act itself. It is a reconfirmation.

Senator Perrault: Hear, hear.

Senator Murray: The statement goes on:

> It is a restatement of a right which is already enjoyed by the provinces. It is a clarification, perhaps, or a more precise delineation, however it may be described.

The questions I put to the minister are whether he stands by those statements; whether the Government of Canada stands by those statements; and whether those statements define the context and the limits within which the government will accept an amendment from Mr. Broadbent or one of his colleagues relating to natural resources.

Senator Perrault: Honourable senators, I have nothing to add to the statement I made yesterday and the statement I made this afternoon. I think those statements were reasonably complete.

I suggest, however, that we move as quickly as possible in this chamber so that this matter may be referred to committee and the committee can get to work on its analysis of the constitutional proposals. I know that Senator Murray will make a contribution to that committee if his leader allows him to participate in its activities.

Senator Tremblay: I should like to point out that we raised this question yesterday and it was taken as notice. We have today received a written answer, and I wish now to discuss the content of the answer. I have been impressed by one omission. The honourable leader referred only to section 109, but made no mention of section 92(5) which mentioned the administration and

[*Translation*]

> —"The sale of the Public Land (. . .) and of the Timber and Wood thereon".

[*English*]

Has that omission some meaning? Since the honourable leader took the question as notice, he has had time to consider this section of the B.N.A. Act, and yet it is not mentioned in his reply. I should like some clarification.

Senator Perrault: Honourable senators, I have nothing further to add. Again, the honourable senator requests a legal interpretation. May I say that this is precisely the kind of question that could be discussed, very profitably and at some length, in the joint committee.

Senator Tremblay: I am sorry to insist, but I am not asking for a legal interpretation. It is a question of understanding the meaning of an omission on the part of the Leader of the Government in his written reply to a question asked yesterday. Is there some reason for his omitting to mention section 92(5)?

Hon. Ernest C. Manning: May I ask the Leader of the Government for clarification of comments he made a few moments ago concerning one point? If I understood him correctly, he referred at the outset to initiatives by the Prime Minister. A little further on he referred to the Prime Minister's correspondence as being in response to correspondence of Mr. Broadbent. How did this whole exercise start? Did it begin by a letter from the Prime Minister to Mr. Broadbent, or did it begin by a letter from Mr. Broadbent to the Prime Minister?

Senator Asselin: It started a long time before that.

Senator Perrault: Honourable senators, I have copies of this exchange of correspondence on my desk, and I am in the process of attempting to locate it. The initiative came from Mr. Broadbent.

Senator Asselin: Suggested by the Prime Minister.

Senator Perrault: Honourable senators, I think that is a most unfair comment.

Senator Flynn: Poor little Prime Minister.

Senator Perrault: I understand that the final written initiative came from Mr. Broadbent on October 20 of this year. I am not going to read the complete letter, but it does say:

> Dear Prime Minister:
>
> I am writing subsequent to the introduction in the House of Commons of the "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada" and to the meeting I had with you at your request on the day that you also met with the Leader of the Opposition.
>
> You will recall that at the meeting on October 1st—

And the letter goes on.

The Right Honourable the Prime Minister, in an endeavour to develop a consensus among the parties for certain constitutional proposals, met, quite properly, with the Leader of the Opposition and with Mr. Broadbent, and spent considerable time with both of those leaders in separate meetings. As a result of the Prime Minister's initiatives, Mr. Broadbent wrote the October 20th letter.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to return to the question of renewable resources mentioned by my honourable friend, the Leader of the Government, when he spoke previously. In view of the fact that the Prime Minister of Canada has indicated his willingness to make special concessions, or give special consideration respecting non-renewable resources and some renewable resources, could the minister tell me what the policy of the government would be if he were requested to include all renewable resources—and I am particularly referring to hydro-electric power?

Senator Perrault: Honourable senators, I can only take the question as notice. Again I say that this is the kind of question

which should very properly be discussed in the joint committee.

Senator Smith: The answer should be available from one who occupies the position of Leader of the Government in the Senate.

Senator Roblin: I am sorry to hear that my honourable friend cannot give me that information because my colleague, Senator Murray, I think outlined, in a very succinct way, the desirability of knowing the limits of the government's "flexibility" in respect of amendments that might be suggested in connection with this. I would ask my honourable friend to inquire of his leader with respect to this matter so that when the debate commences he will be able to tell us what the facts are.

Senator Murray: Poor Ed Broadbent.

ENERGY

UTILIZATION OF OIL DRILLING RIGS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a reply to a question asked by Senator Bielish during Question Period on October 16 concerning the status of the reported exodus, or what was alleged to be an exodus, of oil drilling rigs from Canada. I say that because my reply, of course, requires me to use the word "alleged" instead of "reported."

The drilling industry is forecasting a slack market for the next 15 months. This, to some extent, is due to the fact that the industry has expanded rapidly over the past few years and has over-built its capacity. In addition, it appears there will be a particularly good market in the United States over the next one to two years, reflecting a shortage of drilling rigs in that country. Canada is fortunate to have a healthy drilling industry with half the fleet being less than three years old. The industry is, therefore, very competitive and in a good position to capture some of the U.S. market.

We must also realize that at present there is a surplus of gas, and therefore a reduced incentive to continue exploring for it. In addition, of late there has been some difficulty in marketing and exporting heavy oil which has also resulted in reduced demand for drilling rigs in Canada. However, the slowdown in drilling from these circumstances is a temporary situation.

It has been estimated that the capacity of the industry in 1980 is about 11,000 wells. The industry had forecast drilling some 8,900 wells in 1980, but the current estimate is about 8,300. Today there are 572 rigs in Canada, with 475 actually drilling or working. This represents a deployment rate of about 83 per cent, which is a very high utilization rate for any industry, and is by far the highest utilization rate for the oil drilling industry in the last 12 years.

• (1500)

INTERNATIONAL ENERGY AGENCY—OIL RESERVES

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I intended to ask my honourable friend a question before he rose to give delayed answers, and I wonder if he would allow me to do so now.

I mentioned in the house the other day a report from Reuters dated October 16 respecting a study being conducted by the International Energy Agency with respect to the effect of the war between Iran and Iraq on both price and supply in the next few months, and I asked whether that information was available.

In his reply, the minister left me with the impression that there is no such study going on, and I just want to confirm with him that that is the correct information.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I may have to go back and read what I said, but my impression from memory is that I said I would attempt to get the results of the study that was going on. It seems to me I also said—and this, again, is strictly from memory—that there was a report or press release, or at least a public pronouncement, that has already been made by that organization, particularly respecting supply, stating the view that they did not anticipate a shortage within the next few months because of that situation.

Senator Roblin: Honourable senators, I can provide my honourable friend with his statement with respect to the matter. I initially raised this question on October 14, and my honourable friend replied on October 21 as follows:

> I would like to clarify that the IEA is not carrying out a special study of the supply situation as a result of the Iran-Iraq conflict.

That is the statement which does not seem to jibe with the Reuters dispatch, and I am curious to know who is right.

We do know that the IEA has looked at the shortfall in supply and decided that, while it is over the 6 per cent test line, it does not require any rescheduling of supply among the various countries. But what I am talking about is quite a different matter.

Senator Olson: Honourable senators, I shall recheck with the Department of Energy, Mines and Resources and perhaps the Department of External Affairs, and any other department which might be involved, to determine whether or not a study is under way.

THE ECONOMY

UNPRODUCTIVE SUBSIDIES

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have a further question for the Minister of State reponsible for Economic Development arising out of that interesting speech he made on October 20 to the Canadian

Export Association in relation to this question of unproductive subsidies. He has referred to them, so he undoubtedly thinks that there are some. I am wondering whether he has any intention of changing any of the subsidies that operate today on the ground that they are unproductive.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, what I tried to do in that speech, as I tried to explain to those honourable senators yesterday who had questions in this regard, was discuss the statement of principle involved in whether funds are used by way of subsidization to prop up industries that perhaps do not have a highly productive prospect, or whether the emphasis should be put on those that have a potential for higher productivity in the future and for which subsidization to keep them viable would not be required.

Senator Roblin: I think that is an admirable statement. I might be inclined to agree with it. However, if that is the policy of my honourable friend, could he provide us with the guidelines under which he rules, decides or adjudicates as to what constitutes a productive subsidy and what constitutes an unproductive subsidy?

Senator Olson: Yes, I shall try to get an expanded explanation on that. My honourable friend will know that there are a number of applications before various departments of government, almost on a continuing basis, and my honourable friend will realize that some choices have to be made. I do not know of any government that has been in the position where it can accept all applications.

The principle that I stated in that speech will be applied in terms of which may be the most productive. It is not a matter of making a choice between a so-called good application and a bad application. It may be a choice between two applications, both of which may be good ones. The choice still has to be made, and the principle enunciated in that speech is to apply the priorities as they are stated there.

Senator Roblin: My honourable friend has now confused me more than ever. I thought I understood what his policy was. Now he tells me that he might have two requests for a subsidy, both of which are good. In that case, one assumes both are productive. That being so, why the question of choice?

I want to encourage my honourable friend to apply what is a very loose and woolly statement in a rigorous and economic fashion, and I would appreciate any help he can give the chamber in assessing the merits of his policy.

Senator Olson: Honourable senators, I am very sorry that my honourable friend did not understand what I just said. To me, it is perfectly clear, and that is that the government usually has before it a multiplicity of applications, all of which are not bad and all of which are not altogether good. The financial constraints, however, are such that not all of the good ones can be accepted. Some choices have to be made. Part of the art of governing is to make choices. Governments cannot accept all applications for assistance.

It seems to me perfectly clear that the government has to make these choices. The ministers responsible for the various programs have to choose from among any number of applications, all of which may be good. They cannot accept all of them. They have to make those choices, and the principle that I outlined in that speech is the one that will be applied in these cases. There is nothing woolly about that.

Senator Roblin: My honourable friend has simply shifted the ground from what is productive and unproductive to what is good and what is less good. That is what I think he has done.

Senator Olson: More productive.

Senator Roblin: I would encourage him to content himself with his previous undertaking to give us some kind of a definition as to what he means by the term "unproductive" and how he intends to apply it. If he would do that, I, for one, would be satisfied.

Senator Olson: Honourable senators, I do not want to add anything more to what I have said. I shall try to put some words together that will clarify the situation for my honourable friend.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Roblin, on October 21, asked a further question regarding the Garrison Dam project, and I now have an answer.

The verbal assurances received stated that newly allocated funds will not be used for any purpose which will have a negative impact on Manitoba water systems until such time as bilateral negotiations are complete.

Canada sent a formal diplomatic note on October 1 asking for written confirmation of these assurances. The Government of Canada has received no reply to date.

I think those in government in the United States are somewhat preoccupied this month, which may account for there being no reply to date. However, I can inform honourable senators that the oral assurances have come from high level officials in both the United States State Department and the United States Department of the Interior.

FISHERIES

EASTERN CANADA REGIONS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on October 21 Senator Marshall asked whether I could extract from the Minister of Fisheries and Oceans a statement as to whether they are changing the regions in Atlantic Canada.

The Minister of Fisheries and Oceans announced in Memramcook on September 25 that a new fisheries region will be created in Atlantic Canada which will basically be, as I understand it, a Gulf of St. Lawrence region. The boundaries will be drafted shortly, but they will focus, as a principal

preoccupation, on the whole fishery of the Gulf of St. Lawrence.

The minister has placed the former director general of his Newfoundland region, Mr. Len Cowley, in charge of organizing this new region. As the minister has stated, one of the reasons for the selection of this individual is that he has proven himself to be a good conciliator and one who has experience and good contacts with fishermen.

NORTHWEST TERRITORIES

PROPOSED POLITICAL JURISDICTIONS

Hon. Raymond J. Perrault (Leader of the Government): On October 16 Senator Austin asked a question respecting proposed political jurisdictions in the Northwest Territories. In reply, I should like to outline the position of the government in that regard.

As has been stated a number of times by cabinet members, and in particular by the Minister of Indian Affairs and Northern Development, since the publication of the Drury Report in early March 1980, the government intends to fully examine the recommendations of the Drury Report, as well as the reactions and comments made by various organizations and groups since the publication of that report. In particular, the government wants to hear the position of the Legislation Council of the Northwest Territories. The next session of that Council is due to open on October 22 in Frobisher Bay, and it is expected that its Special Committee on Unity will present its report.

● (1510)

In making its decision on the future of constitutional development in the Northwest Territories, the government is committed to take into account the aspirations and representations of interested parties, particularly the Government of the Northwest Territories, the Inuit Tapirisat and the Dene Nation. The Minister of Indian Affairs and Northern Development has recently met with each of these three groups in the north, and has undertaken further meetings.

It is only when the respective positions of interested groups and organizations have been aired, and the advantages and disadvantages of each scenario fully considered, that the government will take a decision on that issue.

FISHERIES

EASTERN CANADA REGIONS

Hon. Jack Marshall: Honourable senators, I was well aware of the announcement by the minister of the creation of the gulf region; but an important aspect is the fact that no boundaries have been announced, and I gather that the fishermen, who should be in dialogue with the government, should have that information before the announcement is made and should be able to state their views concerning the boundaries. The fishermen cannot react unless they know the boundaries. I am wondering if the Leader of the Government can provide us with the information concerning those boundaries and the regions that are delineated.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a further inquiry will go forward. I would remind the honourable senator that during the course of my reply I stated that one of the reasons for the selection of Mr. Len Cowley was that he had proven himself to be a good conciliator, who has experience and good contacts with the fishermen. So there is no question that there is going to be dialogue with fishermen in the development of this new region.

LEGAL AND CONSTITUTIONAL AFFAIRS

CANCELLATION OF COMMITTEE MEETING

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Senator Goldenberg has asked me to announce that the meeting of the Standing Senate Committee on Legal and Constitutional Affairs, scheduled for when the Senate rises today, will not take place. I understand he has discussed the matter with the Leader of the Opposition, and notices will be sent to honourable senators advising them of the cancellation of the meeting. It will be reinstated some day next week.

CANADA ELECTIONS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Jack Austin moved the second reading of Bill S-11, to amend the Canada Elections Act.

He said: Honourable senators, I will not keep you long, but I hope that I will keep you interested for a few moments in an issue, small in proportion but nonetheless significant, concerning our national unity.

When one lives in British Columbia, Alberta or, indeed, western Canada, there is a view held of the electoral process that, by its very nature, it leaves a feeling of alienation from the rest of the country, a feeling that westerners are not participating in the most significant political act in which a community of citizens can participate—namely a national election.

We turn on the television or the radio at the time the polls close in Vancouver and the final results of the election are available to us immediately. If we have an inquisitive nature, we can discover, by phoning friends in eastern Canada—before we go to the polls to vote—precisely what was the outcome of the election. The result enhances disunity in the country because it gives rise to the exasperation that the western vote does not matter—that we are on the fringe and we simply do not count. However, it is not an electoral practice that needs to continue.

The purpose of Bill S-11, honourable senators, is to ameliorate this disunity or practice during the course of elections and, quite simply, to reduce the present disparity in the closing of the polls and the beginning of the counting of the ballots

from a total of four-and-a-half hours, as between Newfoundland on the one hand, and British Columbia and the Yukon on the other, to a total difference of one hour and a half.

If honourable senators will look at page 2 of the bill, they will see how that is done. Clause 3, which would be schedule V of the Canada Elections Act, indicates that the polls across Canada would open at somewhat different times, namely, 10.30 a.m. in Newfoundland, closing at 9.30 p.m. In the maritime provinces the times shown in the respective columns are 10 o'clock to 9 o'clock; in Quebec and Ontario, 9 o'clock to 8 o'clock, which is the present voting time; so there would be no change whatsoever in the central provinces. For central time—Winnipeg, Manitoba, and eastern Saskatchewan—the times shown in the columns are 9 o'clock to 8 o'clock, which is an hour later than eastern time. The columns for Alberta show 8 o'clock to 7 o'clock and, for British Columbia and the Yukon, 7 o'clock to 6 o'clock.

I have investigated and I am satisfied that no real difficulty would be occasioned to anyone in terms of the adjustments that appear in the schedule. I know, in my own province, that the voting having to be closed by 6 o'clock will inconvenience some people. I know that in Newfoundland it will inconvenience others—but election practices and the rules have changed dramatically during the last decade and we now have had a liberalization of the advance polls so that nearly everyone who is inconvenienced by virtue of the polling hours on election day can cast his ballot at the advance polls.

Honourable senators, in order not to prolong the debate, may I say that the point is simple. It is that all Canadians should be present at the counting of the results of a national election. All Canadians should feel emotionally that they participate equally in the great democratic act of electing a government; and western Canadians, who have not had that emotional feeling for a long time, would be well served by all of the country if they were brought into that comprehensive act in order to feel the essential unity that flows from participating with the rest of Canada and from seeing that they are equal in that participation.

In closing, I wish to assure honourable senators that the bill has the support of some members of all parties in the other place. I have spoken to members of various parties, particularly from the west, and I would like, in particular, to recognize Bill Clarke, the Progressive Conservative member for the riding of Vancouver Quadra, who has long been interested in such a measure. He informed me after I had introduced Bill S-11 here that he was pursuing the same point in a private member's bill in the other place, which has not yet been published. He is willing to sponsor this bill in the other place, should it be the wish of this chamber to pass it.

Hon. Lionel Choquette: May I be permitted a question? I do not know if daylight saving time applies in all 10 provinces. Does the honourable senator know? If it does, what changes would have to be made?

• (1520)

Senator Austin: I appreciate the question, senator. All national elections, it is my information, are held on standard time across Canada. I would be glad to answer the question more specifically, but as I understand it, it would not affect the disparity of one-and-a-half hours across Canada.

On motion of Senator Murray, debate adjourned.

CHILDHOOD EXPERIENCES AS CAUSES OF CRIMINAL BEHAVIOUR

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the consideration of the report of the Standing Senate Committee on Health, Welfare and Science entitled "Child at Risk", tabled in the Senate on October 16, 1980.

Hon. Jack Marshall: Honourable senators, I am quite pleased to follow Senator Bonnell and Senator Bird and make a small contribution to this debate on the study of early childhood experiences as causes of criminal behaviour, and particularly to have been involved with the steering committee in the publication of "Child at Risk".

May I add my congratulations to those extended to Senator McGrand who, I think, should be called the father of the report, for his perseverence and steadfastness in getting the agreement of this chamber to conduct the study which culminated in the report which we are addressing. That report is a tribute to his long devotion to human rights.

As a member of the subcommittee which went through the voluminous pages of evidence by many expert witnesses—and went through them line by line and word by word—I was able to gain a learning experience as a layman of some of the medical technicalities which gave me an appreciation of the reasons for criminal behaviour as a result of the birth process and the ongoing development of the child.

Senator Bonnell and Senator Bird have adequately directed our attention to many highlights in the report to convey the seriousness of the problem. They have documented the many influences which affect the proper physical development of the child, such as emotional disturbances, physical and psychological abuse, brain damage and many others. There is no need to repeat them because they expressed them very well.

As the report points out, in simple language, the simple truth is plain to all. It is that various anti-social behaviour does not begin for the first time in adulthood, but is almost invariably preceded by anti-social behaviour in childhood. Honourable senators, it should be obvious to all who have read the report that we are faced with a very complex problem when considering the various influences which affect the psychological and emotional development of the child in early life, and the solutions which are reflected in the recommendations which are so complex and costly.

The first question that will be asked by the governments responsible is: How do we pay for any agreed-to recommenda-

tions? I think it is worthwhile to look at the exorbitant costs of our social services as they stand today.

In 1979-80, the Department of National Health and Welfare was responsible for expenditures of $14.1 billion or 26.4 per cent of the total budgetary expenditure of the federal government. Nearly 98 per cent of those expenditures were transferred directly either to individual Canadians or to provincial governments to support health and social assistance programs. For example, over $6.3 billion was transferred diretly to ederly Canadians under the Old Age Security Act and the guaranteed income supplement and the spouses allowance programs. A further $1.7 billion was transferred directly to families with children through the family allowances program. Together these direct payments to Canadians accounted for over 50 per cent of the department's expenditures. Cash transfers to provinces to finance hospital and medical insurance programs amounted to over $3.9 billion, while $1.7 billion went to finance provincial social assistance programs under the Canada Assistance Plan. These transfers to provincial governments accounted for about 40 per cent of the total expenditures.

There are many other related grants and contributions made which cost many, many millions of dollars. The remaining expenditures of $323 million represents 2 per cent of the departmental total. A total of $89 million was spent on the administration of the department, $173 million was spent on the direct provision of medical services to Indian and northern communities, and the balance of $61 million was devoted to the development and implementation of health protection measures relating to health hazards in drugs, food and other products in the environment.

I mention these figures, honourable senators, because of the proportion of the budget that is directed to medical costs. We should underline the amount of $4 billion, which was cash transferred to provinces to finance hospital and medical insurance programs and medical research. I feel very strongly that a high proportion of those costs of health services that the government pays could have been avoided if money were directed where it should be directed, to the source of the problem. The source of the problem is in the fetus stage and infancy. The many thousands who require health care now are the poverty-stricken who started life in poverty, lacking nutritional food and development. This has created part of the problem we are facing today because, as was brought out by the witnesses, poverty is associated with a higher-than-average degree of family instability, stress, violence, low self-esteem, alcoholism and criminality.

In 1979 there were more than one-and-a-half million children in Canada under the age of 18 living in poverty, and these are the children who are at a disadvantage in the areas of health, education, family life and social activities. But they started out at a disadvantage because they came from poor families; they came from parents under stress, who could not cope with society and with the high cost of living. These are the children who are more likely to have been born prematurely and underweight, to have health problems and suffer social pressures. Unfortunately, as the title of the report says, they are the children at risk.

Furthermore, another alarming statistic is that 80,000 Canadian children live in foster-care homes. There is evidence of a growing trend to one-parent families with, in 1976, over 83 per cent of them with a woman as the head, and some 69 per cent living in poverty.

Honourable senators, I do not think we should measure the needs of our children, our future citizens, by the dollar sign. I feel it is imperative that we stress the need to government for a change in their priorities. This is one of the reasons why I mentioned the exorbitant costs of medical care and hospitals which are running to a point where we cannot cope. Anybody who has read the report will understand the depressing situation that exists with our children across the country. We must act now, in view of the startling evidence that every attention must be directed to the unborn child, with a co-ordination of all present social programs to ensure the proper development of our future citizens.

● (1530)

The minister herself, it was enlightening to hear, said that the cost of administering the social programs is small in relation to the value of the benefits involved. She pointed out, too, that of 17 OECD countries, ten spend a bigger share of their gross national product on health and welfare programs than Canada does.

For some reason or other, honourable senators, we seem to have enough money to increase our police forces, and to build more jails, but we do not direct enough effort towards training social workers to guide and lead the unprepared mother and her child. We concentrate on amendments to the Criminal Code, and on abortion and drugs, but we forget to direct our efforts, or enough efforts or more efforts, towards the education required to find out the dangers of these habits to potential mothers.

We direct millions of dollars of lottery funds to the chosen few, the athletes, who excel, or to recreational facilities and elaborate equipment, but not enough to facilities for the child who lives in the ghettos, who is too poor to participate, or who does not belong to the centres where the concentrations of these facilities exist. What happens to that child when he wants to expend his energy? Too often he turns to crime.

All levels of government spend millions upon millions of dollars on schools and educational facilities, and yet the doors of those places are closed at 4 o'clock in the afternoon, when they could be used for educational programs for mothers, and the recreational facilities used to direct the efforts of their children. At this very moment we are discussing the entrenchment of human rights for our citizens, and yet we do not hear much about the human rights of children.

I think I should quote in this regard from one of the paragraphs on child abuse in the report. It is very alarming:

> Historically, children have been viewed as the property of the parents whose right to neglect and abuse them was seldom even questioned. Today society is hampered in its

efforts to help children by this concept of the child belonging to the parents. It is now time to recognize that the rights of parents over their children should exist only so long as parental responsibilities are fulfilled. These responsibilities involve not only the provision of food, clothing and shelter, but also a secure and nurturing emotional environment.

In the past our society has paid more attention to cruelty to animals than to cruelty to children . . . Even today under the Criminal Code of Canada the rights of the child appear to be less important than the rights of an animal because the caretakers of a maltreated animal must show that they did not cause the maltreatment, while the caretakers of an abused child do not suffer under this burden of reverse onus.

Honourable senators, in the few moments I have taken, I have directed attention to only one aspect of the ever-increasing criminal activity in our country. I have dealt with the poverty aspect because it has such a wide relationship to all aspects of criminal behaviour, and I do so because I feel that that is the one matter that should be addressed on an urgent basis by our government.

We have seen countless studies repeated time and again on the handicapped and the disabled that are laid aside too often with little or no attention. We have seen countless studies on criminality too often greeted with little or no attention. The report of the Canadian Commission for the International Year of the Child entitled "For Canada's Children" bears a great rapport with the report "Child at Risk", and points out the intensity of the problem. So we have an international basis for, and agreement with, the report produced under the guidance of Senator McGrand, who should again be mentioned for credit.

Honourable senators, there could be no better challenge to this chamber than that of insisting that our government lead the way in ensuring a quality of life for our citizens which we continually proclaim, but which we sometimes take too much for granted.

I maintain that we should accept the recommendations of this report, and that this chamber should urge the government to direct all its attention in the other place to ensuring the care of the child, if, as Senator Bird said yesterday, we want better future Canadians.

On motion of Senator Macdonald, debate adjourned.

THE CONSTITUTION

PROPOSED RESOLUTION FOR A JOINT ADDRESS TO HER MAJESTY THE QUEEN—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the inquiry of the Honourable Senator Perrault calling the attention of the Senate to the document entitled "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada", tabled in the Senate on Monday, October 6, 1980.

[Senator Marshall.]

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I want to make a few comments on the inquiry that is before the Senate respecting the suggested amendments to the Canadian Constitution.

At the beginning I want to outline some of my own views as to why this resolution is necessary, and as to the manner in which it is being brought before this house, which will presumably be by way of a message from the House of Commons asking us to concur in the establishment of a special joint committee to examine the resolution and to report to both houses by a certain date.

A number of questions have been raised in the debate here, in the other place, and, indeed, in the public domain, if I may call it that, because of the speculation of a number of premiers of various provinces and other commentators. One of the questions that has been asked from time to time is: Why at this time? In reply to that you have to ask yourself another obvious question: If not at this time, then when? When you try to answer that question you can go back over 53 years of attempts to get all of the 11 governments in Canada together—and for part of that time there were only 10 governments—to try to come to a unanimous agreement as to what ought to be in the Canadian Constitution; indeed, as to whether the Canadian Constitution ought to be domiciled in Canada.

Honourable senators, I do not have any problem with the latter question. I believe our Constitution ought to be domiciled in Canada. For all the attempts that have been made by several governments, and by a long list of very competent personalities, to try and reach that agreement, the fact is that they have been unable to do so for one reason or another. Unfortunately, the reasons are not the same, and what is still more unfortunate is that the objections sometimes come from different provinces for different reasons.

Hon. Jacques Flynn (Leader of the Opposition): May I ask a question at this point?

Senator Olson: Well, yes, I think you could, but perhaps at the end of my speech.

Senator Flynn: It is pertinent to what you are saying now. It resides only in part in Westminster. Why does it reside there only in part?

Senator Olson: Well, honourable senators, the Leader of the Opposition says "partly resides"—

Senator Flynn: What about section 91.1?

Senator Olson: The fact is that it is partly residing in Westminster, which is not in this country. My honourable friend knows that.

Senator Flynn: Why is that part there?

Senator Olson: That part is there, I suppose, for a variety of reasons, and in its simplest terms the reason is that that is where it was put in 1867, when Canada became a country. Why it is still there is equally simple, and that is that all of the governments of Canada have been unable to reach an agree-

ment over the years to bring it to this country. There is nothing complicated about that.

• (1540)

Senator Flynn: That part of section 91.1 was brought home in 1949, but why was the rest left in Westminster under section 7 of the Statute of Westminster? Why? Because the provinces, not the federal government, asked for that.

Senator Olson: Well, obviously, when you try to answer the question I posed a few moments ago, it seems unfortunate that everyone agrees that the Constitution ought to be patriated—

Senator Flynn: Well!

Senator Olson: There is no one I know of, including the Leader of the Opposition, who is prepared to rise and state without equivocation that the Constitution of this country ought to be in another country's statutes. Of course, he would not say that.

Senator Flynn: I will say that.

Senator Olson: Neither will any premier of any province in Canada—

Senator Flynn: I will say that.

Senator Olson: —object to the fact that Canadians ought now, after all this effort, to have their own Constitution in their own country.

Senator Flynn: I would agree that the provinces should ask, but not Ottawa.

Senator Olson: Well, let us go to that part of the question. My honourable friend knows that one out of eleven governments, in the attempts that have been made over these years, has prevented that from happening. He has been involved in these matters long enough to know that on many of those occasions it has been one single province, although not always the same province, that has raised objection so that it just simply did not happen. That is why this is the time.

There is another reason, honourable senators, why it is particularly appropriate for the federal government, indeed, for both houses of the federal Parliament, to take their responsibility—

Senator Flynn: It is not ours.

Senator Olson: —and that is that there has probably never been a time in Canadian history when the Constitution has been debated in the public realm for so long or so exhaustively. We believe that the people of Canada, the citizens, the electorate, or however you want to describe them, have now watched a discussion taking place all summer with the continuing committee on the Constitution, the ministers from all governments and, indeed, in 20 or so hours of live television time. There has probably never been a time when there has been as much understanding as there is now of what is involved in that question. I sincerely believe that the people of this country have reached the stage where they want their Constitution in Canada.

As a matter of fact, it is interesting to hear such arguments as, "Yes, we want the Constitution patriated. We want the Constitution in this country, but somehow it is the wrong time and somehow it is the wrong procedure for bringing it here." Surely, even the Leader of the Opposition, at some point in time, has to call a spade a spade and not something else.

If everybody agrees that the Constitution ought to be in Canada, as I do, and if everybody agrees that we should have some basis for bringing that Constitution here and for amending it in the future by a formula that requires agreement somewhere short of unanimity—because that has always stopped it before—then, surely, there is no more appropriate time than now, in light of that general level of understanding of what is involved in this constitutional matter which I suggest is higher in the public mind than it has ever been before.

Senator Flynn: I doubt it very much.

Senator Olson: Well, the Honourable Leader of the Opposition says he doubts it, but he is also unwilling to say that he does not believe the Constitution should be in this country.

Senator Flynn: Oh, I do.

Senator Olson: Then he agrees with the objective.

Senator Flynn: I merely want to mind my own business.

Hon. Joseph-Philippe Guay: Keep quiet.

Senator Olson: So the Honourable Leader of the Opposition agrees.

Senator Flynn: I think Senator Guay has a point of order to raise.

Senator Guay: The other night I was given a lesson by the Leader of the Opposition on keeping quiet when someone else is speaking. I only wish he would practise what he preaches.

Senator Flynn: I agree, but on the point of order raised by Senator Guay, may I suggest that, if someone has to complain, it should be Senator Olson and not Senator Guay.

Senator Guay: That is why I say I always listen to you, when you make sense.

Senator Flynn: Continue. You do that well, at least.

Senator Olson: I can see, honourable senators, that we are having the same high level of agreement on the point of order as we have been having on the point that the Constitution ought to be in Canada. I am pleased at that.

Honourable senators, the second part of the resolution that is before us, deals with some fundamental rights of Canadian citizens. The strange part about this is that everyone agrees that every single one of the rights that are spelled out in the proposed amendments to the Constitution is a right that Canadian citizens are entitled to have. They are rights that cannot be violated or abridged by any government. I have not heard any disagreement with that, even from those people who object to bringing home the Constitution or to whatever the government is doing. Not even they have selected any of those

rights, saying, "We disagree with the citizens having this right."

I will not go over these rights in detail, because I know my honourable friend opposite has read every one of them carefully. But does he disagree with the guarantee of rights and freedoms? Does he disagree with Canadian citizens having those fundamental freedoms that are spelled out in clause 2?

Senator Flynn: Freedom of speech!

Senator Olson: I don't think so. I do not think the leader would disagree with the democratic rights of citizens that are contained here. They are enshrined or entrenched in our Constitution so that we have the right to vote, to select our government. That is what is in here. He does not disagree with that.

Senator Flynn: We have always had those rights.

Senator Olson: I am sure he does not disagree that there should be a limited duration of any legislative body. I am sure he does not disagree with that either.

Senator Flynn: I must say it is badly worded.

Senator Olson: At any rate, he does not disagree with the principle involved. So I have to ask myself, "Does he disagree with some rights Canadian citizens have, for instance, to enjoy the entire country?"

Senator Flynn: Well, you are putting a question to me.

Senator Olson: No, I am not.

Senator Flynn: In any event, these rights are already in the Constitution. They are already entrenched there. So what are you adding?

Senator Olson: Honourable senators, these rights are not in the present B.N.A. Act. They are not.

Senator Flynn: Certainly, they are. The duration of Parliament is in the Constitution. You could not change that. It is in the Constitution. Try to study it.

Senator Olson: If my honourable friend wants to nitpick about these things, I believe it is fair to say that there is not a limitation in the Constitution on the duration of legislative bodies that applies to all the provincial legislatures. They write some of their own constitutions.

Senator Flynn: It is in the Constitution. It is there.

Senator Olson: Well, if it is there, I think it is a good thing that it is there, and it ought to be in the Canadian Constitution, too.

Senator Flynn: It is!

Senator Olson: Then we get to mobility rights. I believe that the citizens of Canada have the right, or ought to have the right, to enter, to remain and to leave Canada. I believe that every citizen of Canada ought to have the right to move and to take up residence in any part of Canada.

Senator Flynn: They have that right now.

[Senator Olson.]

Senator Olson: But this says "any province." I also believe that every Canadian ought to have the right to earn a livelihood in any province, and that has been challenged by some of the provinces. They have set up some rules that limit the right of Canadian citizens to move anywhere, and to seek gainful employment, in this country.

• (1550)

Hon. G. I. Smith: Pursuant to the Constitution.

Senator Olson: Well, pursuant to the Constitution. This is a right that is going to be entrenched in the Constitution, and obviously has not been either severe or strict enough to be applied.

None of the honourable gentlemen opposite wants to argue that Canadian citizens should not have that right. It can be seen that they are not willing to do that.

Senator Smith: Who says they are not willing to do that?

Senator Olson: Are you willing to argue that Canadian citizens should not have the right to seek employment anywhere in this country? Of course not.

Senator Smith: You wait and see.

Senator Flynn: You want to impose that on the provinces.

Hon. Royce Frith (Deputy Leader of the Government): Perhaps we should wait and see what the speaker has to say about that.

Senator Olson: Well, we should wait and see what they have to say about it, but I just don't believe, honourable senators, that the opposition is going to say that they are opposed to Canadians being able to move anywhere they like in this country—

Senator Flynn: I didn't say that.

Senator Olson: —and to seek gainful employment wherever they like in this country. That is a fundamental freedom that I believe every Canadian citizen is entitled to. That's what's here.

I don't think anybody is particularly opposed to some of the other legal rights that are spelled out in this matter. There are some, for example, respecting non-discrimination, which I endorse completely, but I realize that it will take some time for all of the provinces and, indeed, perhaps even the federal Parliament, to search out and amend some of the statutes that are on the books now so that those non-discrimination rights can be taken out. So there is a provision that that would not become applicable for three years, in order to provide time to make that search and to make the amendments.

Then there are the official languages of Canada.

Senator Flynn: Then there is no urgency.

Senator Olson: Well, the honourable Leader of the Opposition wants to make a lot of contributions to my speech. I am not discouraging that—I think he should go ahead—but I would like him also to participate in this debate so that we can hear what his views are. So far, despite its having been called every day, he has refrained. To use another word, he has so far

boycotted this debate, and I think that that is unfortunate because I know he would make a great contribution. I also believe he is not doing as good a service to Canada by refraining from participating in this debate.

Senator Flynn: Don't you worry about that.

Senator Olson: I remember very clearly that the members opposite were asking for some opportunity to participate in the discussion about the matters that are in that resolution.

Senator Flynn: No, not accurate.

Senator Olson: And then, when an opportunity is provided, they refrain from participating.

Senator Flynn: You are mistaken.

Senator Olson: That I don't understand.

Senator Smith: You don't understand it because it isn't true.

Senator Olson: Oh, no, it is true all right.

Senator Smith: It is not true.

Senator Frith: It's the kind of truth that hurts.

Senator Olson: I would like to turn to another aspect of this, honourable senators, and that is that I think we have a responsibility in this chamber to examine just what it is we are protecting. Why do we need—

Senator Smith: Or giving.

Senator Olson: —this kind of action taken by the federal Parliament of Canada which, of course, includes both houses? And that is very simple to me.

Senator Flynn: It has to be.

Senator Olson: I believe there is some value to Canadian citizenship. As a matter of fact, when I compare the values that we have—and I could spell them out, if you like—such as the respect for human beings and for human dignity, and the respect for our structure of law and order which, even though it may not be perfect, is, in my view, better than that of any other country in the world.

Senator Flynn: That's why we don't need that.

Senator Olson: And that is why, when we find a trend towards restricting the rights of Canadian citizenship along provincial boundaries, we have a responsibility to stop and to reverse that trend.

You can argue that it may not be serious yet, but there are some trends that are extremely serious to me. One of them we have just talked about, and that is the trend towards restricting the right of a Canadian citizen to seek gainful employment anywhere he chooses in this country. I don't like that trend. There are some other restrictions with respect to investment and the ownership of land, for example, in more than one part of this country. I think that there ought to be some rules perhaps on the use of some of those assets, but I tell you very frankly that I do not accept that those rights ought to be confined to residents within a province. For example—

Senator Flynn: You are changing the Constitution in this respect, aren't you, because there is a decision of the Supreme Court with respect to the restrictions in Prince Edward Island with regard to ownership of land. It has been declared *intra vires* of the legislation of Prince Edward Island.

Senator Frith: Order.

Senator Flynn: I am not talking to you.

Senator Olson: I was talking about some of the trends that are taking place in this country in the way of setting up different rules for different people because they happen to live within a provincial boundary.

Hon. Lowell Murray: That is not covered by your resolution.

Senator Olson: It is covered in my concern over the trends that are taking place in this country.

Senator Murray: It is not in your resolution.

Hon. Duff Roblin: No, it is not.

Senator Olson: Take it as you like. We are demonstrating that we are going to set up some rights that belong to all Canadian citizens no matter where they live.

Senator Smith: No matter whom they take them from.

Senator Olson: Oh, no.

Senator Smith: Oh, yes.

Senator Olson: Rights don't necessarily restrict somebody else. Rights are something that cannot be violated by any government in this country.

Senator Smith: You are trying to take away from the provinces the jurisdiction and authority they now have under the Constitution.

Senator Frith: If we could hear one full sentence before you bootleg your way into this debate.

Senator Flynn: If it makes sense, I agree.

Senator Frith: We are listening to a lot that doesn't make sense from the other side.

Senator Olson: Well, I guess some of the freedoms in this country, the Honourable Leader of the Opposition may agree, include the right to be wrong. That is why we listen to some of the garbage that comes from the other side of the house in Question Period every day. We agree that you have that right.

Senator Flynn: That's certainly big of you.

Senator Olson: I am sure the Leader of the Opposition, even if he doesn't agree with my views, will respect my right to state them. I am sure he would be one of the greatest champions in defending my right to do that, but along with defending that right he should respect the fact that both of us can't speak at the same time.

Senator Smith: That is not impossible.

Senator Flynn: Three of us. You have Senator Guay, too.

Senator Olson: Honourable senators, I don't think there are any fundamental differences in the fact that there ought to be some bill of rights that guarantees Canadian citizens those rights.

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear.

Senator Olson: So now we have come to the point where we agree that the Constitution ought to be in Canada. We agree that citizens ought to have some rights no matter where they live in this country. We come to the next question, and that is: Should we have in the Constitution the equalization requirement? I don't think honourable senators opposite are going to argue against that being a fundamental right of Canadians. It isn't changing very much because it is practised now, but I think it ought to be in the Constitution so that it is known that that is part of the basic law of this country.

Senator Smith: Which can't be enforced.

● (1600)

Senator Olson: I hope Senator Smith has got some notes some place so that he can make all these points himself rather than inserting all these comments into my speech, because I would like to listen to him make an intelligent speech, which I know he is capable of doing, in this debate. So far honourable senators opposite have refrained or boycotted it, as if—

Senator Flynn: We are trying to help you.

Senator Olson: —they are afraid to say what they think except by interrupting somebody else. Anyway, I don't mind that.

Senator Smith: It is no good having all this shadow boxing on a thing like this that we have before us now. Wait until the resolution comes.

Senator Perrault: Make your own speech.

Senator Olson: Now, honourable senators, we get to the next major part of the resolution that will be before us, which is the matter of an amending formula. Here I am sure honourable senators opposite will agree that for the first two years there will be no amendments to the Constitution of Canada except by the unanimous consent of all eleven governments. If that is not well understood by my friends opposite I could read them chapter and verse here to point it out, but I think it is, so that is clear. By the way, I should also point out, in case they haven't noticed, there is a requirement that for those two years there shall be a conference called by the Prime Minister of this country respecting that matter. It says very clearly in section 32:

> Until Part V comes into force, a constitutional conference composed of the Prime Minister of Canada and the first ministers of the provinces shall be convened by the Prime Minister of Canada at least once in every year unless, in any year, a majority of those composing the conference decide that it shall not be held.

Obviously it would take six governments to decide that it should not be held, otherwise it will be held. What that means is that there are going to be at least two more attempts—

[Senator Flynn]

Senator Flynn: No.

Senator Olson: —to come to an agreement on an amending formula to the Canadian Constitution that would have a requirement of something less than unanimity, otherwise the unanimity provision prevails for those two years. I think we have to agree that we cannot lock ourselves into the situation where there can never be any further changes or amendments to the Constitution with something less than unanimity for ever. I am sure that after the last 53 years, particularly the last eleven years or so, when very sincere attempts have been made to find an amending formula, we cannot lock ourselves into a unanimity requirement for all time. I am sure everybody will agree that is a reasonable proposition.

What it says is that if no agreement is reached in those two years, then we go into the next section, which is what happens in the following two years to try to find an amending formula to which all eleven governments could agree, but at the end of that period—that is four years later—it will be referred to the people of Canada. I believe that that is the essence of democratic procedure, to refer it to the people of this country if their governments cannot reach an agreement, so there are certain sections to deal with that. In Part IV there is an interim amending procedure and rules for its replacement. You can go through section 38, for example, and so on.

Part V deals with the procedure for amending the Constitution in Canada. Section 41(1) is the general procedure. I could read it all, but I am sure honourable senators know that is the amending formula known as the Victoria Charter. Let us examine what that means for a moment. That means that there has to be, first of all, a resolution of the Parliament of Canada, both houses, plus a majority in all four regions of Canada—Ontario, Quebec, at least two of the four Atlantic provinces with more than 50 per cent of the population in those provinces, and at least two of the four western provinces, constituting a majority in those four provinces. It isn't one or the other. It means a majority in all the regions, plus the federal government—not the federal government; it is the federal Parliament, and there is obviously a difference, a very important difference. It does not seem to me that that is an unreasonable requirement.

There will be those who will still argue that it ought to be unanimous. I think, quite properly, we have come to the conclusion that there has to be something short of unanimity, but in my view this charter is not imposing anything on any province except those who still want unanimity, so that they can hold up all eleven governments. I think it is a reasonable proposal that amendments to the Canadian Constitution can be made when they are agreed to by a majority in each of the four regions of this country. That is what it says, and any other interpretation that is being put on it is just not valid, because that is what it says here.

By the way, there was a point in time, in 1971 for example, when all eleven governments did agree that that was a satisfactory amending formula, but then it broke down. I don't want to go back over the reasons, but it did, in fact, break down.

Senator Murray: Just for the record I want to ask the minister—

Senator Olson: I wonder if you could hold your questions until after my speech is over. I will try to answer them then.

Senator Murray: It is not a provocative question.

Senator Olson: I don't mind if it is a provocative question, but it seems to me that if I am to put the argument in its right scenario—

Senator Murray: That is why I am asking the question.

Senator Olson: —perhaps we ought to leave the questions until after my speech is over, and I will try not to keep you too long.

Senator Murray: I wanted to do that.

Senator Olson: I know. I have been around for a while. I know what honourable senators opposite are trying to do, and I hope they will try to do that when they are speaking too, because their views, their honest, sincere views, without any political overtones, really ought to be in the context of this debate, so I hope it is coming.

Senator Flynn: Don't worry about that.

Senator Olson: Then we get on to other things. One that is important here is that if it does, in fact, require a referendum to set down the amending formula in this Constitution, it will be the Victoria Charter or another amending formula, as yet unknown, but supported by eight of the ten provinces and 80 per cent of the population.

Senator Murray: The referendum question would have to pass by a 50 per cent plus one majority. Is that not correct?

Senator Olson: The honourable senator is throwing in "buts" there. The question in the referendum will be one or the other.

Senator Murray: The question would have to pass by a 50 plus one majority.

Senator Olson: Yes, that's right, but it is what is put in the question that is also important, and in my mind there is no question but that the Victoria amending formula does in fact carry the requirement of a very substantially higher than majority support from the provinces and the people. Obviously if eight of the ten provinces with 80 per cent of the population come along with another formula, I am sure my honourable friend will agree with me when I assume that that amending formula that would be put in the referendum would also contain a very substantial majority, considerably more than a simple majority, of provincial support for any amending formula in the future, because that is what it says.

● (1610)

Senator Flynn: It could be subjected to serious distortions.

Senator Olson: My friends opposite seem to be afraid to let the people express themselves.

Senator Perrault: Shame!

Senator Olson: They seem to be afraid of a referendum. They are afraid that the people might select some amending formula which somehow would be an irresponsible act.

Senator Flynn: By an emperor like the one we have now.

Senator Olson: I believe that if one of those questions is put to the people of this country they will make an intelligent decision. I am not afraid of having the people vote.

I did not want to make a long speech here today, but the opposition unfortunately are lengthening it.

Senator Flynn: We wanted you to make a substantial speech.

Senator Olson: It is a substantial speech.

There is some concern, honourable senators, about section 44 which provides for a suspensive veto by the Senate. I think honourable senators ought to read that section very carefully.

Senator Flynn: Have you?

Senator Olson: I would like them to.

Senator Flynn: I think I read it before you did.

Senator Olson: I do not think you did, but you may have read it quite a few times since.

That section states:

> An amendment to the Constitution of Canada may be made by proclamation under subsection 41(1) or section 43 without a resolution of the Senate authorizing the issue of the proclamation—

Then it makes mention of the 90-day provision and the House of Commons having to pass the resolution. I will not deal with that again. However, what I think is important here is that this suspensive veto applies to subsection 41(1) and to section 43 only. It says that. There is no more in there. It mentions subsection 41(1) and section 43 only.

Senator Murray: Give us your argument in favour of that.

Senator Olson: Let us deal with section 43 to begin with. Section 43 states, "An amendment to the Constitution . . ." and so on. Section 43 provides a rule whereby amendments that would not apply to all provinces, such as terms of union with certain provinces, could be made upon authorization by$0the Senate, the House of Commons and the provinces concerned.

Senator Flynn: Sure.

Senator Olson: That means that if you are going to have any amendment to section 43 which deals only with constitutional matters that apply to that province, you must have the support of the legislative assembly of each province to which the amendment applies—that is clear.

Senator Flynn: Come to section 41.

Senator Olson: It is clear what section 43 says. Why would any senator object? Why would they want to insert a veto that is not only a suspensive veto to a resolution or an amendment that applies to their province because that is absolutely and unequivocally required. If they are in favour of it, and the

House of Commons is in favour of it, why would the Senate want a continuing veto? I cannot see the logic of that.

We will dismiss section 43 since you are not concerned about that.

Senator Flynn: No, no. I should like to put a hypothetical case to my good friend.

Hon. Maurice Lamontagne: Ask permission.

Senator Olson: Perhaps at the end of the speech.

Senator Flynn: You have a protector there.

Senator Olson: I do not see that there is any logic in suggesting that the Senate is somehow going to superimpose its opinion over the House of Commons and the legislature of a province who have agreed to the amendment.

Senator Flynn: I was going to give you a case in point.

Senator Olson: I do not think we have the right to stand in the way when all the provinces affected by the amendment have agreed with the resolution of the legislative assemblies—that is, if you have any respect for the democratic process. Certainly the democratic process is going to be exercised within those provinces.

Senator Flynn: Let us take an example of a legislature where the government has no mandate—for instance, the Quebec legislature. Mr. Lévesque would approve of an amendment, but would have no real authority, since it passes by one vote in the legislature. Do you not think that the Senate should be able to intervene in a case like that?

Senator Olson: I must remind my honourable friend that it is not only a legislature that can do that, it takes an amendment of the House of Commons, the Senate and the legislature.

Senator Flynn: Agreed.

Senator Olson: What is left in section 44 is the requirement for a suspensive veto under subsection 41(1) only. I have heard all kinds of interpretations around the country that it is something greater than that. It is not greater than that; subsection 41(1) or section 43 is all that is contained in there.

What is subsection 41(1)? Subsection 41(1) is the amending formula under the Victoria Charter.

Senator Flynn: There is no limitation.

Senator Olson: There is a limitation—the limitation is subsection 41(1) or section 43.

Senator Flynn: Not on the kind of amendment.

Senator Olson: If you want to put it around the other way, it says that there shall be no suspensive veto—there would be a veto absolute for any other purpose other than section 43 of subsection 41(1).

Senator Flynn: Subsection 41(1) covers the whole country.

Senator Olson: Subsection 41(1) is the amending formula that may be in place if and when Part V comes into effect. That is clear.

[Senator Olson.]

Senator Flynn: But it is any amendment.

Senator Frith: But section 42 is another amending formula.

Senator Flynn: Subsection 41(1) covers the whole territory.

Senator Frith: It covers everything so far as subject is concerned.

Senator Flynn: It could abolish the Senate; it could abolish the provinces.

Senator Frith: With their consent.

Senator Olson: The Honourable Leader of the Opposition seems to be right in the middle of this debate now. I am glad to see that because before he did not participate.

Section 42 is the amendment to the Constitution that may come into being if, indeed, there is another formula. It is the one that might come into being as a result of eight of the ten provinces—that is, 80 per cent of the population—putting it into the question as a choice in the referendum. Then the veto does not apply.

Senator Tremblay: Are you speaking of section 42?

Senator Olson: Section 42 is what may turn out to be some kind of substitution for section 41 when that other part comes into play.

Senator Flynn: If you want to abolish the Senate, under section 41 can you do it?

Senator Olson: Honourable senators, those are the kinds of extremes that my honourable friend would like to inject into this debate. I should like to put this question to him: If the Victoria amending formula were to apply, that means that the House of Commons would pass a resolution to amend the Constitution of Canada by either abolishing or very significantly changing the Senate. If a majority in all four regions of the country supported that resolution, would he want to sit here? Would he want to sit here if that sentiment came from all those places?

• (1620)

Senator Flynn: No, I would not.

Senator Olson: Then, why do you object to it?

Senator Flynn: Not if it is a very simple majority resulting from a predominantly "yes" vote from a given region. If, for example, the population of the province of Alberta voted 90 per cent against, the Senate should be able to delay the action for more than three months.

Senator Lamontagne: Order.

Senator Flynn: If you could have Senator Lamontagne mind his own business occasionally, that would be very helpful.

[*Translation*]

Senator Lamontagne: Honourable senators, I believe that one of the rules of this house is that before interrupting an honourable senator one should have the decency of asking his or her permission.

[*English*]

Senator Tremblay: I wonder if I might have the permission of the honourable senator to ask a question, then.

Senator Olson: Yes, you have my permission to ask as many questions as you wish as soon as I finish my speech. I am not going to be much longer.

Senator Flynn: He put the question to me without asking permission.

Senator Olson: The Leader of the Opposition is the closest one to me across the aisle, and that is why I direct some of these questions to him, but I am really raising these questions so that honourable senators generally can ask themselves whether they have a correct interpretation of it.

The question was whether you really believe the Senate should somehow be able to stand in the way if the Victoria amending formula has been applied and the condition of a majority in each of the four regions of Canada has been met, plus a resolution having passed the House of Commons twice. That is an important question. In those circumstances, do you want a situation where the Senate can stand in the way of that kind of public support for an amendment to the Constitution?

Senator Smith: That is not the point at all.

Senator Olson: I do not believe we should.

Senator Smith: That is not the point at all. The point is that it is being done to evade and avoid the decision of the Supreme Court of Canada, and the Parliament of a foreign nation is being asked to do it.

Senator Olson: No, I do not agree with that.

Senator Smith: Of course; you do not agree with anything that makes sense.

Senator Olson: I have always respected Senator Smith's views and his intelligence and his contribution to this debate—

Senator Flynn: And rightly so.

Senator Olson: I am afraid that when he says that I never agree with anything that makes sense, he is really lowering the credibility that I have given him up to this point, and that is unfortunate.

Senator Smith: It does not worry me much, if that is the point you are making.

Senator Olson: No, but it does worry me. The position that the Senate is going to take with respect to standing in the way of an overwhelming majority of the public of this country does worry me very greatly, and that is what we have to ask ourselves.

Senator Smith: That is not the point at all.

Senator Olson: Well, it is the point as far as I am concerned. You may disagree, and I would be very happy to listen to you outline your arguments. Up to this point, honourable senators across the way have chosen not to outline their arguments. We just have to imagine some of these things. I hope you will get into the debate.

Senator Smith: Well, use your imagination.

Senator Olson: Honourable senators, I think we ought to pass the motion that will come to this house—

Senator Flynn: Are you sure.

Senator Olson: —within a reasonable period of time. It may be that once we get into the debate on the motion and the resolution, honourable senators will find some weaknesses that ought to be corrected once it gets to committee, but it seems to me that we ought to send it to the committee so that there can be a detailed examination and so that reasoned arguments on amendments that ought to be made can at least be presented to the committee.

I have no doubt in my mind that the nominations to that committee from both sides of this house, as well as the nominations from the other place, will be of good men and women who will try to do the best possible task of examining in detail what will be in that package, and to make amendments where they see weaknesses. We do not claim that there will not be some things that ought to be corrected. I think we would be discharging our responsibility in making any necessary amendments.

I can tell my honourable friends opposite that, at the end of a four-year period or so, I would have no problem in asking the people to make a selection because the governments have not been able to agree over that period of time. That, to me, is the essence of the democratic process, and we in this chamber have an obligation to support it.

Senator Murray: Since the minister invited me to put a question that was on my mind earlier at this stage, I wonder whether he would now accept a brief question.

Earlier in his speech, the minister expressed his concern about certain developments in various parts of the country which he felt were unduly restraining interprovincial mobility, and he alluded to the need for the entrenchment of mobility rights. As I understand it, those rights are not included in the present resolution, and I simply want to ask him whether he is arguing that they ought to be.

Senator Olson: I have to disagree with my honourable friend. Section 6 of the proposed resolution contains some mobility rights.

Senator Murray: I was referring—and the minister's reference was to some of the developments in the country—to the so-called economic union, provision for which is not included in the present resolution. Section 6 reads:

> 6(1) Every citizen of Canada has the right to enter, remain in and leave Canada.
>
> (2) Every citizen of Canada and every person who has the status of a permanent resident of Canada has the right
>
> (a) to move to and take up residence in any province; and
>
> (b) to pursue the gaining of a livelihood in any province.

I understood my honourable friend to be referring to the situation, for example, with regard to the B.C. government's action against the attempted takeover of MacMillan Bloedel a few years ago in British Columbia, and situations of that kind that it was proposed might be corrected by some provisions relating to the economic union which are not in the present resolution. My question is whether he is arguing that those provisions should be included.

Senator Olson: Honourable senators, I am not arguing that that particular circumstance could have been dealt with through the provisions that are in the resolution. I was expressing my concern about the number of limitations on the rights of Canadian citizens that are building up in several parts of this country that do, in fact, put a limitation on the right of a Canadian to do things. There are, for example, as my honourable friend knows, some limitations on who can buy land in some provinces.

Senator Flynn: There is nothing there about that.

Senator Olson: No, it is not in here. My honourable friends opposite will have to remember that in that portion of my remarks—I have said it three times now, and I will say it a fourth, if it is necessary—I was expressing my concern about some trends in this regard. It is perfectly clear that the matters dealing with the economic union of Canada are not in this resolution.

Senator Murray: Capital, goods and services.

Senator Olson: Yes, and a whole lot of other things. The federal government and the Prime Minister have been perfectly clear on that. The government has not put in the resolution all of the 12 items that it wanted to negotiate with the provinces. The resolution is not full, complete and comprehensive, but we are still concerned about them. We are concerned about some restrictions in trade between the provinces, and so on. But it is not provided for in this package. You are perfectly right in saying that it is not here.

Senator Murray: And you are not arguing that it should be.

Senator Olson: Well, I am arguing that once we get an amending formula we can then address that question so that we can further enhance the rights of Canadians. But obviously that would be done in accordance with the amending formula, whether it is the Victoria Charter or some other one agreed to by eight of the ten provinces constituting 80 per cent of the population.

● (1630)

Senator Denis: May I ask the minister a question? He was talking about abolishing the Senate. If the House of Commons, the provinces, and everyone else is in favour of abolishing the Senate, we would not be in a position to object; and, if that is true, does the minister not think that section 44 is useless?

Senator Olson: Section 44 would not be used, for example, if we agreed.

Senator Flynn: How amusing.

[Senator Murray.]

Senator Olson: I also put the argument that the Senate just does not go out of existence in that way. It would seem to me that no senator would want to retain the level of authority that is there if all the provinces and the House of Commons passed such a resolution.

Senator Flynn: The simple answer is "yes."

Senator Denis: If this veto power of the Senate has not been in use for 113 years, why put in that section when it is of no use?

Senator Olson: Honourable senators, it certainly has some use—

Senator Denis: Then I want to know what it is.

Senator Olson: If it were not there, then, of course, there could be no act of Parliament of Canada without the concurrence of the Senate. Everyone knows that.

Senator Flynn: Sure.

Senator Olson: Therefore, if a situation arises under the provisions of section 41(1) which requires—I must go over this carefully—a majority vote in each of the regions of Canada, plus the House of Commons, and the Senate stands in the way, then the Senate would have an interminable veto; and I do not believe that we should have that interminable veto.

Hon. Arthur Tremblay: May I ask the minister a question about the use he is making of the expression "vote of a majority in all regions" and apply it to section 41? I believe there is no question of a referendum there. It is only a question of the legislatures. It is a majority of legislatures. In my view, it is important not to have people think that under section 41 it is a majority of the people in the region; under section 41 it is a majority of legislatures, which is not the same thing. In a sense, to have the Senate removed from the decision under section 41 is juxtaposing the Senate to the legislatures and not to the people.

Senator Olson: It seems to me that there is only one way that the legislatures got there, and that is by a vote of the people.

Senator Flynn: Not the majority.

Senator Tremblay: I expected that answer. To substitute the modified Victoria formula, which is in section 41, it will take eight provinces representing 80 per cent of the people; so that in the first referendum, to make a choice between the modified Victoria formula, or something else which the government might devise, and a formula which will have had the support of 80 per cent of the population, it would take just a simple majority, which is 50 per cent plus one.

If the minister tells me that because the legislatures have approved something under section 41 they are expressing the will of the majority of the people, why does he not apply the same principle to where 80 per cent of our population will be represented when eight provinces propose another amending formula?

Senator Olson: The honourable senator is confusing me a little, because apparently he does not like legislatures making decisions. But that is what section 41 says, that legislatures shall have the right to make decisions with respect to amending the Canadian Constitution.

Quite frankly, I do not agree with that argument. Legislatures are elected to make decisions. In fact, they are obliged to make decisions and laws, and the leader of the legislature is the one who speaks for and on behalf of that legislature when he attends, for example, a first ministers' conference. If a premier attends a first ministers' conference, we have to assume that he speaks for his government. I just do not understand the honourable senator's reasoning.

Senator Tremblay: Why, then, require only 50 per cent plus one to defeat a proposal representing 80 per cent of the population through the legislatures?

Senator Frith: If you like referendums, we have referendums; if you like legislatures, we have legislatures. Make up your mind what you like, and whichever way it is, you can have it; it is there.

Senator Smith: You should make up your mind which way you want it.

Senator Frith: I have made up my mind.

Senator Smith: Obviously the honourable gentleman opposite wants one, wants it all.

Senator Frith: When the honourable senator was a premier, did he not think that he represented anyone? Did Senator Roblin not think so? I bet you were not talking about how you were not very representative when you were a premier, and that is all that we are talking about—the whole legislature, even more than the government. If you want to have a debate such as we have in Committee of the Whole, when we can sit here and yack at each other, then let us do it.

Senator Smith: Perhaps the minister will allow me to ask him the following question, which is not on the same subject. It is one that I raised a little earlier. Assuming, for the moment, that he is correct, that if there were a great feeling in the country that the Senate should not exist, or should not do something, why does he feel that it is necessary to make this possible by asking the legislature of a foreign country to do it, rather than to leave it to Canadians to do it after they have the right to deal with their Constitution?

Senator Olson: The answer is very simple. If we bring the Constitution home and domicile it here in Canada, and put it here so that there is no way that we can amend it in the future without unanimity—

Senator Smith: I did not say that.

Senator Olson: You sort of said that, because if it is brought over here and there is no suspensive veto with respect to any one of them, including the Senate, then the Senate could, in theory at least, stand in the way of further amendment to the Constitution. That is pretty simple to understand.

Senator Smith: How long do you think it would last if that happened and it was against the will of the people of Canada?

Senator Olson: That exactly describes the logic that I used in my argument.

Senator Smith: Why are you not prepared to leave that change in the Constitution to the people of Canada rather than ask the legislature of a foreign country to establish it for you?

Senator Olson: Because it would be brought over here in such a way that we could take those steps that are outlined in here without anyone, including the Senate, absolutely blocking any further amendment. That is pretty clear.

Senator Smith: "Pretty clear"—that is exactly what I thought you would say.

Senator Flynn: If no one on the other side wishes to move the adjournment, then in case a Liberal senator might wish to continue the debate, I will move its adjournment. I made it clear; perhaps it is difficult for some people to understand the subtlety. Any Liberal senator may feel he is free to speak.

● (1640)

Senator Frith: Before the question is put, could I ask the Leader of the Opposition if he intends to speak or if he is just adjourning the debate.

Senator Flynn: No.

Senator Frith: He does not intend to speak?

Senator Flynn: I am just doing what you do—adjourning in case some other honourable senator might wish to speak on it.

Senator Perrault: That is a misuse of the rules.

Senator Frith: Could I ask him if anyone on his side is intending to speak on it?

Senator Flynn: I do not know, but some members may wish to do so.

Senator Frith: Oh, then I think we cannot give consent.

The Hon. the Speaker: Honourable senators, it is moved by Honourable Senator Flynn P.C., seconded by the Honourable Senator Roblin, P.C., that this debate be adjourned to the next sitting of the Senate.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

Senator Flynn: But somebody else may want to speak and that is why I am adjourning the debate.

Senator Frith: And we do not consent to that adjournment.

Senator Flynn: But, as I say, somebody else may want to speak.

Senator Frith: Then let someone else adjourn it.

Honourable senators, I move the adjournment of the debate, and I can say in case there is any question, that either I or

some other honourable senator will speak on this order when it comes up next week.

Senator Flynn: I have no objection.

The Hon. the Speaker: If Senator Frith moves the adjournment of the debate, what happens to Senator Flynn's motion?

Senator Flynn: I withdraw my motion if Senator Frith says he wants to move the adjournment.

On motion of Senator Frith, debate adjourned.

NORTHERN PIPELINE

REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Special Committee of the Senate on the Northern Pipeline, which was presented on Tuesday, October 21, 1980.

Hon. Earl A. Hastings moved that the report be adopted.

Motion agreed to and report adopted.

NOVA SCOTIA

OFFSHORE MINERAL RIGHTS—HISTORICAL FACTS—BRITISH COLUMBIA REFERENCE CASE—INQUIRY STANDS

On the Inquiry by the Honourable Senator Smith:

That he will call the attention of the Senate to some of the historical facts relevant to the claim of Nova Scotia to minerals off its shores which distinguish that claim from the British Columbia claim as dealt with by the Supreme Court of Canada in *Reference re Ownership of Offshore Mineral Rights* (the British Columbia Reference case), (1967) Supreme Court Reports, 792, and (1968) 65 Dominion Law Reports (2d), 353, and submit that the said decision does not decide the ownership of minerals off the shores of Nova Scotia.

Hon. G. I. Smith: Honourable senators, in a moment I shall ask that this inquiry stand because of the time of day, notwithstanding the fact that I had indicated my intention to speak to various authorities in the leadership of the house. I just want to make it clear that I do not wish to impose myself on the Senate at such a time as this, and I now ask that the inquiry stand.

Inquiry stands.

The Senate adjourned until Monday, October 27, at 2 p.m.

THE SENATE

Monday, October 27, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE LATE HONOURABLE RAYMOND EUDES

TRIBUTES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, all members of the Senate were saddened this weekend at the news that our colleague, the Honourable Senator Raymond Eudes, had passed away. Senator Eudes, of course, had a distinguished record of public service in this country.

He was born in Montreal and attended l'Académie Saint-Joseph, Montreal College and the University of Montreal. As honourable senators are aware, his profession was that of the law.

He was elected to the House of Commons in 1940 for Hochelaga, and went on to establish an enviable record of service to his constituents, to his province and to his nation by being re-elected in 1945, 1949, 1953, 1957, 1958, 1962 and 1963. He sat until the dissolution of the Twenty-sixth Parliament. He was not a candidate in 1965.

He was very active in committees of the Senate and was a distinguished representative of the Senate on a number of Canadian delegations to world councils, associations and organizations, including the United Nations and the North Atlantic Treaty Organization.

We knew him as a friend and a colleague who had compassion for the people of this country and a great sense of understanding of the problems which exist in this country.

[*Translation*]

He made a substantial contribution to Canada. All his colleagues in Parliament were distressed by his death.

We wish to extend to his family our deepest sympathy on their great bereavement.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I knew our colleague, Raymond Eudes, in the House of Commons from 1958 to 1962. He was then critic of the official opposition for the business of the Department of Justice. He discharged his responsibilities with brilliance.

As the Leader of the Government pointed out, he was elected in 1940 and he sat in the House of Commons until 1965, when he had to give up his seat to Mr. Gérard Pelletier, if I remember well, who with the Right Honourable Mr. Trudeau and our distinguished Speaker was one of the three doves which were then supposed to save the Liberal Party.

In 1968, Raymond Eudes was appointed to the Senate. He was a charming man, an excellent lawyer and I would say a poet of sort. He had a very nice voice and he liked to sing. He had a gift for painting and he regularly devoted part of his time to oil painting. He was an extremely pleasant man.

I am sure that I speak on behalf of all senators in the opposition when I extend to his wife and his family the assurance of our fond remembrance and our deep sympathy.

[*English*]

Hon. George J. McIlraith: Honourable senators, I should like to associate myself with the remarks that have been made about our colleague, the late Senator Raymond Eudes.

I was elected to the House of Commons at the same time as he was, in March 1940, and served in the House of Commons during all the time he was there, that is to say for the next 25 years.

It was a very different atmosphere in the House of Commons at that time. The war was on and during the war years the pressures on members were quite different from what they are now. Indeed it is quite obvious that current parliamentarians are not familiar with the problems that arose in those days.

● (1410)

It was said of Raymond Eudes, when he was first elected to the House of Commons, that he was too young, a charge that seems strange in these days, when one is eligible to be elected to the House of Commons at the age of 18. But at that time, some 40-odd years ago, it was not customary for people to be elected to Parliament even in their twenties. Although I had been practising law for nine years, it was a charge that I shared with him, a charge made against both of us. Time, of course, corrected that charge quickly.

Senator Eudes was a man of very fine nature, and, so far as I know from all my experience in Parliament, had the finest singing voice of anyone in Parliament in our time. He was really outstanding as a musician, and, indeed, in the other arts. He was of high quality.

I will not go through the various details of his parliamentary life, except to say that after the 1965 election he was then out of Parliament for a couple of years until the spring of 1968, when he came here, where he served until his passing. Regrettably, all too many of his last few years here were spent under the greatest health handicap, concluding in the final illness that took him from us.

I want to join with other honourable senators in expressing sympathy to his wife and the various members of his family.

Hon. William J. Petten: Honourable senators, I should like to associate myself with the remarks of those senators who have just spoken.

Senator Raymond Eudes was my seat mate for some six years. He was a gentleman of the old school: kind, considerate and helpful. We both arrived in this august chamber the same day. However, his knowledge of parliamentary procedure gained in the other place over a quarter of a century of service enabled him to advise and counsel the new boy from Newfoundland.

He was, as has been said, elected to the House of Commons from 1940 to 1965, after which he served in the Senate from 1968 until his passing. He was faithful in his attendance in this chamber and in committees until his health prevented it.

His family has lost a devoted husband and father, and I a great friend. To his wife Marguerite and to his daughters I extend my deepest sympathy.

Hon. John J. Connolly: Honourable senators, I should like to make a short interjection in connection with Senator Eudes, whom I began to know really only after he came to this house, although, as Senator McIlraith has said, he served from 1940 until 1965 in the other place and served here for nearly 15 years, giving him a total of 40 years in Parliament. That is a long time to give to public life, and I am sure that it is something his family will always be proud to speak of and will cherish.

Raymond Eudes and I first became friends at a NATO meeting which wound up in Paris back in about 1950 or 1960. I was so glad to hear Senator Flynn refer to his artistic talents. I remember that Senator Eudes' wife came to Paris at that time to meet him and we went together to the Paris Opera one night. Almost every time that I met Raymond Eudes after that, he would start to sing:

La fleur que tu m'avais jetée.

● (1415)

He was an extremely civilized and most intelligent man. Unfortunately the illness that overtook him in the last few years of his time here prevented his participation in the work of this house.

To his wife and daughters, for whom all of us who know them have great affection, we send our deepest sympathy.

THE LATE HONOURABLE JUDY LaMARSH, P.C.

TRIBUTES TO FORMER CABINET MINISTER

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators will have learned of the news early this morning of the passing of the Honourable Judy LaMarsh, a member of the Queen's Privy Council, in hospital in Toronto.

Judy LaMarsh was a lawyer, author, professor, broadcaster, and former cabinet minister. Judy LaMarsh commanded great respect from Canadians from coast to coast regardless of party. From 1943 to 1946 she was a linguist with Canadian, British and American intelligence teams in the Armed Forces and was always very proud of her time in the wartime service of her country.

In 1958 she was the only woman delegate to the first conference of NATO Youth Leaders in Paris. From 1957 to 1960 she was the first woman municipal solicitor in Stamford Township, Ontario. She was first elected to the House of Commons in 1960, in her home town seat of Niagara Falls. Subsequently, as honourable senators are aware, she was Minister of National Health and Welfare and Secretary of State and did an immense amount to advance human rights and a betterment in the human condition.

In 1968 she resigned from the federal cabinet and returned to her law practice. While there she was also very active as author, broadcaster and visiting law professor. She will be remembered as Chairman of the Royal Commission on Violence in Communications.

She was admitted to the Order of Canada in July, 1980, a further recognition of her great contribution to Canada. I knew Judy LaMarsh from my earliest days in politics. Behind her, at times, brusque manner was a warm, sensitive person deeply concerned about helping the less advantaged. She did much to advance the status of women.

I know that all honourable senators, regardless of party, will mourn her loss.

Hon. George J. McIlraith: Honourable senators, I should like to join in the messages of condolence concerning my former colleague in the other place, and in the government, during the period when the Right Honourable Lester Pearson was Prime Minister of Canada.

In 1960, when Miss LaMarsh was elected to the Parliament of Canada in a by-election, there were, in the House of Commons at that time 48 Liberals and 208 on the government side—in a house of 265 members. So honourable senators can well imagine the warmth with which she was welcomed by the members of the official opposition in the House of Commons, of which I was one.

When Mr. Pearson formed the government in 1963, she was appointed a minister and served throughout the rest of his term of office.

The finest speech that I have ever heard anywhere on the subject of Canadian social welfare was that delivered by Miss LaMarsh to a group of women in the west end of Ottawa. I have never heard a speech on this subject given with such understanding and knowledge, and delivered in terms that were so well understood by that audience. I have often thought about it since.

Miss LaMarsh was, of course, a controversial figure politically, and perhaps because of that her tremendously powerful and able brain was not sufficiently appreciated. She had tremendous ability in law and parliamentary matters, and it is sad that someone so young, and who appeared to be so strong, should be taken from us so soon. I want to join with the others here in expressing my sympathy at this sad loss, and sending that expression to the members of her family.

● (1420)

Hon. Richard A. Donahoe: Honourable senators, I would like to associate myself with the complimentary remarks that have been made about the late Miss LaMarsh.

You may wonder why I would think it incumbent upon me to do so, but I occupied two positions in Nova Scotia which were paralleled by those held by Miss LaMarsh in the federal administration, and so I was thrown on many occasions into contact with her. As a consequence of this I came to have a very real appreciation of her, and of her qualities. I never was quite sure what her opinion was of me, and I can recall on one occasion when I arrived a little late at a committee meeting over which she was presiding, she greeted me by saying, "Oh, here's Old Sorrow from Nova Scotia to join us."

She was the Minister of National Health and Welfare, and she was a dedicated and devoted one. I can remember the strenuous efforts she made to put down the curse of tobacco smoking. I think she always had great difficulty in mastering her own relationship with the noxious weed, but she was firm that the proper position for her to take was that Canadians' health would be improved if they would cease to use tobacco. I remember well how vigorously she was involved in that campaign.

She also served as the minister in charge of the federal centennial committee. I served as the centennial minister for Nova Scotia, and as a result of that I came in frequent contact with Miss LaMarsh. She had the wisdom and foresight to see to it that all of the various meetings of the centennial committee that were held from time to time were held in a different part of Canada. As a result of this I can say that she and I travelled Canada together, if you want to put it that way. In any event, I remember her coming to Nova Scotia at the time when the miners' museum was opened. That was a centennial project in Cape Breton. Miss LaMarsh came down for that, and I remember her singling me out in the group when we went to the entertainment after the official function. She said she had called me aside because she wanted to tell me that she was going to be appointed a justice of the Supreme Court of Ontario. That is something which, regretfully, never materialized. I think she should have had that recognition, but she did not and I always thought that it was because she was too frank and too outspoken. She took her position, she made her selections, she indicated where her support lay with regard to the leadership of the Liberal Party, a little too definitely, a little too vigorously, ever to be the recipient of a judicial appointment from the man who eventually won on that occasion. She chose the wrong horse to back and she suffered the penalty.

At any rate, I was greatly distressed this morning to hear that she had died. I had known that her health was failing, but she always seemed to be a person of such great strength and vitality that one finds it hard to believe that she should have left us at what someone has referred to as such an early age.

I do not know what members of her family survive her, but I want to express my deep sympathy to them. I would also like to go on record as saying that I consider that Canada has lost a great citizen.

Hon. John J. Connolly: Honourable senators, one of the great things about Judy LaMarsh was the fact that she had great courage. The courage demonstrated by her in the last few months of her life was perhaps the most outstanding of any example of courage she had ever displayed. For personal reasons, I have very warm recollections of Judy. When I joined the cabinet of Mr. Pearson in 1964, she was at the beginning of the process which led to the introduction of the Canada Pension Plan. That must remain, I think, the greatest monument to Judy's efforts here. I remember so well the many meetings devoted to the review of the legislation concerning the Canada Pension Plan wherein, among other things, mathematical formulae had to be converted to legal jargon. Judy worked extremely hard on that and with a dedication that was inspiring.

● (1425)

Senator Donahoe has spoken about her work in connection with the Centennial Year, when she was the Secretary of State. That is another monument to her ingenuity as well as her determination to push through projects in which she believed. She gave a remarkable performance that summer of 1967. At times I used to substitute for her in Ottawa—and I was only too happy to do so—when she was engaged in meetings all over the country in connection with her duties as Secretary of State.

She sat in the cabinet for four years, along with my deskmate, Senator McIlraith. He knew her as well as, if not better than any other cabinet minister, and certainly as well as any senator.

I wrote a letter to her about a week ago because I had been talking to some of her friends who told me then that the prospect of her surviving for another week was very dim indeed. She appeared on television just a few months ago, while she was just a shadow of her former self, she did not convey any sense of the foreboding of what was eventually to catch up with her.

It was with great sadness that I learned of Judy's death, and I am sure that everyone who knew her also feels this way.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, perhaps one of the significant pieces of evidence as to how important a person Judy LaMarsh was in Canadian life is the difficulty many of us are having in letting her premature death pass without comment.

I spent all of my professional and political career with Judy so I too have many memories of her. However, what I should like to mention now is her career as a Canadian woman. In doing what she did for herself and her country, Judy accomplished much in the advancement of equality of rights for women. That battle is certainly not won yet, but the cause was dramatically advanced by Judy LaMarsh, and she did not do that in any token way. She was as good as any man in everything she decided to do. With her it was never in the context of any patronizing tokenism or patronizing concessions when she was in the process of advancing those or any other human rights; there was none of that, and everything she did, she did well.

• (1430)

She has left her mark. Only history will decide, in its perspective, how important was her work on behalf of women, but we know what an important contribution she made to the development of Canada. We have lost a great Canadian. May her soul rest in peace.

[*Translation*]

The Hon. the Speaker: Honourable senators, although I am probably prevented, because of my position, from expressing any feeling, I want to associate myself with the tributes which have been paid to Senator Eudes and especially to Judy LaMarsh, who had been my colleague for many years and with whom I never had any problem, contrary to others. I do not know why, but I intend to try and find out. I want to join all those who have paid tributes to these two Canadians who have marked, each in his or her own way, our political history.

[*English*]

THE CONSTITUTION

PROPOSED SPECIAL JOINT COMMITTEE—MESSAGE FROM COMMONS

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that I have received a message from the House of Commons in the following words:

Thursday, October 23, 1980

Resolved,—That a Special Joint Committee of the Senate and of the House of Commons be appointed to consider and report upon the document entitled "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada" published by the Government on October 2, 1980, and to recommend in their report whether or not such an Address, with such amendments as the Committee considers necessary, should be presented by both Houses of Parliament to Her Majesty the Queen;

That 15 Members of the House of Commons to be designated no later than three sitting days after the adoption of this motion be members on the part of this House of the Special Joint Committee;

That the Committee have power to appoint from among its Members such subcommittees as may be deemed advisable and necessary and to delegate to such subcommittees all or any of their powers except the power to report directly to the House;

That the Committee have power to sit during sittings and adjournments of the House of Commons;

That the Committee have power to send for persons, papers and records, and to examine witnesses and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee submit their report not later than December 9, 1980;

That the quorum of the committee be 12 members, whenever a vote, resolution or other decision is taken, so long as both Houses are represented and that the Joint Chairmen be authorized to hold meetings, to receive evidence and authorize the printing thereof, when 6 members are present so long as both Houses are represented; and

That a Message be sent to the Senate requesting that House to unite with this House for the above purpose, and to select, if the Senate deems it to be advisable, Members to act on the proposed Special Joint Committee.

Attest

C. B. KOESTER
The Clerk of the House of Commons

• (1435)

Honourable senators, when shall this message be taken into consideration?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, with leave, later this day, and immediately following Question Period.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Canada Council, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1980, pursuant to section 23 of the *Canada Council Act*, Chapter C-2, R.S.C., 1970.

Report of The Seaway International Bridge Corporation, Ltd., including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1979, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Report of the Jacques Cartier and Champlain Bridges Incorporated, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1980, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Report of operations under the *Fisheries Improvement Loans Act* for the fiscal year ended March 31, 1980, pursuant to section 12(2) of the said Act, Chapter F-22, R.S.C., 1970.

QUESTION PERIOD

[*English*]

THE CONSTITUTION DEBATE

PROCEDURE RESPECTING REPORT OF PROPOSED SPECIAL JOINT COMMITTEE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question to put to the Leader of the Government before we begin the debate on the resolution concerning the Constitution of Canada.

I wonder whether the leader has an answer to the question asked of him by Senator McIlraith last week, reported at page 890 of *Hansard*. If my memory serves me correctly—and I shall just check it—Senator McIlraith wished to know what would happen if the Senate wished to amend the report of the joint committee.

● (1440)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the government is aware of the situation delineated by Senator McIlraith. A number of avenues are being considered to ensure that a procedure will be available should such an eventuality arise. The proposed resolution, in its final form, would have to pass both houses. There would be no message sent to Her Majesty unless both houses agreed.

Furthermore, I should like to refer honourable senators to page 206 of *Beauchesne's Rules and Forms, House of Commons of Canada,* with Annotations, Comments and Precedents, 1978, Fifth Edition, specifically to paragraph 663 on page 206, which reads:

> A special committee ceases to exist at the moment its final report is presented to the House. Therefore the report cannot afterwards be sent back to the committee with instructions to amend it in any particular way unless the House agrees to revive the committee by adding the following words to the motion for recommittal: "and that the Committee for such purpose be revived."

Additionally, honourable senators, other avenues are being explored to ensure that there will be a satisfactory recourse should that situation arise.

Senator Flynn: Is it the view of the government that the concurrence of both houses in the report would be deemed to be a resolution of both houses to Westminster?

Senator Perrault: Honourable senators, I would not want to anticipate what the committee may decide in terms of the form of its report to the other place and to the Senate. I think that would be presumptuous on my part. I would hope that this is a matter we can explore during the course of the debate that we anticipate occurring very shortly.

Senator Flynn: I would hope that we would not have to raise the question at all.

Hon. George J. McIlraith: Honourable senators, could I address a question for further clarification of this matter?

We have two problems here, one of which I raised on Tuesday evening, as appears at page 890 of Senate *Hansard* where I pointed out that there is no procedure for the Senate to amend the content of the resolution or the draft bill appended to the resolution, both of which form the document referred to in the motion. There is no procedure whatever for that.

The first part of my question is this: Can we have the assurance from the government before we terminate our debate on the motion to set up a committee, that we have that right, because the consequence of not having the right of sending something back to a committee is very, very serious, particularly when one remembers that the latter part of the motion provides that only one member from the Senate—or, indeed, from the other place—need be present in the quorum of 12 at the meeting at which a decision is taken on the matter? I, for one, with the utmost respect to any and all of my colleagues, am not willing to grant the right to any senator in this place to speak for the whole Senate on something that will affect the Constitution of this country for the years ahead.

The second part of my question, also arising out of the peculiar procedure followed in this instance, is the simpler of the two, and that is: Is it proposed by the government that the resolution or Address being sent to the Parliament of the United Kingdom will come back before our Parliament for approval once the proceedings we are now engaged in are totally finished and reported upon and dispensed with?

Senator Perrault: Honourable senators, I want to give the assurance again that there will be a procedure whereby the Senate may ask the joint committee to reconsider certain points in its report. That procedure will be established, and of course it is subject to the approval of the Senate itself to send that report back to the joint committee.

Secondly, there will be many more opportunities for debate. There has been a great deal of publicity over the weekend about the alleged closure in the other place. It is not for me to become involved in debating that issue again, but honourable senators surely are aware that the motion under discussion in the other place was for the Address to the Queen to be referred to a joint committee in order that testimony could be taken and detailed consideration given to the constitutional proposals. The joint committee would report back to the Senate and to the House of Commons, and at that point the views of this chamber could be made known and a procedure would be in place to send the report back to the joint committee should a majority of senators wish certain changes to be made in the report. The opportunities for debate would be rather extensive. The proposed process does not constitute a restriction on the freedom to debate.

Senator McIlraith: That does not deal with the point I raised.

Senator Flynn: I would have been very surprised.

Senator McIlraith: The point I raised is whether, after all of the proceedings arising out of the motion that will be before us this afternoon—and that motion does not bring either the resolution or the proposed bill before this house, and they have not been before the other house—whether it is the intention of the government to bring the resolution itself, together with the

proposed bill before Parliament for whatever action Parliament may take.

It makes all the difference in the world in what we are debating today, being the motion to set up a committee.

Senator Perrault: Honourable senators, at this point I am not willing to add to what I have already said. I would like to meet the honourable senator and discuss with him more fully the basis of his concern. I would like to have more detail as to the technical nature of the question he raises.

Senator Flynn: We are interested in it, too.

Senator McIlraith: So that honourable senators will be very clear on this, the basis of my concern is simple. To me, it is unthinkable that a message be sent to the Crown asking another Parliament to return to us our Constitution with many things in it that are not related to its return to this country on the strength of the action of the government of the day alone without Parliament ever having had that resolution or draft bill before it. I know of no precedent for such action, and I hope there is no attempt being made to establish such a precedent now.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, perhaps we can find a more thorough answer to the question than what I am about to suggest. The question has a connection with the question asked by the Leader of the Opposition.

If I understand the procedures, the question of a resolution of the type described—a resolution of Parliament, in other words—eventually going to the Crown will depend on what the committee reports. It is quite possible that the committee will report exactly that—namely, recommending that a resolution be sent, in which case, when we debate that, we will be debating, in effect, the resolution. If it does not, then, of course, whatever it does recommend is also going to be the subject of some debate.

In my opinion the question being raised is relevant for the reasons advanced, but it ought to be put when we get the report from the committee. At that time the very points that are now being made by Senator McIlraith and Senator Flynn can be made; that is, whether they object to the report, agree with it, or disagree with it because it does not fulfill such-and-such a requirement.

So while I do not think the question is irrelevant, I think it is premature and is one which should be dealt with when the committee reports.

Senator McIlraith: No, it is not premature. The question is whether the government proposes to submit the resolution containing the draft bill to Parliament for approval before it goes to Westminster. All we can approve when the committee we are now being asked to set up reports back is that committees's report. That is one thing. Let's assume we approve that report, and the report recommends that the message be sent—

Senator Frith: That is what I said.

Senator McIlraith: No, you did not say that. Let's assume that it recommends that a message similar in form to the one contained in the document tabled by the Right Honourable the Prime Minister on October 2 be sent and that we concur in that report. My question then is: That procedure having been finished, will the actual message that is to be sent come before Parliament for Parliament's approval?

Senator Perrault: Honourable senators, in the course of this debate I would be pleased to bring to the chamber a statement from the government on the particular point raised by Senator McIlraith. I can give him the assurance, however, that since he raised that point and other points the other day, a good deal of discussion has been held with advisers to the government and with the ministers to make sure that the rights of both houses are zealously protected. Certainly every effort will be made to assure that the rights of both houses are zealously protected. Honourable senators, of course, are aware that the procedures in which we are involved lead us into some uncharted waters. There is a lack of precedents. I give the assurance again that a statement will be brought to this chamber in the hope that honourable senators will be satisfied on certain points. Certainly, as I have said, the question raised by Senator McIlraith has been under study.

• (1450)

Hon. Sidney L. Buckwold: Honourable senators, while Senator McIlraith's point is a very important one, mine is much simpler and I think the public of Canada will understand it more readily. I ask if the Leader of the Government will tell me how any senator who represents a region is going to make any kind of a significant input into what goes on in the committee, other than being a member of the committee, a committee which will probably be chosen by the government, and hand-picked by the government, I might add. Could the leader please tell me how I, as a representative of Saskatchewan with certain regional interests, am going to be able in due course to make my contribution—other than by making the usual speech on the resolution—to what is eventually going to become the Constitution of Canada? This is one of the things that worries senators and, indeed, the people of Canada.

Senator Perrault: Honourable senators, let us make it clear that a four-stage "constitutional" procedure exists in the Senate in contrast with the three-stage procedure in the other place. We have had an inquiry on the order paper for many days. Regrettably, a number of senators chose not to take advantage of the opportunity to speak.

Senator Asselin: It was a trap.

Senator Perrault: If honourable senators have certain regional concerns, this inquiry debate would have been the first opportunity for them to state those concerns and other views respecting the content of the documents tabled here the other day. The inquiry debate was launched to enable all honourable senators in all sections of the house to speak for their regions and their provinces, and to set forth, as well, other views. That was stage No. 1.

Secondly, very shortly we shall be considering a motion to refer to a joint committee this so-called "constitutional package" or Address to the Queen. Honourable senators should

feel free to participate in that debate and set forth their views with respect to the advisability of referring that motion to committee. I have no doubt that in the course of that debate they will take the opportunity to set forth their views with respect to some of the provisions in the draft bill appended to the proposed Address.

Thirdly, there is the committee stage. Of course, not all senators can be named to that joint committee. The usual balance in a committee of 25 members is to have 10 from the Senate and 15 from the House of Commons. That is the usual approximate membership of joint committees of that kind. Honourable senators may well have an opportunity, under certain circumstances, to make their views known to that committee. It would be for the committee to decide whether such requests could be accommodated.

Then the joint committee would present its report to the Commons and to the Senate. I think we would be unwise to anticipate the form which that report would take. Senator McIlraith referred earlier to the fact that when the committee reports back there could be no opportunity to debate, or words to that effect. But we cannot anticipate what kind of report the committee would make. We cannot anticipate. We do not even know what witnesses they would invite to appear before that joint committee. The committee eventually would report to the Senate. I would anticipate another full debate on the committee report. As well, there would be a debate in the other place. But in the Senate debate honourable senators would be free to discuss the recommendations of the committee and to discuss, for example, any further ideas they might have with respect to the sections in the draft bill proposed for Westminster.

Senator Denis: Can they amend sections?

Senator Perrault: Their views with respect to amendment could certainly be set forth in this house. The Senate could determine then what kind of action, if any, it would wish to take. But no restriction is proposed on the right of honourable senators to debate. Those who have suggested that there will be a muzzling of debate in Parliament are wrong.

Let me suggest to honourable senators that they participate in the forthcoming debate. I invite them to do that. In reality, in this Question Period we are getting into debate stage on the motion. Procedurally, we have not come to the motion yet, but it seems to me that already we are debating it. However, I am not against having this matter discussed in Question Period.

Back to what I was saying, a majority of senators may decide that a certain section of the draft bill does not meet their criteria and may decide to send it back to the joint committee. The most effective way of achieving this is under discussion. These are the facts. They are "on the table." So may I suggest that honourable senators participate in the debate.

Senator Buckwold: Honourable senators, I don't really think that I have had a response to my question. We were told first of all that we had the opportunity to discuss the resolution before it was really a resolution. It was an inquiry. I did not participate. I advised the Whip that I would like to do so but that I was waiting for certain information from the Government of Saskatchewan, the province that I represent. I would like to hear the views of the provincial government, and that information will be forthcoming. But even if I had participated, what impact would it have had? Where do we have an opportunity to make amendments? When the resolution comes back it will be in a committee report. It is not a bill; it is not a law. It will be a committee report that will be dealt with.

I hope that this situation is clarified so that resolutions, amendments, or proposals will be seriously looked at and not just discussed. The leader quite rightly has told us that we will have every opportunity for discussion and that we will not be muzzled. We will have the opportunity to talk. But that does not say that anything will change. Again I am making the point that I feel that it is absolutely imperative that members of this house, if they are to have any regional responsibilities, must have the opportunity, if necessary, to propose amendments when the proposition is finally in front of this house.

Senator Perrault: Honourable senators, I must have missed a point. I cannot see how any senator can be under the impression that it is not possible for him, if he is able to persuade enough of his Senate colleagues to do so, to propose changes in the committee report and to suggest amendments in the draft bill which is to be sent to Westminster. Changes and amendments could be sent back to the joint committee for consideration and action. Again I reiterate the fact that senators who are concerned about certain points should participate in the debate. It is for them to make a decision on the motion to refer.

Hon. G. I. Smith: Honourable senators, I wonder if I might ask the Leader of the Government a specific question on the subject we have been discussing during Question Period. Would he be kind enough to look at Schedule B, by way of an instance, and tell us if it would be possible for senators, during the debate on whether or not we send the resolution to a committee, to move amendments to the contents of Schedule B?

Senator Perrault: The motion under discussion is to refer this package to the joint committee. Is the honourable senator suggesting that we proceed to attempt to amend the draft bill to go to Westminster before we have even called witnesses from various parts of the country to determine whether such a need exists?

Senator Smith: Certainly I am. And I am glad to have it on the table at last. The government does not intend to permit any amendment of the contents of any of the schedules before this document goes to the committee, if it does go. That is the situation that the Leader of the Government has just confirmed and that is a situation to which I object most vigorously.

Senator Perrault: Honourable senators, I appeal to the parliamentary knowledge and wisdom that Senator Smith has acquired over his years in public life. Surely he understands that there is a motion that has been passed in the other place. The conditions and details of that motion are well known to

him. We have received a message from the other place and we are now about to debate the motion to refer this matter of the constitutional package to a joint committee.

• (1500)

But it is not accurate for the honourable senator to say now that he understands there will be no changes in the Address to the Queen, that the government's views will be applied without any possibility of amendment. The honourable senator cannot be serious in making an allegation of that kind.

Senator Smith: I don't know whether the honourable gentleman does not know what he said himself, but I just asked him a few minutes ago if it would be possible for this house, before the document before us is referred to the committee, to move amendments to the contents of Schedule B to the resolution, and he said, "No." That is what he said.

Now he appeals to my great wisdom, which I do not claim; but, if I have any, it indicates to me that the minute a body like this lets a thing go to a committee with objectionable matters in it, it will not be easy to get them out. The time for deciding what this house wants to go to a committee is before it goes there, not after it comes back.

Senator Perrault: Honourable senators, we are going to debate, surely, whether or not this constitutional package, so-called, is to be referred to a joint committee. The honourable senator may be able to persuade a majority of senators here that it ought not to be referred to that committee. That could well happen; but, surely, Senator Smith, with his distinguished record of service, is not seriously suggesting that we go well beyond the bounds of the motion and get into amending a certain feature of this package before we even have it in committee.

Senator Smith: Certainly I do, and I am glad the honourable gentleman refers again to my distinguished record of service. I say again, however, that I am not claiming any such distinction; but since the leader ascribes it to me I must repeat that it tells me this is a highly improper way to deal with the subject; a highly improper way to ask this Senate to deal with it.

Hon. Duff Roblin: Honourable senators, I would express the opinion that we are dealing with a matter of some substance in this question that has been raised by Senator McIlraith, and say that I share some of his concerns as to where the present course of the debate is leading us. I require some assurance from the leader of the house that we will be able to deal with this matter in a way that is consonant with our parliamentary traditions.

The proposition that the report of the committee might come back to this chamber for concurrence, and that, if it received concurrence, that would be the end of the matter and it would not require a further presentation of the actual legislation itself before this house is, it seems to me, a matter of some consequence. I am bold to make the point, because the material the government has delivered to every householder in Canada, if my information is correct, states that, after the committee has reported, the motion of concurrence will be considered an adequate foundation to send the matter to the United Kingdom Parliament for action there.

Well, I think we need some clarification from the government on whether this is, indeed, its policy. I want my honourable friend to take a look at that householder mailer that has been sent out, to see if what I have said about it is correct. If it is correct, I want him to tell us if that is, indeed, just some public relations hack's idea of how the Government of Canada can be run—although it seems to me that PR hacks have a good deal to say about how the government of the country is run these days—or whether that is, indeed, the considered policy of this administration.

I want to make my point doubly clear by saying that we are now dealing with a matter of paramount importance, a matter of real substance—the Constitution of the country. How is Parliament to address the matter? Are we to address it in the way we do with ordinary tuppenny-ha'penny bills? No. We are going to short-circuit the whole operation of Parliament, it seems to me, by this method of going ahead. I do not go so far as to say it is done deliberately, but I am sure there are some who might make that allegation.

When we have an ordinary, tuppenny-ha'penny bill we have second reading, and a debate on its principle. The bill then goes to a committee outside the chamber where other people can be asked to express their views, and a further discussion can be held among those who are fortunate enough to be members of the committee. But it is possible—in the House of Commons almost always; in this house on occasion—to have that legislation come back from committee for consideration by a Committee of the Whole.

The reason for that is quite clear. While we make speeches on the grand principle, and outline any particular points we have in mind *ad nauseam*—and we are being invited to do so by the leader of the house and I think he is right to so invite us—in the Committee of the Whole we deal with each particular item so that we can express the sense of the Senate not just on the whole principle, which is vital and important, but also on the matters of substance in the bill which equally have their place and their influence.

I think that is what my friend, the honourable senator from Saskatoon, is thinking about when he asks whether or not we members of the Senate will be able to express our opinions, because it is all very well to talk—and no doubt there will be a lot of that done—but it is just as satisfying, and I think just as important, to record the sense of this house, not merely on the grand principle—we are all in favour of patriation, for example—but on the details of the amendments to the Constitution which, in a rather peculiar manner, are being passed forward to the Government of the United Kingdom for their approval without any detailed consideration being given to the actual points with all their substance, force and weight in the Constitution of this country.

I think that is not right. I think that we, who are members of the Senate, should not only have an opportunity to discuss the principles that are before us, but also an assurance from

the gentlemen opposite, who are organizing our affairs, that we will have an opportunity to test the feelings and sense and vote of the Senate, not only on the grand principles but on all the other subordinate but important matters that are included in this whole motion that is before us.

So I ask the leader of the house to give us that assurance. Obviously, he is not prepared to give it at this moment, because he tells us we have to wait and see what the committee has to say. I have a strange suspicion that the committee may report in a manner that he finds congenial; but I, for one, would like an assurance at this particular moment that we can have this right asked for by my honourable friend Senator Buckwold, and alluded to by Senator McIlraith, which seems to me to be central to the discussion we are having here.

Senator Perrault: Honourable senators, the speeches which have been made clearly transcend the bounds of normal Question Period procedure. We have not entered any objections to that, and I do not do so now. But the honourable senator, in the fine fury which he has demonstrated, indicates the desirability of getting into the debate on the motion just as quickly as possible.

We have listened with great attention to the arguments that he set forward; but I appeal to the rationality of honourable senators. A government interested in short-circuiting democratic procedures, may I suggest, would have—

An Hon. Senator: —done exactly this!

Senator Perrault: No, honourable senators. We listened with great attention to what has been said. There seems to be an attempt by the official opposition here to try to portray the government as less than democratic.

Senator Smith: It certainly is less than democratic.

Senator Perrault: If we were undemocratic, we would have introduced a different procedure. We would have put down a resolution in the House of Commons, and in this place, calling for a majority support for the Joint Address to Her Gracious Majesty the Queen. We would not have proposed referring that Joint Address to any committee. We would not have suggested that various interests be invited to come before the committee, as the committee decides, to testify and to contribute their views. We would not have suggested that at some point in time this joint committee report be brought back for debate in the Senate and in the other place. We would not have done any of those things, had we been willing to misuse, or desirous of misusing, any kind of majority which we have in this chamber or in the other place.

Senator Flynn: That is exactly what you are doing.

Senator Perrault: These are the facts: The government has proceeded in the most democratic way possible, under the given circumstances.

Senator Flynn: Those are not the facts.

Senator Asselin: Closure!

Senator Perrault: The facts I have set forth are beyond dispute. I must admit now that I, myself, am going beyond the norms of the Question Period by making these remarks. May I suggest we get on with the debate on the motion as quickly as possible?

Senator Denis: May I put another case to you? Suppose that by December 9th some organization or a dozen people wish to make representations, but because there is no more time they cannot be heard. What will happen with respect to the suggestions or amendments they wish to make?

• (1510)

Senator Perrault: Honourable senators, it is conceivable that the committee may say, "Because of the vast public interest in the work of the committee, we recommend to both the Senate and the Commons that we be given an additional period of time in which to hear other witnesses from across the country." I wonder if we really underestimate the capacity or the willingness of a joint committee to do some creative thinking with respect to the problem placed before it.

Hon. Joseph-Philippe Guay: Honourable senators, my question is for the Leader of the Government. In my view, it is not a matter of debating the question, but rather of having further information to follow up Senator Buckwold's question. With regard to our speaking in the Senate, I am sure that we are all aware that we can do so on the resolution that will be before us. Will all senators and members of Parliament be given an opportunity to make representation before the committee on each clause, or will we be given just one opportunity to make a statement? Will all members of Parliament and senators be given an opportunity to be heard by the committee?

Senator Perrault: Honourable senators, first, members of Parliament are of two types: they serve either in the Commons or in the Senate. Therefore senators are members of Parliament. Secondly, I am in no position to bind that committee, its joint chairmen or its membership. If we now presume to send directives to the committee ordering whom it may or may not hear, we would be accused of totalitarianism by this ever-vigilant opposition.

If any honourable senator feels a great compulsion to set forth his or her views before that committee, may I suggest that he or she apply to the joint chairman of the committee and let the committee decide whom it will hear.

Hon. Andrew Thompson: Honourable senators, I may be rather slow on this point, but I am still not clear as to when, on the floor of the Senate, an amendment can be moved to the resolution. I would ask the government leader to clarify as to when an amendment can be moved to this package on the floor of Senate.

Senator Perrault: Again, without attempting to anticipate the work of the committee, probably some time after December 9.

Some Hon. Senators: Oh, oh!

Hon. Daniel Riley: Honourable senators, my question is for the Leader of the Government. Did not the letter from the Prime Minister to Mr. Broadbent constitute, on the part of the Prime Minister, a commitment to amend the motion?

Senator Perrault: Honourable senators, the correspondence has been incorporated in the record of the proceedings of this chamber, and the Prime Minister, in his communication to Mr. Broadbent, suggested that if some member of that party wished to propose in committee certain changes to the Joint Address to her Majesty the Queen, then those proposed changes would be regarded sympathetically by the government. There was, then, a suggestion in that letter that the government would be prepared to modify certain aspects of that joint address.

[*Translation*]

Hon. Martial Asselin: Honourable senators, my question is very simple and is addressed to the government leader, or his deputy, his legal or constitutional advisor in the matter.

Senator Frith: Counsel.

Senator Asselin: All right, counsel.

When the committee report is before the House of Commons and is referred to the Senate, if, as requested by Senator Roblin, we cannot sit in Committee of the Whole to discuss amendments, will the Senate be able to refer the resolution or this report to one of its committees so that it can propose and pass amendments and then report on the matter to the Senate for a full vote?

[*English*]

Senator Perrault: Honourable senators, of course, that is possible, and a number of other "scenarios" may emerge. Some senators may anticipate the possibility of a report coming from the joint committee, with which in some respects they disagree. If such a situation should arise, they would have a full opportunity for debate. Senators would be in a position to vote whether certain changes should be made in the Address to Her Majesty recommended by the joint committee, and they would have the right to send the report back to the joint committee. A method will be found whereby that may be done.

I note that Senator McIlraith has another observation, a suggestion that such a procedure may not be possible. I assure honourable senators that the government is committed to finding a way of doing this—

Senator Smith: You should read this one.

Senator Perrault: —and every effort will be made to observe the highest parliamentary standards in the process.

[*Translation*]

Senator Asselin: Also, could the government leader find out, before the end of this debate, and tell us clearly what will the powers of the Senate be once it has the report. Will the senators sitting on the committee be able to propose amendments, suggested by other senators, to certain sections of the proposed resolution and if the joint committee rejects honourable senators' suggestions,—and I ask the government leader to give us a definite answer to this before the end of the debate—will the amendments proposed by the senators to the joint committee be introduced before the Senate or a Senate committee so that we can dispose of them here?

[Senator Riley.]

[*English*]

Senator Perrault: Honourable senators, a moment ago I committed myself to bringing a statement before the house which will deal with some of the concerns that have been raised during the past half hour or so. I repeat my willingness to bring forward a statement on behalf of the government with respect to those points.

I again reiterate something that is obvious to all senators: There is a lack of precedents for the parliamentary process in which we are engaged. This is the first time in the history of Canada that we have been engaged in an endeavour precisely of this kind—

Senator Smith: No, it isn't.

Senator Perrault: —of submitting a Joint Address to Her Majesty, in which there are constitutional amendments contained in a bill which it is proposed should be dealt with by the Parliament at Westminster. The process most certainly differs from our usual procedure wherein ordinary bills are considered, debated, and amended, then passed or defeated. There are major differences, and honourable senators are aware of that fact. So I have committed myself to bringing a statement to the chamber. I think that I understand some of the questions of certain senators, and, with leave, I will present a report as soon as possible.

Hon. D. G. Steuart: Honourable senators, I should like to direct two questions to the Leader of the Government. First, I want to be clear in my mind that the Leader of the Government is saying that he will bring in a statement that answers the questions raised by the honourable senator from Saskatoon and others. It is important that we should have that early in the debate, because it will have a bearing on how we approach the question that is raised. Can the Leader of the Government tell us when he will bring in that statement?

Secondly, we were presented with a message from the other place. We do not have a copy of that, and I am not certain whether it is customary to make copies available. I presume that we shall be dealing with the matter immediately following Question Period, if it ever ends. Would the Leader of the Government, for the benefit of all honourable senators, explain how that will be done? Will leave be asked to present a motion? If that is the procedure to be followed and I presume it is, could steps be taken to provide us as soon as possible with a copy of the motion, and of the message from the other place, so that we can see what we are debating and can look into some of the details?

Senator Perrault: First, we shall take action to make available copies of the motion which may be under debate this afternoon. Secondly, my statement to the Senate will be prepared just as quickly as possible.

● (1520)

I must say that there have been very preliminary discussions concerning the way in which the joint committee might operate. For example, there appear to be a number of ways in which the joint committee could frame its report for the Senate and the House of Commons. The method could affect

greatly the debating process here. I understand that there would be a range of options open to the proposed joint committee.

I will do what I can to have that further report prepared, and when it is available, perhaps tomorrow, I will ask leave to present it.

Hon. Eric Cook: Honourable senators, when the Leader of the Government makes that statement, I would like him to bear in mind that my problem is that it is one thing to move an amendment in a committee, which may be favourably inclined to accept government policy, and another matter entirely to move an amendment in the Senate.

My question is: If we pass this resolution and refer it to the committee, is it then out of our hands to move an amendment in the Senate subsequently?

Senator Perrault: Honourable senators, the answer to the question asked by Senator Cook will form part of the statement I shall bring to the Senate.

Hon. Robert Muir: Honourable senators, in the last few minutes it seems to me that the Leader of the Government in the Senate has been more or less restrained judging by the verbosity he displayed at the beginning of this afternoon, particularly with reference to what Senator Smith and others had to say. Now he is prepared to give a statement.

A few moments ago, however, before Senator Steuart asked him a question, he condemned himself out of his own mouth. He said that this was something new, something entirely different. I am paraphrasing, of course.

Senator McElman: Question!

Senator Muir: Relax, Senator McElman. Remember your blood pressure.

Senator McElman: Question!

Senator Muir: I have all the time in the world.

Senator McElman: Good. So have we.

Senator Asselin: There will be no closure.

Senator Muir: May I continue, honourable senators? I can relax, of course, take it easy—

Senator McElman: When you have finished the homily, let us have the question.

Senator Muir: Well now, between you and wee Davey—why don't you relax, and I'll relax.

Honourable senators, I ask the Leader of the Government in the Senate whether, in view of the fact that he acknowledges that this is something new, something entirely different from what has previously transpired, he is willing to bring in a statement encompassing all the questions that have been posed, not only by this terrible opposition but also by the loving and congenial senators on the other side?

While the honourable leader is at it, would he also incorporate in that statement an explanation of something referred to by Senator Roblin—I think it was something mailed to householders—and tell us whether this contains government policy, enunciated for the public of Canada, to be delivered through the Post Office, and perhaps by letter carriers. Again I am paraphrasing, but I think it says that when the committee reports, that report will be deemed to be a Joint Address to Westminster. Correct me if I am wrong, but if that is what it says, I would think that that is rather unusual. It would, as it were, make any further discussion with regard to amendments or anything else null and void.

Senator Perrault: Well, honourable senators, first of all, much has been said about an alleged pamphlet circulating through the mails of Canada. I have not seen it yet. I wonder if the honourable senators opposite would pass their copies across the aisle to the government side.

Senator Roblin: I would be glad to.

Senator Perrault: I would like to have a look at it.

Secondly, if a majority of members of the Senate, and a majority of members of the House of Commons decide that this shall be the content of the Joint Address, then that shall be the content of the Joint Address.

As far as the earlier question about further questions is concerned, which the honourable senator believes requires an answer, in the course of the debate I presume there will be a number of other questions not yet voiced this afternoon, and I would certainly like to provide the assurance to honourable senators that as many answers as possible will be provided to those questions. If information is not available, and cannot be made available, in acceptable form, hopefully the Leader of the Government can admit that at an appropriate time.

However, it seems to me, honourable senators, that if possible, the best manner in which an Address can be sent to Her Majesty is one which suggests that it has received careful consideration by Canadians of all political parties, and that it represents a substantial consensus of Canadian opinion. I think Her Majesty would like to see that, and I think our Commonwealth colleagues at Westminster would like to see that too. Surely, the whole exercise should be imbued with a spirit of flexibility and co-operation rather than of recrimination and rancour.

Senator Smith: In other words, lie down and be kicked.

Senator Muir: I thank the Honourable Leader of the Government for his answer.

Now may I ask him this? When he has an opportunity to read the pamphlet which was referred to by Senator Roblin as being written by the hacks among the PR people, or someone like that, of the government, would he inquire who the flakes were who put out this flak. You see, if what this pamphlet says is the government's stand, then no further amendments can be made, and there can be no further discussion. It will be deemed to be a Joint Address of both houses.

When the government leader started on this subject he was complaining about questions being asked. I am sure he is now in a more co-operative mood. We are asking questions because this is something new, and, therefore, we have to be educated further by the house leader.

Senator Perrault: I am not certain yet whether the pamphlet issued in support of our constitutional proposals was published by the federal government or by the Province of Ontario and Premier William Davis. I have yet to see a copy of it, and thus be able to ascertain who was responsible for the alleged publication. I must, therefore, withhold comment on that.

THE CONSTITUTION

STATUS OF REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, in the absence of Senator Goldenberg I have a question for Senator Lamontagne, the chairman of the subcommittee of the Standing Senate Committee on Legal and Constitutional Affairs.

Could the committee issue its report as soon as possible, because there are certainly some parts of it that are very relevant to the debate we are beginning now? I was wondering if Senator Lamontagne would think it irregular if I were to refer in general terms to some of the conclusions of this report, which, as I say, are relevant to the resolution before the Senate.

Hon. Maurice Lamontagne: I am sure it is not according to our rules for me to answer that at this stage because, as Senator Flynn suggested, I was just the chairman of a subcommittee, which has already reported. Therefore, the subcommittee is not in existence any more.

Senator Asselin: You are the sponsor.

Senator Lamontagne: I am sure Senator Flynn is aware of the fact that Senator Goldenberg could not be here today. However, I believe, he intends to have a meeting of the full committee when the Senate adjourns tomorrow.

Senator Flynn: Tomorrow afternoon?

Senator Lamontagne: That is what he told me last week.

[*Translation*]

Hon. Martial Asselin: A supplementary question for Senator Lamontagne. Will the report to be tabled in the Senate also be put before the joint committee of the Senate and the House of Commons? Does Senator Lamontagne intend to appear before the Senate committee to defend it or would he rather become co-chairman of the committee?

Senator Lamontagne: I think this is all hypothetical.

[*English*]

CUSTOMS AND EXCISE

CONFISCATION OF THE *LADY ANNE*

Hon. G. I. Smith: Honourable senators, I have a question to address to the Leader of the Government in the Senate which, I suspect, he will require to take as notice in order to answer it, since I cannot give him any more particulars than I am about to give him now.

[Senator Muir.]

Is it correct that a ship of some kind named the *Lady Anne* was confiscated by some federal authorities for some infraction of our customs law, or similar laws, and was then sold at auction after such confiscation, according to the provisions of the law?

• (1530)

Was it sold at auction? If so, to whom was it sold? Was it delivered to the person who made the highest bid, whatever that bid was, for the amount bid? Was any effort made to obtain from the purchaser a higher amount than the amount bid after the auction had been completed? Could the honourable minister provide any other relevant factors which may relate to this particular matter? I believe this incident occurred in Nova Scotia sometime this month.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice because of its detailed nature.

ENERGY

INTERNATIONAL ENERGY AGENCY—OIL RESERVES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to reply to a question asked by Senator Roblin during Question Period on October 23 concerning a study being carried out by the International Energy Agency of the international oil supply situation.

I should like to quote from my earlier answer to this inquiry from Senator Roblin when I informed him that the IEA study is not being carried out as a result of the disruption in supplies caused by the Iran-Iraq conflict. In my reply on October 21 I said:

> —the IEA is not carrying out a special study of the supply situation as a result of the Iran-Iraq conflict. A test of the IEA oil sharing system was initiated on October 1, and of course Canada is participating fully in this study. This test had been planned for many months prior to the outbreak of the Iran-Iraq conflict and the fact that it is proceeding now is entirely coincidental.

I should like to repeat my earlier assurances that the IEA does not envisage a serious international supply shortage that would require invoking the sharing provisions of the international agreement. This is largely due to the fact that inventories at the international level are in an extremely favourable position, and that some producing nations have agreed to increase production to offset the disruption of supplies from Iran and Iraq.

As I offered to do in my earlier response, I would be pleased to provide information from the International Energy Agency study to senators when that study has been completed.

THE CONSTITUTION DEBATE

CORRESPONDENCE BETWEEN LEADER OF THE NEW DEMOCRATIC PARTY AND THE PRIME MINISTER

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Roblin on October 23 concerning the inclusion of hydro-electric resources in the exchange of letters between the Right Honourable the Prime Minister and the Leader of the New Democratic Party. I am pleased to announce that the Prime Minister fully intended that hydro-electric power be covered in the exchange of letters between himself and Mr. Broadbent.

FOREIGN AFFAIRS

IRAN—DIPLOMATIC RELATIONS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a note from the Secretary of State for External Affairs on the subject of the American hostages in Iran. Canada will normalize its relations with Iran once the hostages are released. This would entail repeal of the Iran Economic Sanctions Act and action to lift the export embargo and other measures now in effect against Iran.

Lifting measures imposed since the hostage-taking will not, however, mean that Canada would be ready to send arms or defence support equipment to Iran. Our present policy on arms sales would exclude Iran, as a country involved in continuing hostilities, from receiving such equipment.

Reopening the Canadian embassy in Tehran will not automatically follow the hostages' release. The decision on how and when to reopen the embassy will depend on circumstances at the time and other priorities.

THE CONSTITUTION

MOTION TO APPOINT SPECIAL JOINT COMMITTEE—DEBATE ADJOURNED

Hon. Raymond J. Perrault (Leader of the Government) moved, with leave of the Senate and notwithstanding rule 45(1)(d):

That the Senate do unite with the House of Commons in the appointment of a Special Joint Committee to consider and report upon the document entitled "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada" published by the Government on October 2, 1980, and to recommend in their report whether or not such an Address, with such amendments as the Committee considers necessary, should be presented by both Houses of Parliament to her Majesty the Queen;

That ten Members of the Senate, to be designated at a later date, act on behalf of the Senate as members of the Special Joint Committee;

That the Committee have power to appoint from among its members such subcommittees as may be deemed advisable and necessary and to delegate to such subcommittees all or any of their powers except the power to report directly to the Senate;

That the Committee have power to sit during the sittings and adjournments of the Senate;

That the Committee have power to send for persons, papers and records, and to examine witnesses and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee submit their report not later than December 9, 1980;

That the quorum of the Committee be twelve members, whenever a vote, resolution or other decision is taken, so long as both Houses are represented and that the Joint Chairmen be authorized to hold meetings, to receive evidence and authorize the printing thereof, when six members are present so long as both Houses are represented; and

That a Message be sent to the House of Commons to inform that House accordingly.

He said: Honourable senators, since the motion before the chamber has been rather well discussed during Question Period, I do not intend to speak for a great length of time.

I think all honourable senators welcome the fact that this very important and historical motion has arrived in the form of a message from the other place. I know that many honourable senators will wish to contribute to the debate. I know many of them still have a number of thoughts left after Question Period, queries regarding the Joint Address, and will make certain that we have a good debate in the Senate.

As honourable senators are aware, the motion includes a proposed deadline of December 9 for the joint committee to report back to the Senate and to the House of Commons. The longer the period of time available for public dialogue, the longer the period of time available for that committee to study the submissions which are going to undoubtedly come from many parts of the country, and the longer the period of time for witnesses to be heard, the better it will be for Canada. I am sure that many honourable senators feel the same way.

The concept of a joint committee is a positive government initiative to ensure the broadest possible discussion of this historic proposed Joint Address to Her Majesty. I mentioned a few moments ago that a government with a lack of concern about the need for full parliamentary debate of these proposals would have placed a resolution before the House of Commons, a resolution before the Senate, and sought the support of both houses where it has a majority and, in short order, sent the Joint Address to Westminster. This has not been the case.

The government believes that the joint committee is a better, more democratic, way, and the committee should be established as soon as possible. It is proposed that there shall be 15 members of that committee from the other place and 10 members from the Senate. Based on parliamentary precedents,

this appears to be a reasonable proposal. A number of honourable senators have asked, "Who shall appear before the committee?" This will be for the committee to decide. It will establish its own procedures; and it will establish its own method of calling witnesses. Perhaps some witnesses could be assisted financially to enable them to testify.

I speak as a senator from one of the extremities of Canada, and I think that if this committee comes into being, it should seriously consider providing travel funds within practical limits for certain various groups to come to Ottawa to testify. I am sure that a majority of that committee might be sympathetic to that viewpoint. It would not be possible for the committee to travel throughout Canada because of the time frame. Again, I offer the personal opinion that it would be unfair to some parts of this country to have the committee sit in Toronto, Montreal, or the Atlantic provinces to the exclusion of the west, or vice versa. Time would not permit the committee to travel throughout Canada.

In any case, the subject of the Constitution, the patriation of the Constitution, and the amendment of the Constitution have been subjects of extensive discussions in many parts of the country over many years. Honourable senators are aware that an effort has been made over a period of 57 years to find a way to patriate the Constitution and, for one reason or another, it has not been possible to agree on a method of patriation, the desirability of patriation, or an amending formula. The frustrating difficulty in achieving an agreement on how this might be done is one of the reasons for the resolve of this government to patriate the Constitution now, and to introduce, at this time, proposals for certain constitutional amendments which meet some of the basic human rights needs of all Canadians.

Who shall appear before that committee? In my view, the committee should hear from as many "umbrella" groups representing as many Canadians as possible. I suggest that the representatives of the provinces might be allotted time before that committee. Premier Hatfield has suggested that he may wish to appear before the joint Senate-Commons committee. It seems to me that that would be a good thing. If this motion passes, perhaps the committee should accommodate the desires of Premier Hatfield and any other premier who wishes to appear before that committee.

● (1540)

Again, offering a personal opinion, I think it would be for the committee to decide that perhaps it should hear from the Canadian Human Rights Commission or perhaps church organizations. Certainly it should hear from the native Indian people. Some of the native Indian groups have expressed concern about the process of patriation and some of the proposed amendments that relate to their rights and historic privileges. Certainly they should be heard by that committee. They should have their concerns discussed. Canadians of all parties would want to give assurances to Canadians of native Indian descent that their rights are going to be protected. I would welcome that kind of testimony and those representations from "umbrella" native organizations.

[Senator Perrault.]

Labour and business organizations are important and should be heard, and perhaps also credit unions and co-operatives. Honourable senators may wish to suggest groups that should be heard by that committee. I know honourable senators will feel free to contact the joint chairmen of that committee, when they are selected. There will, undoubtedly, be joint chairmen—one from the Senate and one from the Commons. The desire of the government is to have a joint chairmanship of that committee representing both the Senate and the other place so that one of our members will have a key role to play in ordering the business of that committee. Indeed, I have had discussions with my colleagues in cabinet and the Right Honourable the Prime Minister, and they have concurred with the concept of co-chairmanship.

Senator Asselin: It has been the case in the past.

Senator Perrault: Yes, it has been the case in the past, honourable senator, in certain committees and it has been a good practice. Joint committees have had joint chairmanships. I want to give that reassurance to the Senate that the proposed committee will not be solely a Commons creation designed to foist a set of opinions on honourable senators.

I spoke earlier about the three-stage procedure. Honourable senators will recall that a number of days ago I initiated an inquiry in the Senate to provide an opportunity for honourable senators to participate in the debate on this Address to Her Majesty coincidentally with the debate in the other place. Most honourable senators chose not to participate in the debate, but that opportunity was presented and some senators took advantage of that opportunity to speak. Instead of arbitrary action by the government to use its majorities in the Senate and the other place to force through its constitutional proposals, we have opted for a very democratic and parliamentary option. A joint committee is to be formed. It will be provided with the resources and opportunities for detailed study. Representatives of both houses will be present and will have an opportunity to contribute their views and to hear representations. I have mentioned some of the organizations which I believe could be invited to provide testimony.

I reiterate that it is not known yet what procedures will be adopted by that committee and what form a report by the joint committee could take. The form of the report may well allay any concerns which are apparently held by certain senators. Certainly, there could be a recommendation from the committee that certain procedures be adopted by the Senate and the Commons whereby both houses have a clause-by-clause study of the bill. Various recommendations are possible from committees, and honourable senators are aware of that fact. I know that as far as the Senate representatives on the committee are concerned, none of them would go as pre-committed people; they would not serve as muzzled representatives of the Senate. It is fair to speculate that of the ten senators serving on the joint committee, three would represent the official opposition. I think that's the usual number—and I know that they will be outspoken, as will senators from the government side, in the views which they express. Of course, that is always

the case. Government members have demonstrated their capacity to speak out in the past.

Senator Flynn: We will see.

Senator Perrault: But it would be presumptuous of any of us to suggest that the committee is going to report in a pre-ordained way that somehow fits the government's legislative time schedule.

What I want to convey to honourable senators is that the government is flexible; the resolution is flexible. The Right Honourable the Prime Minister has already suggested that he would welcome clarifications and amendments in the sections relating to natural resources. Certain members from the opposition and the government have suggested that the referendum sections may require greater exactitude of language. More than one government spokesman, including the Honourable Jean Chrétien, has said, "Let us look at this. Perhaps there is a better way to work these sections."

Senator Asselin: What about Pepin?

Senator Perrault: The committee will be the master of its own procedure. It is going to be able to select its own witnesses and establish its own method of operation. I want to put that on the record. The committee will then report back to both houses and there will then be an opportunity for further debate and full consideration of views of members of both houses. With respect to the concern of honourable senators that the committee will be dead after it submits its report—again I want to put this on the record—the government is committed to finding a procedure that will allow further amendment. In other words, the committee could be revived if there was a need.

As with bills, the proposed resolution in its final form would have to pass both houses of Parliament, both the Senate and the Commons, and there will be no Address to Her Majesty unless both houses agree.

Honourable senators, I have spoken enough on this motion this afternoon. In effect, I made one speech earlier during Question Period, but at this time I wanted to reiterate certain basic facts, to place certain commitments on the record. I now would welcome further discussion. I want to remind honourable senators that during the inquiry debate I dealt with the substance of the bill. May I refer honourable senators to this earlier speech should they wish to know some of my comments regarding the proposed constitutional amendments.

● (1550)

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, having sat either in the Commons or in the Senate since 1958—here in the Senate since 1962, 18 years ago shortly—I cannot remember a more important debate than the one we are starting today. It is important, of course, because it concerns the Canadian Constitution. But it is important as well because of the context, of the particular circumstances surrounding this debate, of the events that have occurred since the initiative taken last spring by the Prime Minister when he announced a further round of constitutional discussions. Since we learned that the government intended to submit to Westminster an Address in the terms of the document referred to in the motion now before us, I must tell you that, having considered all the factors involved in this debate, I am anguished. I am puzzled; at times, I even feel dizzy.

I could not help remember that last spring, after the February 18 election, in order to forget the election campaign, or perhaps my brief stay in cabinet, in the justice department, I went to Italy. While sightseeing in the beautiful city of Florence, which is a sight for sore eyes, I went to Santa-Croce Church. In that church I was admiring the monuments erected in honour of great men: Michelangelo, of course, Raphael, Dante, Rosselli, Galileo; almost all spheres of activity were represented there. I finally came to the last monument on the right side near the chancel, the monument to Machiavelli. Suddenly, everything I had been trying to forget in Canada came back to me! I went through the electoral campaign all over again, a Mr. Trudeau coming to life anew, a phoenix rising from his ashes and deciding to launch that electoral campaign on the theme that easterners would pay less for their petroleum than the price suggested in the Crosbie budget. Of course, with a platform like that, the Right Honourable Mr. Trudeau could not possibly miss. He was telling people in the east that he would continue to give them subsidies at the expense of westerners. He had the result that could be expected, but at the same time he divided the country.

In any event, I would point out that during the campaign there was no question of revamping the Constitution. It was not unlike the events of 1974 when the Right Honourable Mr. Trudeau fought with utmost energy the proposal made by Mr. Stanfield to freeze prices and wages for two years. Then, and without any excuse, he told Canadians that he would indeed freeze prices and wages.

Still let us get back to the Constitution. I could not have foreseen what was to happen. That was even worse than everything I knew about the Right Honourable Mr. Trudeau's file. Indeed, he once wrote about Confederation that no one should ever act unilaterally. It was a contract. A consensus was needed. He wrote that. But, as I was saying a moment ago, never throughout the electoral campaign did anyone say that he would go ahead with the constitutional proposal as we know it now.

Be that as it may, I came back to Canada in May and was immediately involved in the referendum campaign right next to Mr. Ryan, Mr. LeMoignan and even the Right Honourable Mr. Trudeau himself. I can still recall that meeting in Quebec City's convention centre where all speakers, except the Right Honourable Mr. Trudeau, clearly and brutally explained to Quebecers that a no in the referendum would mean renewed federalism, but in the sense expected by Quebecers. Mr. Trudeau was very, very careful on that occasion. I even tried to make him talk, but no sir. People swallowed it. They said that it must be all right since it was coming from him. People in Quebec are quite used to swallowing everything from the Right Honourable Mr. Trudeau.

In any case, on the night of the referendum when Quebec residents were told that 60 per cent of them had denied Mr. Lévesque the mandate to negotiate sovereignty-association, Mr. Ryan explained:

> The people of Quebec denied their government the mandate to negotiate sovereignty-association. So the people of Quebec have chosen my option (Mr. Ryan) the option of the Liberal Party. I hope that you will have the decency to let Quebecers decide what they want to negotiate with Ottawa.

At that time it was assumed that the Right Honourable P. E. Trudeau would have said: "We shall now see with whom Quebec chooses to negotiate renewed federalism", but he did not. Instead the Right Honourable Mr. Trudeau immediately released his program, thus compelling Mr. Lévesque to negotiate with him and excluding Quebecers who were not separatists. It was all planned. I contend that it was done on purpose because in so doing the Right Honourable Mr. Trudeau wanted his opponents to be identified with Mr. Lévesque's cause. That was his idea, and that is why we now have to negotiate, in Quebec, with a government whose main option is secession, instead of negotiating with a new government which would have been elected after the referendum and therefore would have been a supporter of renewed federalism. I emphasize that opening the constitutional talks immediately after the May 20 referendum, prior to the Quebec elections, was a purposeful manoeuvre, and that the Right Honourable P. E. Trudeau's intention was to create a situation whereby those who opposed his plan could readily be assimilated with Mr. Lévesque's option and the separatists.

At any rate, the Right Honourable Mr. Trudeau has released an agenda which has been regarded as most unrealistic. Less than a month after the referendum he called an organizational meeting of the ministers to set up a schedule for the summer talks while the provincial premiers were supposed, each on his own, to prepare for the oncoming meeting in the month of June. From July 7th to July 25th, the federal and provincial ministers who were responsible for this work held discussions for three weeks. Then, between July 26 and August 24, each government studied the possible conclusions to the discussions which took place. Finally, from August 25 to August 29, the ministers met again. They reconsidered their positions during the following week and we ended up with the famous federal-provincial conference which was held here in Ottawa from September 8 to 12.

● (1600)

There you can see that in a little less than two or two and a half months the whole program was set up and all the questions were put forward. That was the agenda. When the federal-provincial conference was called in September, it was quite easy to see—and that had been rather clear during the summer discussions—that the federal government, the Trudeau government, was now putting the emphasis not on what so far had been the real subject of the discussions between the two levels of government, but mainly on the issues which had always been of concern to Quebec. The objective of this constitutional review was centred on a certain decentralization of powers, on a review of the divided jurisdictions. The other questions, such as the patriation of the Constitution, were quite ancillary. Besides, the amending formula goes with the patriation of the Constitution. If there had been agreement on what Quebec wanted, the rest would have been rather easy. But this was never done, or at least when proposals to that effect were made the federal government rejected them.

What the federal government wanted to emphasize was its own concept, which meant additional economic powers to the central government. The attack, of course, is the best defence. Mr. Trudeau did not want to make any concession. Therefore, he asked the provinces to give him more power to make it possible for him to refuse the granting of any concessions. In that kind of climate, failure, of course, was inevitable. Besides, it had been planned. The secret document that was circulated some time during the conference presented all the options open to the federal government in the event of failure.

There were four options. The first one was to proceed with the patriation by telling the people that Ottawa was confident that there were no legal difficulties in its position or intention. Therefore, the provinces would be shown as obstructing the process. The second option was to proceed with the patriation at the same time in Ottawa as in London, with the promise to refer the matter to the Supreme Court and to delay implementation until the decision of the Supreme Court. But that option was also based on failure. The second option was to immediately refer the matter to the Supreme Court and to keep Parliament waiting. This instance, too, was on the basis of a failure. It was a reasonable option but it was not selected.

Finally, there was the option of the federal government going it alone by the means of a resolution of Parliament with perhaps a waiting period before going to Westminster. But once more the agenda only allowed one possibility and it was to do what has been done. That is to say, as of October 2, since there was no consensus in sight, it would be up to the House to decide. A committee was appointed and would have to bring down its report before December 9, which is totally unrealistic when you think of the long list of people that Senator Perrault would like to have appear before the committee. Were all these people scheduled to appear before the committee, it would have to sit at least until next summer. The Right Honourable Mr. Trudeau wanted the committee to report by December 9, and Parliament to complete the debate and concur in the committee report before Christmas in order that the resolution could be referred to Westminster early in the new year so that this so-called new Constitution could be returned to us by July 1, 1981.

I cannot remember on which date Bill C-60 was to have come into effect. In any case, it seems to me it was to be sometime around that date. Now having missed the boat with Bill C-60, they are coming back at us through the back door.

On October 6, the draft resolution was tabled. The Right Honourable Mr. Trudeau had addressed the nation on the 2nd, and reconvened Parliament one week ahead of time. He had said that it was high time, after 53 years, that the Constitution

be repatriated. In the debate which took place in the other place, about one out of five members was given the opportunity to speak on the resolution and then the debate was cut short with the passing of the motion of closure. The government leader refers to this as being a major issue. It is a major issue but then after a few weeks of debate they brought down the closure. There have been, if I am not mistaken, something like 30 hours of debate in the House of Commons on this proposal. I cannot foresee what the situation will be in this house but I hope things will be different. I hope no pressure, direct or indirect, will be exerted here. The problem now facing us is not really the resolution requesting the referral of a document to a committee. The question is: do we agree with the fundamental issues which are involved in the proposed resolution to be forwarded to Westminster.

● (1610)

What are we presented with? What is that constitutional package the government leader mentioned earlier? What is in it?

Of course, the first proposal is to repatriate that portion of the Constitution which the provinces wanted Westminster alone to decide upon. That is what it is because with the 1949 amendment the portion of the Constitution which concerns the federal jurisdiction exclusively has been repatriated.

In 1931, when the Statute of Westminster was passed, Canada was sure to request that any amendment to the Constitution would be within the legislative competence of Westminster alone. Why, you may ask? You just have to read the debates of the time and you will learn from Mr. Bennett that it was because Mr. Ferguson, the Premier of Ontario and Mr. Taschereau, the Premier of Quebec, had specifically requested that Westminster alone had the right to amend the Constitution. It is obvious that at that time, in 1931, the provinces wanted to make Westminster the guardian of our Constitution. In 1949, when the federal portion of the Constitution was repatriated once again and more precisely this time, we wanted Westminster to remain the guardian of the rights of the provinces. And this is what they want to repatriate now. I have no objection to it. The principle is fine. But I will mention to you, federal parliamentarians, that we are dealing with a matter which is primarily a provincial matter.

If a portion of the Constitution is still in London it is because the provinces wanted it that way. It is because the federal government agreed that it should stay there. There was a protection in that system. It will be argued that we should not leave it there. That may be, in principle, if there could be an agreement, of course, on the amending formula and on other things. This will come, but I submit to you that by forcing a unilateral patriation we are imposing upon the provinces a decision which concerns them much more than it concerns us here in the federal Parliament.

I submit to you that these two amendments, the Statute of Westminster and the 1949 amendment, define in much more precise terms the role of Westminster with regard to our Canadian Constitution. When I hear Mr. Jean Chrétien, the Minister of Justice, say that there is not the slightest doubt that the federal resolution is legal, I find this very amusing because there are many experts who do not share his view. Furthermore, what we have learned from the reference of the Senate to the Supreme Court should make him a little more cautious. But what I want to mention is the fact that since 1949, Westminster has never once amended the Constitution without the approval of the provinces. If Westminster can, on a simple joint resolution of the Senate and the House of Commons, do something to which the provinces object, then what was the point in 1931, of making the amendments to the Constitution the sole responsibility of Westminster and in 1949 of doing the same with the amendments to the Constitution which concern the provinces? What would be the use if actually Westminster only had to say yes to Parliament? There would be no protection. It was a useless gesture. It was an empty gesture that was made then, especially when I think of the reference to the Supreme Court last year regarding the Senate. The Supreme Court said: You cannot go ahead without provincial consent. The Supreme Court did not go so far as to require unanimous consent. This is debatable, but the Supreme Court said: You cannot go ahead without provincial consent.

This would simply mean that the government, unable to go ahead unilaterally, could simply go to London to have the Constitution changed into anything at all, and that London would simply have to say yes. Well, if that is true, Mr. Trudeau is crazy to forego such a simple method of amending the Constitution as he pleases. He is crazy. If it is that simple, if he only has to ask London, with Parliament's approval, to amend the Constitution as he now proposes to do, let him propose every provision contained in Bill C-60 and even more; let him take away from the provinces all the jurisdictions that he will not acknowledge as being theirs; let him settle the problem once and for all and create a centralizing state. It is the easy way out. It would be foolish to abandon such a simple formula. It really does not mean anything.

I am saying that Westminster is playing the role of fiduciary for the provinces, that unless it betrays its mandate, Westminster cannot legally amend the Constitution the way it is being proposed now without the consent of the provinces.

I am saying that Westminster, acting as fiduciary for Canada, cannot consider itself beyond the jurisdiction of Canadian courts on that subject because it is indeed a Canadian statute that Westminster would then be enacting.

I entertain no doubt whatsoever that this case will eventually land before the Supreme Court and that in the end the ruling will be the same as the one rendered last year in the case of the Senate.

So why, after the failure or so-called failure of the September conference, did the Right Honourable Mr. Trudeau, instead of proceeding unilaterally as he did on October 2, not wait for awhile and convene the provinces saying: We will simply ask that the Constitution be patriated, or that only that part which is of interest to you be patriated, but with an amending formula—even without an amending formula, because that is possible. I am not sure, but he might have had

the necessary consensus to go that far because he had shaken them enough and perhaps, backed by public opinion on that aspect, he could have secured their agreement.

Well, anyway, he went for strong tactics. He decided to shake them up, and here we are with this proposed resolution which includes the principle of patriation—which everybody endorses, but not when it is to be done unilaterally—the Victoria amending formula.

Here again the discussion is rather relative; there was near agreement. Quebec had said yes and then said no because there was no use patriating if there was no agreement on the distribution of powers. Obviously that formula has its faults. Since then some people have said that they would rather have the Vancouver formula. That does not seem to me to be a major aspect of the problem—Victoria amending formula or Vancouver amending formula. At a pinch the Constitution could have been patriated, and from then on the amendments would have been made in accordance with the judicial customs and traditions prevailing in such instances. This would have meant that Parliament would have had to obtain the agreement of the provinces—I do not know of how many, possibly all of them. It is said that when the Right Honourable Mr. St. Laurent asked London for an amendment back in 1949, he thought of adding to the content of that amendment: "that all future amendments to the Constitution beyond the exclusive jurisdiction of the federal Parliament will require unanimous consent." However, he conceded that enforcing that rule might prove a risky business. In any event, it still could be done while negotiations are in process.

But there is something more substantial to the amending formula by way of a referendum, and that is section 42 of the proposed resolution. There have been many criticisms about it, as it provides a way to bypass the provincial legislatures.

Senator Asselin: Senator Lamontagne is against it.

Senator Flynn: I do not know. But one thing is sure: Section 42 enables the central government to change a federal state to a unitarian state. There may be temporary conditions which may prove favourable to a proposition which may completely alter the Constitution, either in time of war or in time of apprehended insurrection, for instance, when people get emotional and do not have a clear understanding of what is happening and we would then have to face those changes. Someone could by way of a referendum propose major constitutional changes. The Right Honourable Mr. Trudeau says that he wants to deal with the people. He does not care a damn about the media, the intelligentsia, those who know something about this. He was in Quebec City recently poking fun at them all. It can happen. Obviously, he is anything but a disciple of Jean Lesage who used to say that constitutional debates were not for the uneducated. He, Mr. Trudeau, claims the opposite. He claims that this issue is something for the uneducated, that it should not be dealt with by those in the know. Anyway, that is an amending formula which may be used to foist anything on the provinces.

[Senator Flynn.]

• (1620)

Then there is the entrenchment of the Charter of Human Rights. As a matter of principle, even if people get very emotional about this, those rights could be entrenched. Opinions do differ on this. For instance, Senator Manning mentioned this problem the other day. He explained that there is a school of thought which raises very serious objections against the entrenchment of rights. I think that during the discussions held in Senate committees that problem was considered, and very serious differences of opinion were raised in that respect. That may be the reason why there will not be any report by committee, for if the latter had been required to file a report stating that the committee was not in favour of the entrenchment of the Charter of Rights, this might not have been well received at that time because the entrenchment of rights is an integral part of the resolution of the Right Honourable Mr. Trudeau. I do not know what would have had happened if the members of the committee had raised objections or reservations in that respect. However, it remains that the entrenchment of rights will change some provincial laws and that the result of these changes will perhaps be very good. In some cases it will, but in others I am not too sure.

We are going to change some laws by presenting a request to London such as, for instance, in the case of Quebec's Bill 101. Although I advocate some of the changes that would be brought about, just think about it: Go to Westminster and ask them to change a Quebec piece of legislation which had been passed and considered constitutional. In other words, we would ask Westminster to settle our own problems.

Once again the only satisfactory solution was to wait for the elections to be called in Quebec in order to establish what party would be entrusted with a mandate to negotiate; whether it be a government under the leadership of Mr. Ryan or Mr. LeMoignan, either a Union Nationale government or a Liberal government, which would have agreed to change Bill 101 in such a way as to include a Charter of Rights. Some other provincial laws could also be affected but I think that this is not the way to solve this kind of problem.

Let us deal now with the change in the powers of the Senate. This is another obsession of the Right Honourable Mr. Trudeau—the abolition of the Senate. Of course, section 44 is quite clear. In 1972, there were discussions in the joint committee to limit the powers of the Senate by applying a six months' suspensive veto. I think that Bill 60 also mentioned six months, if I remember clearly, but it was with reference to the new House of the Federation. At any rate we are now at 90 days, which makes it possible to abolish the Senate. If a resolution of the House of Commons, with the support of the provinces, comes here, and although there may be a disagreement, or we might find reasons to delay or to turn down the resolution intended to abolish the Senate, this would be of no avail because 90 days later the House of Commons could come back with the same resolution and the result then would be final.

The other day Senator Olson said that the Senate could not resist if all the provinces requested its abolition. I agree, it is

obvious. If everybody is for its abolition I will not object because I think that by answering such a popular wish we might indeed readily contribute to the solution of our constitutional problems. If all the provinces agreed, of course.

However, the problem remains that if, for instance, certain provinces decide in such circumstances that it would be proper to postpone a resolution which substantially modifies the Constitution or abolishes the Senate, we should maintain this legislation, in my opinion. I believe that six months is not too long. As I recall, when we discussed this problem at the joint committee which reported in 1972, there was talk of giving to the Senate a suspensive veto of six months for ordinary legislation and an absolute veto such as we have now for amendments to the Constitution.

Obviously, this problem must be solved. What is most important is that we want to amend substantially the powers of the Senate through a resolution addressed to the Parliament in London. The Supreme Court ruled that this could not be done through Bill C-60. The government is now proceeding indirectly by asking a foreign Parliament to decide for us since we cannot do so legally here. It then states that this is the right way to proceed.

Finally, a carrot is dangled before our eyes in the form of equalization. It is nothing else. Equalization works very well. I quite agree with those who want to entrench the principle of equalization, but it is useless. It is simply a carrot. We are being told: We give you equalization. Nothing is given to the provinces; everything is taken away from them. Then, they are told: To make you feel better, we shall give you a piece of candy—equalization.

What I want to underline is that this proposal is very far from the conception that Quebec had and still has of a renewed federalism. Quebec only wants a re-arrangement of jurisdictions. This is the only thing that would satisfy Quebec. To those who say that giving this to Quebec because of the decision of May 20 is doing what Quebec has wanted all along, I say that they are wrong. Much more serious words have been used. It is indeed a betrayal—the word is not too strong—to try to suggest that Quebec will be satisfied with this proposal. This is not true. In fact, the three parties are clearly opposed to this measure. You will have noted that Mr. Ryan after some hesitation is beginning to make himself heard. What he said yesterday is interesting, and I quote:

> The Leader of the Quebec Liberal party might not have resisted a request aimed only at patriation. Mr. Ryan might have supported a patriation attempt by Prime Minister Trudeau if it could have helped him to free himself from this obsession and enhance his pride.

The author probably meant "safeguard his pride." This is what Mr. Ryan meant.

I therefore say that nothing in this resolution meets the aspirations of Quebec as expressed by the referendum. What strikes me as characteristic of this project is that it calls for an unrealistic schedule. What is so urgent? Of course, we know that the Right Honourable Mr. Trudeau is unable to control himself when he has something on his mind and that he must rally everyone to his point of view. At least, he must try to do so. Perhaps he wants to retire before 1982 and be able to say: I was the one to patriate the Constitution. I was the one to change the Constitution. I am the father of the new Constitution. This is no reason—

• (1630)

[*English*]

Senator Olson: To provide leadership is the main reason.

Senator Flynn: One can provide leadership in leading one's people to war. That is a kind of leadership. If that is the kind of record you want to leave behind, that is your responsibility.

[*Translation*]

That is not an argument. There is leadership and leadership. You can show leadership by being prudent or by being realistic. There is leadership which makes a man forget his own pride and his own arrogance and think of nothing but the general well-being. There is leadership which does not degenerate into conflicts, needless virulence and division within the country. That is real leadership.

Some Hon. Senators: Hear, Hear.

Senator Flynn: In fact, the outstanding characteristic of this initiative of the Right Honourable Mr. Trudeau is contempt for any opinion contrary to his own. It is the basic characteristic we can find everywhere in the timetable, in the nature of the resolution. Contempt for the opinion of others. Contempt for the provinces which are considered as mere spoiled brats. You do not want it? Well, you will get it anyway! That is contempt.

[*English*]

Senator Olson: He went out of his way to get the provinces—

[*Translation*]

Senator Flynn: Six provinces are squarely against the resolution. Another one is objecting on principle. There may be two that accept it, but I am not too sure. I would like to ask this question of Mr. Davis and Mr. Hatfield: You agree with the Right Honourable Mr. Trudeau, and that is your privilege, but do you agree that he should proceed unilaterally against the opinion of the other provinces? If it were you, Mr. Davis, or if it were you, Mr. Hatfield, who had objections, would you say it is fair that they go ahead unilaterally without any regard whatsoever for your opinion?

I am not sure that Mr. Davis agrees with this unilateral approach, and the same goes for Mr. Hatfield. In any case, I say that it is contempt for almost all the provinces. It is also contempt for the Supreme Court. There was no way to get a favourable decision so they just ignore it and claim, to boot, that the Supreme Court will have nothing to say on a real decision of Westminster to adopt the proposed bill.

There is no doubt, it is contempt—contempt for the Canadian Parliament. They are forcing closure. We will see how it goes here in the Senate. Besides, the Right Honourable Mr. Trudeau is well known for his very low opinion of the parlia-

mentary regime. He would feel much more at ease if he were an emperor, and often we have the impression he believes he is an emperor.

Senator Thériault: The people of Quebec, what do they think?

Senator Flynn: The people of Quebec? All you need do is observe all the political parties which are not in favour—oh, you mean about Mr. Trudeau! They have great admiration for him, no doubt about that. As a man he is interesting. He is interesting but extremely dangerous. I think one of the serious mistakes of Quebecers is to accept anything from Mr. Trudeau.

Let me put this question to you, Senator Thériault. If this proposed resolution were presented by Mr. Clark instead of Mr. Trudeau, what would you say to the people of Quebec? You would object. What would happen in Quebec, with three provincial parties squarely against, if it were Mr. Clark trying to have Quebecers swallow that? Of course, it takes Mr. Trudeau to make them swallow grass snakes. There is no doubt about that. He has done it before. That is why I was telling you about Machiavelli earlier—

Senator Thériault: Mr. Clark asked—

Senator Flynn: Certainly, but not with that type of leadership. Certainly not. You may crack jokes, that is your business. Be serious. Mr. Clark trying to make Quebecers accept something which is unanimously rejected by all provincial parties? Just try!

Obviously it is contempt on the part of Mr. Trudeau for the public opinion of western Canada and Quebec. Senator Manning spoke about reactions in the west. I feel that if anyone is qualified to speak about that it has to be Senator Manning. He is deeply worried about the reactions of the west towards the initiatives of Mr. Trudeau. It is a show of contempt toward western public opinion. It is a show of contempt for Quebec public opinion. The three provincial parties are not in favour of this measure. Yet he tells them to go the devil. "I am right despite all they can say." It is a demonstration of contempt for the British Parliament, because he takes for granted that the British Parliament will comply at once, and dutifully.

So in my opinion, especially since 1949, the Parliament of Westminster holds once again a position of trusteeship for the interests of the provinces in cases of constitutional amendment. There is also contempt for the possible consequences. If you have legal decisions stating the illegality of Mr. Trudeau's move, the fact that it was *ultra vires* and unconstitutional, and if these decisions were to come after the fact, you can see the problem. I say once again that in my opinion when the Parliament of Westminster acts according to section 7 of the statute of 1931, as amended in 1949, it is acting in conformity with Canadian law and it is subject both to Canadian law and Canadian courts.

In any event, the conclusion remains. In the Senate what do we do if we do not agree? I think that a large number do not support Mr. Trudeau's initiative because it is illegal, divisive and because it forces upon the provinces things they do not want.

In this case the role of the Senate becomes essential. Under those circumstances, we have a special responsibility. Once again, I cannot recall any time where the responsibility of the Senate has been so specific.

The government is proceeding unilaterally and, at least in my opinion, and certainly as concerns the spirit of the law, unconstitutionally. Furthermore, I am convinced that this procedure is unconstitutional according to the letter of the law.

The Senate must represent provincial interests. This has already been said. It has also been said that the Senate has never lived up to this role. Bill C-60 tried to replace us under the pretext that we had never really played our role, especially with respect to protecting regional interests and provincial rights.

The reports that have been submitted have repeated that the Senate must assume the responsibility of protecting provincial rights and regional interests. Honourable senators, I say that, under the circumstances, if we are unable to stand up and meet the challenge of the Right Honourable Mr. Trudeau or state that we are going to assume our responsibilities in this regard and reject this resolution, we shall have co-ratified it with Mr. Trudeau, because he has already signed our death warrant twice.

• (1640)

Hon. Pietro Rizzuto: Honourable senators, I support with some reservations the action taken by our government to patriate the Canadian Constitution.

Patriation would enable us first of all to become the masters of our own Constitution and to amend it as we may wish. Canada is the only country in the world whose Constitution is in the hands of another country.

A constitution is the foundation of the sovereignty of a nation, the doctrine on which its statutes and political institutions are based. It is only by patriating its Constitution that Canada will reach its full maturity and take its place among the other nations.

Honourable senators, as you can see, I also support the principle of patriating the Constitution, but my involvement with the linguistic problems of Quebec leads me to tell you of the difficulties which can come up if we do not amend section 23.

I believe that sections 22 and 23 aim only at protecting the rights of Canadians of French or English origin. They do nothing for those citizens whose mother tongue is neither English nor French, and yet, hundreds of thousands of Canadian citizens will be forced to accept a legislation which will change their everyday life.

Who are those people? They are people who came here several decades ago and others who were born here and who went to the same schools as the other Canadians, either English or French, but who are excluded from section 23. Why? Very simply because if we ask them what is the first

language that they have learned and still understand, they will have to reply either Italian, Greek, Polish, German, and so on.

What I find surprising is that the Right Honourable Prime Minister, with all his humanitarianism, told Quebecers last week in a speech before the Chamber of Commerce that he did not like Act 101 and that he found it unfair. What Mr. Trudeau must find unfair, I believe, is that the Quebec legislation does not allow all Canadians in the other provinces to enjoy the same rights.

I think Bill 101 respected the choice that all Quebecers had already made.

First, that children whose parents went to minority schools could register in the same schools.

Second, before Bill 101 had been adopted, when children were already in minority schools, other members of the family could register in those institutions.

The Right Honourable Mr. Trudeau is not aware of privileges granted to new Canadians living in Quebec under Bill 101 and which are not protected by clause 23.

In my opinion, we should guarantee to all Canadian citizens that their children can go either to French or English schools if their parents went to those schools.

In this way not only could we respect the rights of all Canadians but we would not have two classes of future immigrants.

The press have reported that we will create two classes of our future immigrants, but they did not mention that we will also create two classes of citizens because, indeed, they do not have the same economic and political power. However, some members of the House of Commons—including the Minister of Multiculturalism, Mr. Jim Fleming—have in their ridings as their constituents up to 35 percent of those people. Even though they live in the Toronto area and they have no education or language problems, they are not included under clause 23. Mr. Fleming must have responsibility for all new Canadians, and I hope he is aware that those in Quebec may lose their vested rights.

The only thing that seems to have concerned Mr. Jean Chrétien is that Canadian citizens could move between provinces and that their children could be instructed in the minority language in French or in English. That means that to enjoy that privilege the people concerned would have to move to another province.

Let us take, for example, a Canadian citizen living in Hull whose mother tongue is neither English nor French. To have the same rights according to the second subsection of clause 23, he would have to move and live for one year on this side of the river, that is in Ontario. Then he would go back to Hull and enjoy the same rights as those who moved to the Province of Quebec.

Under the provisions of clause 15, all fundamental rights of Canadian citizens will be protected, without discrimination because of origin, colour, religion, et cetera, and in order to abide by the provisions of clause 15, we will have to amend clause 23.

I hope that all the honourable senators who are sitting here will see that all rights of those Canadians will be guaranteed by clause 23. Here are the options that will essentially take into account the Canadian situation:

> 1. That any Canadian citizen who received his primary or secondary instruction in Canada, in French or in English, has the right to have his children registered in the school where he was instructed in all the Canadian provinces where the number of children of those citizens warrants the provision, out of public funds, of educational facilities in that language.
>
> 2. That any Canadian citizen, when one of his children is being or has been instructed in English or in French, has the right to have his other children receive their primary or secondary school instruction in that minority language either in French or English, everywhere in Canada, where the number of children of those citizens warrants the provision, out of public funds, of minority language educational facilities.

I should like to conclude by asking you, honourable senators, to ensure that the worldwide image of a Canada which is recognized for its humanitarian sense and the individual respect it gives to all its citizens be maintained.

I ask honourable senators, especially those who will be members of this joint committee, to be aware of the fact that some Canadian citizens are completely excluded from clause 23.

● (1650)

[*English*]

Hon. B. Alasdair Graham: Honourable senators, as others have said before me, we are participating in one of the most important debates in the history of this chamber and indeed in the history of our country. We are here with a shared pride in what Canada is and what Canada can become. We are here with a shared concern for the future of Canada in all of its regions. We are here with a shared determination to express our views each according to his or her own wisdom or conscience as to what is the best course for our country to follow with respect to our Constitution.

Against that background let me speak as a Canadian living in Nova Scotia. One hundred and thirteen years ago we went from a colony to a nation. We went from four provinces to 10 provinces and to two territories, and the immense continental shelf. We went from a population of three million to 23 million. At the time of our Constitution, 60 per cent of our population was Anglo-Saxon, people from the British Isles, and now that group represents only 40 per cent. Thirty per cent are those of French expression and 30 per cent are from other extractions and countries, many of whom made enormous contributions to building this nation. I recognize as well the legitimate aspirations of the native people and the place they have in the Canadian mosaic.

In the past five years I had the immense good fortune to travel to almost every corner of this country and to meet and become friends with people who proudly and properly represent the Ukrainians, the Germans, the Italians, the Polish, the Dutch, the Chinese, the native people—people from every race and country in the world, all of whom made an immense contribution to the building of Canada. I live in and love Nova Scotia. British Columbians live in and love British Columbia. Quebecers live in and love Quebec. But Canada is our country. It is a country whose beauty and immense wealth we wish to keep, to preserve intact and to strengthen for ourselves and our children wherever they may live.

Despite our origins or our linguistic differences, we all have one common denominator—we are Canadians. I believe, just as one loves his or her own family, that we can love Nova Scotia, Quebec, British Columbia and Canada passionately, but our provinces and our country are not mutually exclusive.

Ernest Renan, a philosopher who lived about a century ago, said that a nation is a referendum, a plebiscite, every day. He meant that a nation cannot exist unless it wants to exist as a nation and unless it acts as a nation. What we must have, honourable senators, is a collective will to live together.

● (1700)

When we think of the rights that we enjoy as Canadians, we tend to think of our fundamental freedoms and our basic democratic and legal rights. What first comes to mind is freedom of religion, freedom of thought, freedom of expression, of association, our right to vote, our right to liberty, our right to equality before the law and protection against unlawful imprisonment. But, we tend not to think of the economic rights that are so important to the well-being of all Canadians. One of those rights, the right to mobility, has been especially important to people from Atlantic Canada. That is why I am happy to see mobility rights included in this resolution.

For decades, maritimers and Newfoundlanders have been going to other parts of Canada to find work. We are not the only ones who have had to do that, of course. Ontarians moved, Albertans moved and British Columbians moved. One of the glories of Canada is the fact that when we see opportunities in this country we can go after them, wherever they may be.

At one time, those who left the Atlantic provinces went to the Boston states, as we used to call them. More recently they have gone to Ontario or to the west. Why is this so? Because Ontario and the west are in Canada, and a person does not need entry papers to get a job. That is something which I believe we have always taken for granted, and perhaps too much so. Lately we have seen attempts to raise barriers to that kind of movement in places such as Newfoundland, and, sadly, in my home province of Nova Scotia. Yet our provinces in the east are the ones who would suffer most from such barriers if they were put up by some of the wealthier provinces.

The great beauty of the right to mobility is underlined by what happened in the Atlantic provinces in the 1970s. People can migrate out, but they can also migrate in. In the past decade, thousands of people have moved to the Atlantic provinces, sufficient to balance the flow going elsewhere. Many of these people coming east are simply returning home after absences of years or, indeed, decades. But whether they are, to use the Newfoundland expression, if I may, "come from away, or return from away," they bring with them skills, knowledge and attitudes which we need in the Atlantic provinces. Without that movement, I believe we would go stale. We would never get the injection of new ideas which we need to remain vibrant as a society. I am not afraid of outsiders taking jobs from Nova Scotians. I say that probably because I know that we, as Nova Scotians, can learn from them. I say that partly because they are not outsiders at all, honourable senators, but are Canadians, just as we are all Canadians.

As a Nova Scotian, I must also say a few words about equalization. Equalization, to my mind, is an example of what Canada is all about, because it means sharing. It means that Canadians are not automatically disadvantaged solely by their place of birth or residence in terms of the essential public services available to them; it means that they are not forced to pull up their roots and move just so that they can get some schooling or adequate health care.

The principle of sharing has rightly received the widest consensus among the provincial governments. Some people may believe we do not need in the Constitution the provision to make those payments, to keep on sharing, but I believe that such a critical ingredient in the future of our national life is important enough that it should be enshrined in our Constitution. Constitutions, by their very nature, tell us and tell others what kind of people we are. Equalization is one of the things Canada's Constitution should be saying. In a very real sense the Constitution should be saying that we are more than Nova Scotians, we are more than Quebecers, we are more than Ontarians or Albertans. It should be saying that we are Canadians, and that because we are Canadians we help each other when we need help.

For years now Nova Scotians have been receiving help from other Canadians in the form of equalization. It is a matter of record that in the difficult days of the "hungry thirties" Nova Scotians and maritimers generally shared in a very meaningful way with their fellow Canadians in western Canada. In those years the economic cycle moved more in favour of the more easterly regions, a situation which, as you know, has completely reversed itself in the intervening half century. But if there is one thing that we have in abundance in Nova Scotia, it is optimism. We know that someday we will be able to return the favour again. When that day comes, I know that there will be no one in Canada prouder to make a contribution to this country, no one more ready to share his or her benefits, than a Nova Scotian.

In that context, I must say something about resources. All of us in Nova Scotia are watching with keen interest the exploration work that is being conducted off our shores. Some of my fellow Nova Scotians are firmly convinced that offshore resources should be treated in the same manner as onshore resources. However, I do not happen to share that view. The

only reason, in my judgment, that we have the clear right to exploit the material resources off our coast is that Canada, not Nova Scotia, went out and acquired that right through negotiation. It did so, not on behalf solely of just the residents of coastal provinces such as Nova Scotia, but it did so on behalf of all Canadians. Even so, the Government of Canada made to the coastal provinces a very reasonable offer at the First Ministers' Conference. It did so because of a serious economic situation in the Atlantic provinces, and because the development of offshore mineral resources will be so important for the people of Atlantic Canada. The federal government proposed that revenues from offshore resources be treated—that is, distributed—in the same manner as are revenues from onshore resources. It suggested that this continue to happen until the coastal provinces became sufficiently affluent to be considered so-called "have" provinces, and when that happened they would begin to share their wealth with other Canadians.

I have been following with a great deal of interest statements made by the Premier of Nova Scotia to the effect that the governments of Canada and Nova Scotia were close to an agreement, and that he is still hopeful that an agreement can be reached. I said earlier that Nova Scotians are optimistic, and I share Premier Buchanan's hope. There is no question that the federal government's offer is a reasonable basis on which to build an accord on the question of offshore resources. I am satisfied that the Government of Canada will be eminently fair in ensuring that the people of my province are given the best possible advantage in the final disposition of this very difficult problem.

The offshore frontier is an area where both levels of government can and should work together. It is an area where each level of government has responsibilities to its people, from which each level of government can draw benefits for its people. It should not be an arena of continuing discord between the two, because there is simply too much at stake for that.

[*Translation*]

This year we are witnessing a historical event of great significance for my province, Nova Scotia. It was 375 years ago that remarkable men settled in that region; they created Acadia. Their descendants can be found throughout the province in appreciable numbers.

● (1710)

[*English*]

From Yarmouth in Digby County and Nova Scotia's western tip to Antigonish on the eastern mainland, and Inverness and Richmond Counties on my own Cape Breton Island, in recent years, the young people, as is the habit of young people everywhere, have migrated to the cities. As you walk through downtown Halifax, or shop at its stores or eat in its restaurants, you can frequently hear the voices of those descendants of the French pioneers still speaking French.

It has not been easy for the Acadians. This year, as I have said, we have been celebrating 375 years of French presence in Nova Scotia. But what we have not been celebrating is another anniversary, the 225th anniversary of the expulsion of the Acadians by the British in 1755. But I know that Acadians have been remembering that date well.

Their ancestors' attachment to l'Acadie was so strong that they came back. The story is told in Nova Scotia of 335 Acadian families who are said to have walked from Boston to Digby. I presume they took boats for the last leg of their journey. That was in the summer of 1768, just 13 years after the expulsion.

[*Translation*]

They survived by chance, but they survived.

They built a country to reflect that dream. It was a long and painstaking undertaking.

Each generation has carried its share of the burden and reaped its share of satisfaction.

[*English*]

They did so within an educational system that was basically anglophone. Today, through the resolution that we are debating, we have the opportunity to guarantee the rights of the Acadians to educate their children in the French language.

There are French schools in Nova Scotia, to be sure—even a French language university. But now, honourable senators, if this resolution passes, they will have legal recourse should that kind of education ever be jeopardized. I suggest the Acadians have been extraordinarily patient, and I believe that this patience deserves vindication.

Honourable senators, Nova Scotia has been a part of Canada since it began in 1867. Our history within Confederation has been a proud one, but not always a prosperous one. We are as proud to be Canadians as we are to be Nova Scotians. We share, with other Canadians, no matter where they live, the desire to have a Constitution that is ours—ours to write and ours to rewrite, as the necessity arises. Perhaps more than Canadians in some other provinces, Nova Scotians feel strong ties with Great Britain. Yet, we want to put an end to this hangover of colonialism, this embarrassing situation in which our Constitution is a law of a foreign Parliament.

Nova Scotians actually have a longer history of wanting to run their own affairs than perhaps any other Canadians. After all, my province was granted its own representative assembly in 1758, a mere nine years after the first English settlers sailed into Halifax harbour. That first assembly, more than 300 years ago, was the first halting step on the road to full self-government, the first transfer of authority from London to a part of what is now Canada. The resolution we are considering today, hopefully, is the last. The patriation of Canada's Constitution has been a long time coming; but finally we must be able to say: We run our affairs. We run all our affairs.

Surely by now we have the maturity to resolve our own differences here in Canada. The resolution we are considering today, I believe, is a statement of that maturity.

On motion of Senator Argue, debate adjourned.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Leave having been given to revert to Notices of Motion:

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting tomorrow, Tuesday, October 28, 1980, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Before moving the adjournment, I wonder if I might give honourable senators some indication of what is expected for this week.

As honourable senators know, had we sat until 6 o'clock it would have meant that we would have continued the sitting this evening. I mentioned last week that we might wish to sit this evening. However, we have had some discussion about the business for this week and it is hoped that we can complete debate on the constitutional proposal by the end of the week. We would like to work towards that, in any event, and have discussed that objective with the Leader of the Opposition. While we do not intend to sit this evening, we hope that we will be able to sit every afternoon from 2 o'clock to about 6 o'clock, including Friday, if necessary. That will depend on how things stand on Thursday.

That is the plan for the week. Unless there are questions, I move that the Senate do now adjourn.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, October 28, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

PRIVATE BILL

CANADIAN MERCHANT SERVICE GUILD—FIRST READING

Hon. Charles McElman presented Bill S-12, respecting the Canadian Merchant Service Guild.

Bill read first time.

Senator McElman moved that the bill be placed on the Orders of the Day for second reading Thursday next.

Motion agreed to.

AGRICULTURE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

[*Translation*]

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Standing Senate Committee on Agriculture have power to sit at 4.30 o'clock in the afternoon on Wednesday, October 29, 1980, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE CONSTITUTION DEBATE

PROCEDURE RESPECTING REPORT OF PROPOSED SPECIAL JOINT COMMITTEE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, yesterday during Question Period I offered to provide a statement respecting the procedures which have been launched by the government with respect to its constitutional proposals. With leave, I would appreciate the opportunity to present that statement at this time.

● (1405)

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Perrault: The government had two choices of procedure in seeking the approval of the Senate and of the House of Commons for a Joint Address, the first of which was to proceed directly with a motion for approval by each chamber of the text of the Joint Address. I mentioned that yesterday. This procedure would have involved using the government majorities in both chambers to achieve the passage of a resolution, without the possibility of the general public participating in the process.

The second procedure was a three-stage one, the first stage of which could be the establishment of a joint committee—and that is where we are at the present time. We have received a message from the other place asking us to participate with them in the formation of a joint committee.

The second stage would be consideration of a proposed resolution by that joint committee. That committee, assuming that the traditional ratio prevailed, would be made up of 15 members from the Commons and 10 members from the Senate. The committee would then proceed to invite certain individuals and groups to testify. I suggested yesterday some of the groups which, in my personal view, should be invited. But that is for the committee to decide once it is established.

The third stage of procedure would be the review and, if considered appropriate, approval of the work of the joint committee by both houses. In other words, the joint committee would report back to the Senate and to the House of Commons and ask for approval of its report.

The last of these three stages would provide a full opportunity for detailed debate of the text of the report of that special joint committee in both houses. Again, we are not in the position of anticipating what the committee might do. We are not sure at this stage what the committee might propose in its report.

The second option was chosen by the government because, first, it provides greater opportunity for public input and, second, it provides a flexible forum for detailed study. The three-stage procedure, though longer, is, in the view of the government, fairer to the people, and fairer, as well, to both houses of Parliament.

I mentioned yesterday that at least one provincial premier has indicated a desire to testify before such a joint committee of the Senate and the House of Commons should one be established. I also mentioned yesterday that native organizations, women's organizations, and human rights organizations have also indicated a desire to appear. In any event, the government believes that opportunity for public input constitutes a procedure that is fairer to both houses of Parliament and to the people of Canada.

The complex procedures that have caused concern in this chamber arise, I think, from two sources: first, the normal procedure in dealing with a report from a special joint committee; and, second, the fact that the Joint Address can neither be amended nor approved without the concurrence of members of both houses. In the latter respect, the text of the Joint Address is treated no differently from the text of proposed legislation.

• (1410)

These procedures, as complex as they may seem to be to some honourable senators, do not, however, prevent the Senate and the other place from amending the Joint Address. They do not remove in any way the requirement that both chambers explicitly approve a Joint Address before it is sent to Her Majesty. Unless the Senate approves the Joint Address, it cannot be sent to London.

It is felt by the government that this procedure, as involved as it may be, is a small price to pay for the openness and flexibility of committee proceedings. I would remind honourable senators, of course, as is the usual practice, that all parties are going to be represented on that committee, including the official opposition both in the Senate and the other place, and also members of the New Democratic Party. Moreover, the Senate is master of its own procedures, although it must act—

Some Hon. Senators: Hear, hear.

Senator Perrault: I am gratified to hear some applause for something I have said in recent days.

Senator Flynn: It is a change.

Senator Perrault: Moreover the Senate is the master of its own procedures, though it must act in a way that allows it to act jointly with the House of Commons on this matter, as in the case of any legislation or joint resolution.

A question has been asked as to whether the Senate can amend the proposed resolution. First, the special joint committee can amend the proposed resolution as it sees fit, subject to the rules applying to all committees. I hear a comment from the Leader of the Opposition who has raised an interesting point, and presumably one of his members may wish to speak to that point in the course of the debate. But let me repeat that the special joint committee can amend the proposed resolution as it sees fit, subject to the rules applying to all committees. Senators will be voting members of that committee. Some senators will say, of course, that we do not have a majority on the committee. Well, it is unrealistic to assume that we should have a majority, and the traditional balance for joint committees of this kind is being suggested for this proposed joint committee.

Secondly, the Senate can act to amend the text that may be reported out of the committee by—and these are the procedures—moving that the special joint committee be revived, and by instructing the special joint committee to consider amending the text in the way the Senate specifies. So when the report of the special joint committee comes back to the Senate, senators will be able to engage in a debate, propose amendments to that report, propose changes in the report, changes in wording, changes in the Address to Her Majesty the Queen, and changes in the draft bill which is an integral part, indeed, the essence of the Address to Her Majesty. These Senate proposals, these amendments, if adopted by the Senate, would be referred back to the special joint committee for consideration. The committee could only be revived in this way and for this purpose, if the other place concurs. Of course, concurrence in any amendment made by the Senate is necessary, where approval of both houses for a measure is required.

• (1415)

The question may be asked: Is the approval of a committee report sufficient authority for asking the Queen to act? The answer depends on the wording of the committee report. If the committee report recommends, and I quote these words:: "That a Joint Address be sent to Her Majesty in the following terms," approval of such a report is felt to be adequate authority to ask Her Majesty the Queen to act. If the words recommend some other course of action, they may not provide sufficient authority, and a fourth stage might become necessary to seek the approval of the Senate and the House for a Joint Address. For example, senators may ask the question: What if the words recommend some other course of action? For example, the committee might recommend that the government present motions to the Commons and to the Senate proposing a detailed study of the measure. Before the address is adopted, that process would be somewhat equivalent to a clause-by-clause study and consideration of the Address. But again it is for the joint committee to decide how its report might be framed.

With respect to questions which may arise in the course of this debate, may I make this offer: If honourable senators have questions relating to certain technical details of this Address to Her Majesty, I will be more than pleased to assist them in understanding better those proposals. I am not suggesting that these questions should necessarily be raised in the Senate, although there is no prohibition against that; but if I or my office can be of help in providing information for honourable senators, we will be as helpful as we can. I realize that some of the procedures in this instance are unfamiliar to most senators and, naturally, technical questions may arise.

I should like to deal now with some of the specific questions I was asked yesterday outside the subject areas I have dealt with to this point. In response to a question by the Honourable Senator George McIlraith, I can assure the Senate that the final resolution will not be sent to Westminster without the approval of both houses of Parliament.

In response to Honourable Senator Smith's question about dealing with amendments now, as I suggested yesterday, that has been discussed with procedural authorities and advisers, and it is impossible because the motion before us does not deal with the substance of the resolution but asks us to concur with the other place in establishing a special joint committee. The Joint Address can, of course, be amended in committee or during the third stage, which is when the joint committee report comes back to the Senate for consideration.

What is before us now is nothing more than the establishment of a joint committee.

Senator Flynn: Oh, no, no! No, no! Don't push!

Senator Perrault: In response to the Honourable Senator Riley's question, the Right Honourable the Prime Minister's letter to Mr. Broadbent does indeed constitute a commitment to support an amendment within the limits outlined by the Prime Minister in his letter. Again I suggested that yesterday, and I reiterate it today.

With reference to the questions concerning special joint committees, Senators Buckwold and Guay inquired about representations to be made before the special joint committee. That committee, of course, will be master of its own proceedings, as all of us are aware, subject to the rules that apply to committees in general and to the orders of reference establishing it, which give to it its specific mandate and reporting date. The committee will determine who it will call as its witnesses and who will be invited to make representations.

● (1420)

All honourable senators know, however, that, as is customary in committee proceedings, they are entitled by the rules and by tradition to participate in the committee proceedings, but they cannot, of course, vote or move amendments. Senators who are not members of the committee are invited to participate in the committee's activities to the extent that they have enjoyed those privileges in the past. Honourable senators may therefore feel assured on this point.

As for Senator Roblin's suggestion that the report stage be considered in Committee of the Whole, the Senate is master of its own procedure and the government would be willing to consider that possibility down the road.

I believe that most of the matters raised yesterday have been answered. I know that there will still be questions in the minds of certain senators, but I would urge them to accept the sincerity of the government that it welcomes a discussion of all aspects of this historic national initiative.

We hope that honourable senators will see the merit in referring this matter to a joint committee as quickly as possible. Their participation in the debate and dialogue is invited. We are engaged in an important initiative which has historical implications. It should evoke the best efforts of every member of this chamber.

Some Hon. Senators: Hear, hear.

Hon. Richard A. Donahoe: Honourable senators, I came into this chamber this afternoon prepared to ask the Leader of the Government a question. He rose in his place to make a statement, in the course of which I felt he had answered my question—not to my satisfaction but at least to my understanding. Then, as he concluded his remarks, he purported to provide an answer to a question posed on another day by Senator McIlraith.

On that occasion, in reply to Senator McIlraith's question, he said that the resolution would not be sent to Westminster without the approval of both houses. My question was to be: Whereas the government has stated—and the Leader of the Government reiterated this this afternoon—that if the report of the joint committee looking into the constitutional resolution is in proper form, then the concurrence motion will constitute the Joint Address itself.

I understood the leader to say that that was the fact, that the only chance we were going to have to vote on the resolution was by voting concurrence in the report of the committee—

Senator Perrault: No, no. I am pleased to give the assurance that my reference in the statement I made earlier does not suggest that there is a procedure by which the Senate can effectively be circumvented. If, for example, the report from the committee suggests that there be no change in the Joint Address to Her Majesty, it does not mean that the Senate would not be able to debate the report or to suggest that certain changes or amendments be made. The Senate would have the power and the right to initiate action here and to have the report, with suggested changes, referred back to the joint committee for further consideration and action.

● (1425)

Hon. Andrew Thompson: Honourable senators, I have a question for the Leader of the Government, but before I ask it I would like to say how much I appreciate the comprehensive explanation he has given concerning the questions that have troubled us.

My question—and I do not know if the leader would want to answer it at this time or bring back a reply later—is as follows. As I understand it, after the committee reports back to this house, then, if there is an amendment by the Senate, in order for it to be referred back to the joint committee, it is necessary for the joint committee to be revitalized and there must be concurrence by both houses. If it should be that there were no concurrence from both houses, and we did move an amendment, what would happen to that amendment?

Senator Perrault: Our rules of procedure require concurrence of the other house for the re-establishment of a joint committee for the purpose of considering Senate amendments. Should the other place find itself in a similar situation, in my opinion, in most circumstances the Senate would concur in the re-establishment of the joint committee. If, for example, there were an initiative on the part of members of the Commons to have serious concerns referred back to the joint committee, I think it can be said that the Senate would consent readily to having that joint committee re-established. I can think of no circumstances in which that committee would not be re-established for good reason as a result of a request to the Commons from the Senate and vice versa.

Senator Donahoe: Honourable senators, in the light of what has just been said, I have a supplementary question. Does the Leader of the Government believe that concurrence by the Senate in a committee report concerning a proposed resolution can be taken, under parliamentary law or practice, as being equal to the direct passage of a resolution for a Joint Address?

I may say, before you get to your feet, that I am not asking for a legal opinion; I am asking to know the state of your mind.

Senator Murray: That will take a week of amendments.

Senator Perrault: Honourable senators, it seems to me that there is a substantial amount of credibility in a procedural and legal action which would see the Joint Address to Her Majesty supported by majorities in both the Senate and the Commons. If the Address to Her Majesty is accorded majority support in the Senate and majority support in the other place, that would be a rather persuasive and convincing indication of the views of Parliament.

Senator Donahoe: A further supplementary, if I may. If I understand what the honourable leader is saying, he is telling us that the indirect process of discussing a document containing a resolution can suddenly become legally binding as an expression of the Senate's support for the resolution itself.

Senator Perrault: Honourable senators, I think we are getting into the area of disputation. I have presented my statement. I have suggested that another option existed, namely, the option of bringing in a motion for debate in the Senate and the other place and, by simple majority vote, passing it without an opportunity for committee study. The route the government has chosen is infinitely more democratic than the alternative.

Senator Donahoe: If that course of action should be followed, is the honourable gentleman undertaking that the members on his side of the chamber will vote in support of that procedure?

Senator Perrault: Honourable senators, in a sense that is a reflection on the integrity of the members who support the government.

Senator Donahoe: Not in the least.

Senator Perrault: I would not want to dignify that suggestion with a long and laboured reply. Those who serve on this side of the house have demonstrated in the past their capacity, their ability and their respect for parliamentary traditions.

Hon. Jacques Flynn (Leader of the Opposition): In the event the government should intend to consider a vote on concurrence in the report as approval of the resolution itself, would the Leader of the Government undertake to tell us so before that vote is taken, and not interpret it as such afterwards?

● (1430)

Senator Roblin: Honourable senators—

Senator Flynn: I should like to get a reply to my question.

Senator Perrault: Honourable senators, I would not anticipate what the committee may wish to do.

Senator Flynn: You don't understand what I asked. I said that in the event the government intends to consider concurrence in the report as adoption of the resolution itself, would the government tell the Senate and the House of Commons in advance of concurrence in the report being considered that that is how it will be interpreted?

Senator Perrault: Honourable senators, that is a hypothetical question.

Senator Flynn: Not at all.

[Senator Murray.]

Senator Perrault: Yes, it is hypothetical. The Leader of the Opposition asked if the government would regard concurrence in the joint committee report as adoption of the resolution. The government has stated that the report would be reported back to the Senate and to the Commons for consideration, debate and a vote. The majority in Parliament would decide whether that report was adequate or that changes should be made. This is the way it is suggested that we proceed.

Senator Flynn: Tomorrow, once the Leader of the Government has had an opportunity to look at the record of what I have said, he may be able to understand my question and give an appropriate answer.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I listened to my honourable friend's statement of intention, and I am not entirely sure that I completely grasped it.

Senator Flynn: He himself did not.

Senator Roblin: I was encouraged when he started out by saying that the Joint Address would be treated no differently from regular legislation. That sounded fine. Then he went on to tell us that it would. I really do not know if he meant what he said in the first place or if he was not quite sure how he should express it.

Senator Flynn: He speaks out of both sides of his mouth.

Senator Roblin: My point is this: He has left me with the impression that it is possible for the committee to report its work in such a way to this house that it would not provide an opportunity for a clause-by-clause discussion of the items contained in the report in Committee of the Whole, a procedure that I have been advocating in this chamber. Do I understand that correctly? If I am wrong, will my honourable friend give me the assurance that no matter in what form the report comes here, we will have a chance, in a sense, to dissect it?

Senator Perrault: The opportunity to dissect this joint report will be available to the Senate. I believe that was part of my statement. I can conceive of no report issuing from the committee which would suggest that the House of Commons and the Senate shall not have the right to make any detailed critique or criticism of the report or the contents of the proposed Joint Address to Her Majesty the Queen. To my mind, that would be an inconceivable circumstance.

I would expect members of the opposition to feel free to speak about the resolution and the Joint Address in some detail when we come to the third stage. I do not anticipate proposing any motion on behalf of the government to restrict the honourable senator's right to say as much about the Joint Address as he may wish to say.

Senator Roblin: I am sorry that I am so obtuse. I tried to make my point clear, and I tried to make the same point clear yesterday, but obviously without success. I know I will be able to talk about it, but my point is: Where will I be able to deal with amendments to specific portions of the resolution in the same way as is done in Committee of the Whole?

I should like to get an undertaking from my honourable friend that in whatever form the report appears on our desks, when there is one, we will have an opportunity to amend the resolution in the same style as we do in Committee of the Whole and in the same style as can be done in regular legislation as the minister said would be the case.

● (1435)

Senator Perrault: Honourable senators, if there is a request by the honourable senator that there be a Committee of the Whole stage where clause by clause we can consider the Address to Her Majesty, which includes proposed constitutional amendments, I do not believe that at this time I can give assurances of formal Committee of the Whole consideration—but equivalent opportunities, I suggest, will be provided. In other words, if any honourable senator wishes to amend a certain section, that senator would have the right to rise in his place and make a motion to amend. The Senate then would have the right and the opportunity to debate such a motion and to discuss that proposal to change the Address to Her Majesty. The motion would be subject to voting procedures in the house. There would be no barrier to that kind of procedure. It would be the Senate acting, as it has in the past, as master of its own rules. If the senator wishes to launch that kind of endeavour, I want to assure him that he will enjoy the full co-operation of the government.

Senator Roblin: I am never very comfortable with the ad hoc procedures that are invented by my honourable friend on the spur of the moment, as I rather suspect he has been doing for the last little while. However, I guess I am not going to get much out of him today so I will have to be content with the observation that maybe he has moved a little way in my direction, so I appreciate that. I would like him, however, to deal a little more with the question of the revival of the committee. He has told us that he would regard it as a matter of courtesy that the other house would agree to a revival of the committee if it were recommended by this chamber. Would it be the policy of the government to advise the other house and this chamber to agree to a revival of the committee should either house request it? There is a difference between policy and my honourable friend's opinion.

Senator Perrault: Honourable senators, that question will be taken as notice, but as I said earlier, I would regard it as a courtesy that this place would extend to the House of Commons should a similar circumstance occur over there.

Senator Roblin: I should hope so.

Hon. John M. Godfrey: Honourable senators, I direct a question to the Leader of the Government. He referred to the greater opportunity the public will have for input by having this matter referred to a committee. I received representations from one organization pointing out that in one respect the public will not be able to participate as much because the proceedings will not be televised as are the debates in the House of Commons. My question is: Is the government considering the possibility of televising the committee's proceedings? If the proceedings are not to be televised, will they at least be videotaped? This is a very historic occasion and there should be a videotape made of the proceedings.

Senator Perrault: Consideration is being given to the possibility of telecasting the proceedings in living colour.

MEETING OF CANADIAN CABINET MINISTERS WITH BRITISH PRIME MINISTER

[*Translation*]

Hon. Martial Asselin: Honourable senators, I would like to put a question to the government leader. When the two ministers of the federal government, Mr. Roberts and Mr. MacGuigan, went to London to meet with representatives of the British government, was there during the discussions a recommendation made by the British Prime Minister to the effect that the Address presented by the Parliament of Canada would be acceptable if the said Address did not contain a Charter of Rights?

● (1440)

[*English*]

Senator Perrault: Honourable senators, I must take that question as notice. As far as my understanding goes, I do not know whether that was discussed.

STATEMENT BY PREMIER OF SASKATCHEWAN

Hon. Duff Roblin (Deputy Leader of the Opposition): I should like to ask the Leader of the Government in this house a question in connection with the statement made last night by the Premier of Saskatchewan, in which he indicated several factors of concern to him in the present constitutional package, and on which he expressed an opinion that varied somewhat from the policy so far laid down. Is it the intention of the Government of Canada to respond publicly to Mr. Blakeney's initiatives in this respect.

Hon. Raymond J. Perrault (Leader of the Government): That question will be taken as notice.

MEETING OF CANADIAN CABINET MINISTERS WITH BRITISH PRIME MINISTER

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have some information that has just been handed to me with respect to the situation in the United Kingdom, at least in partial answer to Senator Asselin's previous question.

No United Kingdom minister has ever requested Canada to modify the substance of its constitutional package. It is inconceivable that the United Kingdom government, given its respect for the constitutional conventions between our two Parliaments, would do so. In fact, only yesterday Lord Hailsham, the Lord Chancellor, confirmed in the House of Lords that there is no change in the constitutional position of the United Kingdom government; that it would be in accordance with precedent for the United Kingdom government to introduce in the United Kingdom Parliament, and for Parlia-

ment to enact, legislation complying with a Canadian request to patriate.

Senator Asselin: Patriate? And amend?

Hon. G. I. Smith: I should like to ask the Leader of the Government a question which I suppose might be considered supplementary to that. I have in my hand what is purported to be a quotation from the Manchester *Guardian* of yesterday. I am sure the Leader of the Government will agree with me that that is one of the more respected newspapers in the United Kingdom. It reports a senior minister of the United Kingdom government as saying:

> —"that if the present discussions with Mr. Pierre Trudeau's Liberal Government failed to persuade the Canadians to withdraw their request for a Bill of Rights, there would be a major hold-up in legislation planned for the new parliamentary session."
>
> "It could wreck the whole thing," the minister is quoted as saying.

Senator Thompson: What is the name of the minister?

Senator Smith: I am just quoting what is in the report that I have before me. My question is simply whether or not this report has come to the attention of the government, and whether they believe there is anything valid in the alleged quotation.

Senator Perrault: Perhaps the Honourable Senator Smith would be willing to provide us with the name of the unnamed minister, if he has that information. We would be glad to know that as well.

Senator Smith: I would do so gladly if I had it. I was merely quoting what is alleged to have appeared in the Manchester *Guardian*. I would be glad to send it across to the Leader of the Government.

Senator Perrault: Honourable senators, I am aware of the article. The *Guardian* article was by an anonymous writer, purporting to have had a conversation with an anonymous minister, and I question the value of interviews of that quality. However, it can be said that no minister of the British Crown has ever asked this country to modify the substance of its constitutional package.

Senator Flynn: Not as yet.

[*Translation*]

Senator Asselin: Honourable senators, I would like to point out to the Leader of the Government that perhaps we should also question the comments made by the CBC reporter in London who yesterday repeated the same story and the same facts, namely that ministers of the British government had indicated that if the resolution included a charter of rights that part of the resolution might be sent back and they would simply patriate the Constitution with or without amendment.

[*English*]

Senator Perrault: It may be helpful, honourable senators, if some of these reports were to quote the names of the ministers in question, and if, in fact, the ministers holding these views, say whether they are prepared to state them publicly. Nothing of that kind has been said in any conversations with Canadian officials or ministers. I think that all members of the Senate and of the other place, and Canadians generally, would resent very much an attempt by another Parliament to frustrate efforts by Canadians to patriate their Constitution.

THE BUDGET

ALLEGED STATEMENT ON NATURAL GAS EXPORT TAX BY MINISTER OF STATE FOR ECONOMIC DEVELOPMENT

Hon. Lowell Murray: Honourable senators, I have a question for the Minister of State for Economic Development arising out of a statement attributed to him in Calgary the other day concerning tonight's budget. The newspaper report says:

> If an export tax on natural gas is contained in Tuesday's federal budget, it could be moderated in the future providing Alberta and Ottawa agree on an energy-pricing package, Senator Bud Olson says.

Then the direct quotation that is attributed to the minister is as follows:

> Whatever comes out of the budget, we'll leave the door wide open if the producing provinces want to come to the table and are willing to give a little. If any (pricing) agreement is reached some time in the future, we would adjust some things in the budget.

My question is this: Is it now the policy of the Government of Canada, and will it be the practice of Mr. MacEachen when introducing tax measures, simply to be launching trial balloons and chips for further negotiation with the provinces, the private sector or other players in the Canadian economy?

Hon. H. A. Olson (Minister of State for Economic Development): No, honourable senators, it is not, and that is an erroneous, or at least a misinterpretation—

Senator Murray: They have misquoted you again.

Senator Olson: No, it is not a misquote. I never complain about being misquoted.

Senator Roblin: Hardly ever.

Senator Olson: I know that I am very often misinterpreted, and by honourable gentlemen opposite—

Senator Roblin: Consistently.

Senator Olson: —who are making a profession out of that.

Senator Murray: Don't be so thin-skinned.

Senator Olson: I understand that, because I occupied an opposition seat in this chamber for some time. To get back to the substance of what is involved in what is raised by Senator Murray, I said also—and perhaps you should quote that too—that I regret that we have to be in the position of bringing in a federal budget in the absence of an energy agreement, especially a pricing agreement with respect to the producing provinces. Perhaps it is not even in the article, but I was there

and I distinctly remember saying it at least four or five times in Alberta over the weekend.

Senator Murray: Unfortunately the Toronto *Star* did not think it worthy of quotation.

Senator Olson: The Toronto *Star* probably wasn't there. There are a few things that happen in this country outside of Toronto. What I want to point out is that the federal government today, and last Friday too, were in the business of having to prepare a budget in the absence of an agreement, where it hoped there would be an agreement, and we want it to be clearly stated that if and when the producing provinces and the federal government do come to a position of agreeing to a package involving energy prices and all that—and it is much more complicated than simply that; there is revenue-sharing and that sort of thing—then obviously if we agreed to it we would modify what we are now unfortunately in the position of having to bring in, namely, a budget without an agreement.

● (1450)

My honourable friend really ought to know about that, because that is where his friends found themselves on December 11 last year.

Hon. G. I. Smith: Does the minister not find himself in the position of criticizing as useless any government which would get involved in that sort of thing?

Senator Perrault: Order!

TRANSPORT

CHURCHILL—GRAIN SHIPMENTS

Hon. Paul Yuzyk: Honourable senators, we would like Senator Argue to know that we have not forgotten him.

During this crop year, the Port of Churchill has shipped only 47 per cent of the amount shipped during 1979, and only 39 per cent of the budgeted amount for this year. May I first ask the minister responsible for the Canadian Wheat Board to guarantee to this chamber, including the members of Her Majesty's loyal opposition, that 30 million bushels of grain per year will be shipped through the Port of Churchill? As the minister knows, this will only cover the operating costs, and not the capital costs, of that port.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, in response to Senator Yuzyk's question, I can say that he is certainly correct when he says that the Port of Churchill had a lower volume of grain going through it this year than last year. That arose because of special circumstances, the main one being the drought. The effect of the drought resulted in farmers keeping stocks at home on their farms that they would have otherwise been able to sell. The Canadian Wheat Board, especially in the earlier part of the year, found it impossible to move grain to that port. At a later time, emergency steps were taken by the Canadian Wheat Board to at least provide a flow of grain through the Port of Churchill, and, as has been suggested, this came up to perhaps less than half of what had been shipped through the Port of Churchill last year.

I do not think that as the minister responsible for the Canadian Wheat Board I am in a position to guarantee certain shipments through the Port of Churchill. I think it would be foolish if I were to go on the record that way, because no one is able to forecast the kinds of crops which might come forth next year, the kinds of grades that will be available in relation to the demand, what particular transactions may be made by the Canadian Wheat Board in the interest of the producers whom they serve, or what transactions could easily be shipped through the Port of Churchill.

However, I do wish to say to my honourable friend that, unlike others I have read about in the press in the past—and I won't mention names—I am a supporter of the Port of Churchill. I think it is valuable to Canada; I think it should be kept in operation. It is also fair to say that the only thing that keeps the Port of Churchill in operation is grants from the federal government to the National Harbours Board, other grants, as well as the business done by the Canadian Wheat Board through that port.

I think my honourable friend and I should both say to the Province of Manitoba, to the Province of Saskatchewan, in particular, and perhaps even to the Province of Alberta, that we should all look at Churchill to see what can be done to encourage the shipment of other goods through that port.

The Minister of Agriculture for Saskatchewan, the Honourable Gordon MacMurchy, says that he is greatly in favour of Churchill. He makes fine speeches in favour of the port, but there has been virtually no action taken. Saskatchewan, of course, is a major potash producer. That is a tremendous industry and it is growing rapidly. It would be nice if we could look at the possibility of using the Port of Churchill for the shipment of potash.

However, I cannot guarantee to my honourable friend that there will be 500,000 tonnes or 600,000 tonnes put through the Port of Churchill. I think everyone who has an interest in Churchill should do everything possible to see that the port is maintained, and that substantial shipments of grain are made through it.

Senator Yuzyk: Can the minister give assurances that next year's program will be met, or tell us what action he is contemplating to carry out a program whereby deliveries will be made through the Port of Churchill?

Senator Argue: I do not think I can say more than what I have said. Contracts will be made, I am sure, for shipments of grain through that port. However, they will depend upon the demand of the customers, the availability of ships coming into that port at a particular time of the year, the Canadian Wheat Board's being able to find the stocks, and the railways being able to ship them and put them in place at the Port of Churchill.

All I can say is that I will use whatever influence I have to support the Port of Churchill in a general and broad way.

However, to provide a certain guarantee, when there cannot be a guarantee, would be foolish on my part.

I should like to see the Advisory Committee to the Canadian Wheat Board—who are, after all, the elected producers—take a look at the Port of Churchill. I would be happy to see grain going through that port even if it meant somewhat less income per bushel to the farmers, because over the years I think it would add to the farmers' income. I do not think we should be fair weather friends of Churchill, but that we should stand behind that port in good seasons and bad seasons. However, I cannot guarantee it in an absolute way.

Senator Yuzyk: Of course, we hope you will put your words into action.

Senator Perrault: He has already done so in the past.

Senator Olson: That is his record of performance.

Senator Yuzyk: I have one further question. The minister and all of us are aware that the Port of Churchill is icebound for a great part of the year. There is the possibility, of course, of opening the port earlier if icebreakers are used. Is the minister planning to make the port more serviceable and operational by making use of icebreakers or ships of that kind?

Senator Argue: Canada has, of course, the *M.V. Arctic*, a modern icebreaking ship. As I understand it, that ship is also capable of carrying cargo. The Minister of Transport, the Honourable Jean-Luc Pepin, has been most co-operative in doing everything he can to make that icebreaker available for use at that port to break ice, to bring in shipments, or to do whatever is needed. The use of an icebreaker at a given time is of no value unless there are ships that want to enter the port to pick up grain.

I can tell my honourable friend that if the Canadian Wheat Board says they can use the Port of Churchill at a given time only if the *M.V. Arctic* is there, then I believe the Minister of Transport would consider a request for icebreaking sympathetically. I would hope and expect that he would react favourably to such a request. I would be happy to give to Mr. Pepin at any given time the information that comes to me, and make a recommendation to that effect, and I would be optimistic as to the result.

VANCOUVER—SHIPMENT OF GRAIN FROM SOUTHERN ALBERTA

Hon. Earl A. Hastings: Honourable senators, my question is also to the Minister of State for the Canadian Wheat Board, and it pertains to the Port of Vancouver and the delivery of grain from southern Alberta. I am wondering whether the minister has anything further to report to us with respect to the movement of grain from southern Alberta to the Port of Vancouver after the meetings of union officers in Winnipeg on October 20, and the application before the Board of Industrial Relations, on October 23.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I have not heard the result of that inquiry. I do not know whether it has concluded or not. It had not concluded as of yesterday. Therefore, I am not able to answer my honourable friend's question with regard to the Port of Vancouver. I can say that emergency action has been taken by the CPR to ship from 300 to 500 cars weekly from that area to Thunder Bay.

• (1500)

With that labour situation, it is difficult, as I understand it, to get the cars to the west coast. As an alternative, a number of cars, which is just slightly less than the number required to meet the normal shipments to the west coast, are being moved to Thunder Bay. That emergency action is being taken, and it will be of major assistance.

INDUSTRY

CHRYSLER CORPORATION—NEWSPAPER REPORT OF PLANT CLOSINGS

Hon. Guy Charbonneau: Honourable senators, my question is for the Minister of State for Economic Development. Yesterday's *Wall Street Journal* quotes Chrysler executives as saying that the company is considering closing 16 of its plants should it prove more profitable to purchase parts from outside sources.

Is the minister aware of any Canadian plants being included in these closings?

Hon. H. A. Olson (Minister of State for Economic Development): No, I am not aware of that, but I shall bring an answer as soon as I can—possibly tomorrow.

PUBLIC SERVICE

STRIKE OF TRANSLATORS AND INTERPRETERS

Hon. Lowell Murray: Honourable senators, my question is for the Leader of the Government in the Senate and concerns the strike of translators, which is now in progress.

Can the minister tell us whether it is a fact that supervisors in the Translation Bureau are doing translation work for which they are being paid at freelance rates over and above their regular salaries?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

Senator Murray: I would ask the Leader of the Government, in making his reply to my first question, to also provide this chamber with a statement of facts concerning this dispute and what the position of the government is with respect to an early settlement of it.

Senator Perrault: Yes, I shall seek the requested information.

THE CONSTITUTION

MOTION TO APPOINT SPECIAL JOINT COMMITTEE—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of the Honourable Senator Perrault:

That the Senate do unite with the House of Commons in the appointment of a Special Joint Committee to consider and report upon the document entitled "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada" published by the Government on October 2, 1980, and to recommend in their report whether or not such an Address, with such amendments as the Committee considers necessary, should be presented by both Houses of Parliament to Her Majesty the Queen;

That ten Members of the Senate, to be designated at a later date, act on behalf of the Senate as members of the Special Joint Committee;

That the Committee have power to appoint from among its members such subcommittees as may be deemed advisable and necessary and to delegate to such subcommittees all or any of their powers except the power to report directly to the Senate;

That the Committee have power to send for persons, papers and records, and to examine witnesses and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee submit their report not later than December 9, 1980;

That the quorum of the Committee be twelve members, whenever a vote, resolution or other decision is taken, so long as both Houses are represented and that the Joint Chairmen be authorized to hold meetings, to receive evidence and authorize the printing thereof, when six members are present so long as both Houses are represented; and

That a Message be sent to the House of Commons to inform that House accordingly.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I am pleased to speak at this time in support of the motion that is before the house. This, of course, is a particularly important time in Canada's history. Our nation has been going through some very severe strains as far as national unity is concerned. In fact, the very existence of this nation has been threatened. This year we as a country faced the referendum vote in the Province of Quebec. While that vote was the prerogative of the Canadians who live in that province, all of us, I am sure, took a very great interest in its outcome. As a Canadian who lives in another part of Canada, I was delighted to see such a large majority on the "No" side.

I am not an expert, certainly, nor do I purport to be, on constitutional questions; but that does not mean that I should not take part in this debate. I suppose there are not many really great experts on the Constitution in this chamber. I perceive some things that are needed for the survival of this country, and on that basis I am certainly prepared to participate in this debate.

I think we were fortunate to have as the Prime Minister of this country during that Quebec referendum the Right Honourable Pierre Elliott Trudeau. His intervention in that campaign, in that plebiscite, had a very major effect on its outcome—and it was a positive outcome as far as the rest of the country is concerned.

Following that referendum, everybody said that Quebec was looking to the rest of Canada for some action on the Constitution, and I suppose that is correct. One of the proposals in this particular package that commends itself most favourably to me is that of placing language rights in the Constitution. That is important, not only for the English who live in the Province of Quebec, but for the French-speaking minorities who live in provinces other than Quebec. To my mind, that is a major provision in this proposal.

I believe that one should be able to support the whole question of placing certain rights in the Constitution. I was a member of the other place for many years, and certainly there were campaigns, session after session after session, for a Bill of Rights in the Constitution—something which received support from many leading Canadians and which had some success. It appeals to me that such things as fundamental freedoms and democratic rights, including language rights, mobility rights, legal rights and, yes, non-discrimination rights, should be placed in the Constitution.

I know there are those who take the opposite view. They feel that our trust should be placed in the legislators, in Parliament. But what they are really saying is that they are trusting the majority at any given point in time; that you can be sure that language rights are safe in the hands of whatever political party may occupy the position of a majority in Parliament or a legislature.

I think it is quite possible to have in a legislature of this country, and perhaps even in the Parliament of this country, a government with a very large majority that, at a given time, might not take kindly to protecting the rights of certain minorities. That has been part of the history of Canada. It is not a very proud chapter. I cite, for example, the denial of the rights of Japanese Canadians during World War II and the question in Saskatchewan at times of the rights of Hutterites.

Fundamental rights are fragile things, and it is possible, I think, in a legislature or in a House of Commons not to give the necessary attention to basic human rights and fundamental freedoms. For that reason, I am personally happy to see the provision for language rights in the measure that we are discussing.

The Premier of Saskatchewan, the Honourable Allan Blakeney, has taken an interesting position. He is basically opposed to that section in the resolution which provides against discrimination on the basis of race, language, sex, and so on. I believe he repeated that opposition yesterday. But he has been opposed to the inclusion of rights in the Constitution in opposition to his own party in the House of Commons, and certainly that party is greatly divided. I think that we are in good company when we travel along the road with such defenders over the years of rights of Canadians as the late J. S. Woodsworth, M. J. Coldwell, T. C. Douglas, who succeeded in

getting a Statute of Rights into the Saskatchewan statute books, and the late Right Honourable John G. Diefenbaker, who proposed and had implemented in statute form Canada's first Bill of Rights. As I say, I know there are arguments on both sides, but I think to entrench these rights in the Constitution is a commendable thing; it carries strong arguments in its favour.

• (1510)

The Premier of Saskatchewan says he would like to have equalization, or the provisions for equalization strengthened. Well, I hope and I imagine that the committee will be considering that very thing, and I think it is a good provision. One should say in a Constitution that Canadians in every province should be guaranteed a certain basic minimum standard of government services, and there should be payments from the federal government to provincial treasuries to make certain that the moneys are available to provide that kind of support for those services.

I think we have done pretty well so far in this country in providing equalization of opportunity in many ways to those provinces that have a lower per capita income. Saskatchewan has been a have-not province for many years, but it is coming into its own now. People on the prairies complain that Ottawa has forgotten them, that they are discriminated against, that Ontario and Quebec are running off with the revenues. And, one can make an argument, I suppose, on both sides of that question, but I think that a great deal has already been done to provide equalization and equality of opportunity in many respects for people in western Canada.

I had the opportunity the other day to help officiate at the opening of a seed cleaning plant at Cutknife, Saskatchewan. I had no intention of relating this story when I started to speak, but it was a great experience. Anyway, I was on the platform with the Honourable Gordon MacMurchy, the Minister of Agriculture for Saskatchewan. This is a very modern seed cleaning plant that was about ready to go into operation. Mr. MacMurchy's speech went something like this: "Saskatchewan, you know, is a unique province. In Saskatchewan we co-operate and we have co-operatives and we have a Department of Co-operatives and our agriculture representatives have helped put this plan into effect. This is a perfect example of why Saskatchewan is unique and how we all co-operate together." Then he added, "The government has provided $220,000 for this plant."

Well, I was following him. At most of these openings there are no representatives of the federal government. We have no members of the House of Commons, and that is not news.

An Hon. Senator: Oh, yes, we have.

Senator Argue: I meant on the government side. I apologize. Of course, we have members of the House of Commons, and very able ones, from two different parties. But there was nobody representing the government to tell what the people of Canada have invested in that plant. So I said, "Well, Saskatchewan believes in co-operation but, you know, that is really an attribute of all Canadians. We like to co-operate, the federal government with the provincial governments and municipal governments, and so on."

I pointed out that medicare is a shared program; that the farmers out there have many federal programs that are of assistance to them. I reminded them of the cash advances program. I told them that the federal government had provided 10,000 hopper cars, and the Canadian Wheat Board had provided 2,000. There were 1,000 coming in from Saskatchewan this year and 1,000 from Alberta, but of a total of 14,000 hopper cars, 10,000 were from the Government of Canada. I pointed out that there was sharing, assistance, leadership and help from the federal government.

I mentioned crop insurance—50 per cent comes from the federal government and 50 per cent from the farmers, as far as benefits and premiums are concerned. The provincial government administers crop insurance and gets 98 per cent of the credit for having instituted it because so many people do not know that there is a federal contribution.

I was out in Winnipeg the other day meeting with the Western Grain Stabilization group—

Senator Walker: Honourable senators, my learned friend whom I have listened to with interest in both houses over many years is, I think, at the moment confused as between the speech he made the other night and the motion that is before the house today.

Senator Argue: Perhaps I am going a little far afield, but I really don't think I am going too far afield. We are discussing placing equalization in the Constitution, and I am saying that there is a great deal of equalization in place already. I am saying it is there to assist the people of western Canada, and that we are not forgotten. We are part of this country and we obtain benefits by being part of this country. We receive benefits but we pay for the benefits that go to other parts of Canada—and what is wrong with that? So let us put it in the Constitution and make certain that it stays there. There is branch line rehabilitation costing $700 million—and I could go on and on.

I thought I would tell the story some day of a farmer who starts out to seed in the spring just to illustrate which government follows him along in his various operations, and to see where the equalization payments come from.

I concluded with my little speech up there in Neepawa by pointing out to Mr. MacMurchy and everybody there that $220,000 went into the plant, of which $110,000 came from the Government of Saskatchewan and $110,000 from the government at Ottawa. I say that if any provincial minister wants to assist national unity, let him state the facts as to where these payments come from. He should not try to take credit as though the money came from the provincial purse, when half of it comes from the federal purse.

Senator Roblin: I should like the honourable senator to get his facts straight. Neepawa is not in the province of Saskatchewan; it is in the province of Manitoba.

Senator Argue: I was speaking of the variety of wheat. The farmer seeds Neepawa in the spring. It is a variety of wheat

bred and originated on the experimental farms of the Canada Department of Agriculture. I should have gone on to say that. I do not know where the name came from but I imagine it came from the town of Neepawa. But it is a great wheat and it is gaining in popularity all the time. This is an instance of the federal government helping the farmers in western Canada. When we pay our income tax we help everybody in Canada, and what is wrong with it going either way?

Then, honourable senators, coming along to some of the other learned things that have been put forward, you know there is a whole lot of humbug in this entire discussion. We should not get it all from one side of the house. Perhaps my friends opposite think that all the humbug comes from their side, that is why they are making all the noise.

Senator Frith: It comes from Humbug, Manitoba.

Senator Argue: Anyway, when the federal government embarked on a program to advertise Canada and some of the basic tenets of our country, it was interpreted as being propaganda from Ottawa. It might be important to keep the country together, but be sure not to send the facts out to anybody!

An Hon. Senator: A wild goose chase.

Senator Argue: Well, my honourable friend may know more about wild goose chases than anybody else. Anyway, out in Saskatchewan we get lots of flak. We are told the federal government should not advertise. But do you know why people say that? They say it because the federal government basically never has really advertised, and so it is a foreign element when they see a federal advertisement. They are used to provincial advertisements because they are in the newspapers every day, and they are in the weekly press. If you are a farmer in Saskatchewan you might not get a newspaper, but you do get all kinds of mail and miniature newspapers from the provincial government week after week after week, and so you have lots of advertising to read.

• (1520)

There is one thing about the Government of Saskatchewan—it doesn't put out its stuff on cheap newsprint. They use the best paper in the world. It is expensively done and it is well done; they do it with class. There are a lot of things they do out there with class, you know—I guess because it appeals to the little people when they are running elections. If they want a building after they are elected they don't build a ten-storey building; they build the tallest building in the city and they make it the most lavish. They feel that that is impressive.

Let me refer to some things that appeared in a paper the day the Prime Minister was out in Saskatchewan to help celebrate the 75th anniversary of the province. What I am referring to is a photostatic copy of what was put out as "their" answer to the Constitution. They refer to the "danger of a new national policy." They say that the proposed amendments threaten key policies in Saskatchewan and elsewhere. For example, this is what Ottawa is supposedly threatening: that the Saskatchewan law against non-resident ownership of farmland would not be allowed; that the dedication of Saskatchewan natural gas to Saskatchewan's needs might not be allowed; that—and this is a gem—the low-cost compulsory car insurance provided as a monopoly by Saskatchewan government insurance could be in jeopardy. Those are scare tactics used to inflame the public and make them afraid of something that is coming.

Of course, these are the people who spend large sums of money on advertising. I don't know how much they spend, but they spend large sums. But just let the federal government put out a single ad, and that is different. We ran into some of that on the Herd Maintenance Program. You are supposed to have a program, but you are not supposed to tell anybody you have it, because that is advertising. You are supposed to hide it away somewhere. Well, we did not hide it away. But that is out of order so I had better not continue on that line. At any rate, they have a lot of advertising out there and yet they say, if the federal government advertises, it is wrong.

I hope that this federal government, and any future federal government no matter of what political stripe, will spend sufficient money on advertising and information to enable the citizens of Canada to become aware of the basic programs provided by the federal government and the basic provisions of those programs. How will Canadians be able to decide in an intelligent way just what the government is spending money on, and in what proportions the expenditures are made, if they are not informed?

Therefore, I do not apologize for any information the federal government has put out. I hope that when the constitutional debate is concluded they will not be fainthearted or afraid to explain their position. I am not suggesting they should go overboard or be extravagant, but they should explain such basic facts as that crop insurance is really paid for by the federal government and the farmers, not by the provincial government, and that many homes for the aged are provided, basically, by a 75 per cent grant from the federal government, with 15 per cent coming from the provinces and 10 per cent from the municipalities.

In my opinion there is nothing wrong with putting out sufficient information so that citizens will know where the money has come from. Therefore, I think that is something that should go forward.

As I have said, there have been a lot of scare tactics. The matter of resources has been raised. It is an important question and I can understand the provinces being concerned that a federal government—this one or some other—might move in to take away their right to their resources, or, in a certain way, challenge the very title to those resources. But I do not think the government ever had that in mind. I don't think it has it in mind today.

Well, the west has certain resources and they say, "We should have full title to those resources," and I say "great" to that. They say, "We should not have an export tax on natural gas."

Senator Murray: What do you say to that?

Senator Argue: I will come to that, don't worry. I am just building up so I can get to it.

Then down in Newfoundland the government says, "Well, those territorial waters—we've got to get title to them. It is not enough that they belong to all of Canada. It is not enough that in the Constitution the authority over waters and fisheries rests in the federal government."

I say that a share of all of the resources of this country, the same as a share of all of the wealth generated in this country, in all parts of it, should flow—surely some of it, a portion of it—into the coffers of the federal government; otherwise there is no country. I say that as a westerner.

Senator Cook: Everybody agrees with that.

Senator Argue: All right. That's fine. Sometimes you would not think that Mr. Lougheed agrees with it. He does not want the federal government to gain any revenue from his oil and gas that I can see. Now, maybe he does, but I can't see it.

Senator Cook: I come from Newfoundland.

Senator Argue: Well, I am trying to look after everybody in the whole country. I think Saskatchewan has some points to make. It is pretty easy for the provinces to gang up today and say they want title to all the resources and all the income from the resources, and do not want any federal tax on the resources, but I really believe that the federal government went a reasonable distance in dealing with Newfoundland, for example. As I understand it, the federal government said that the revenue from oil discovered offshore would go entirely to the provincial government—entirely—until such time as the average income in Newfoundland began to exceed the average income of all Canadians in all parts of Canada, at which time a share, a minor share, would go to the federal government.

I do not think that is particularly bad. I think it is good that we should have a federal government with sufficient economic strength that this country can survive. The provinces have their rights. The provinces need to maintain their rights. But the federal government, on behalf of Canada, needs to maintain its rights as well.

Senator Tremblay: May I be permitted to ask the senator a question? I will try to ask my question in English. If he does not understand, I will try again in French.

Senator Argue: Please go ahead.

Senator Tremblay: Would the honourable senator tell me the kind of average he is speaking of in what he has just said? Is it the average which is now used in the equalization grant formula, which does not include a large part of the revenues of some provinces in terms of natural resources, particularly oil, or will it include all revenues of the provinces? I ask that because there is quite a difference.

Senator Argue: I am not really qualified to answer that question, but the inference I draw from the honourable senator's question is important, namely, that that kind of proposition, that there should be a sharing but that the province should have the right until its revenue exceeds a certain average is all right. It is a question of negotiating a reasonable and fair average. I would certainly like to agree with the honourable senator on that point.

[Senator Argue.]

When you go to western Canada, come to my province. Alberta complains and will continue to do its own complaining, obviously; but Saskatchewan for many years now has been paying a large export tax on heavy crude going out of the province into the United States. They may well have some legitimate complaint, I believe. But at least until now—and perhaps I shouldn't say this—there has been no threat to leave the country, or mention that separatism is just around the corner, or talk about a war or an attack. However, I think Saskatchewan has a case for asking that the whole question be looked at.

I made a speech in Regina on Friday last to the Chamber of Commerce, in which I pointed out that in 1980 the export tax on heavy crude going out of Canada is estimated to be some $620 million. Seventy per cent of that revenue comes from the tax on crude going from Saskatchewan. Saskatchewan's share of that tax is $435 million; Alberta's share is $185 million.

I believe the way for the federal government to go in dealing with all these questions is to be fair and reasonable, to endeavour to provide equitable treatment, to listen and accept amendments and change, and to come forward, in so far as possible, with something that has the general support of the Canadian people.

• (1530)

When the country is worried about an impending export tax, I went on to say, in this statement, that I felt that whatever was done in the economic field would be done from the standpoint of providing legislation that was reasonable and fair to all parts of Canada.

I do not want to see the federal government take the same position as the oil producing provinces—namely, that the price of oil should rapidly increase to the world price, because, as a producer and farmer, I do not think I would gain very much if I have to pay $3 for my gallon of diesel fuel instead of the $1, or the little more than $1, that I pay today.

I cannot see that it will help producers, farmers or the agriculture industry in general, to see those prices double and triple. I should think it would be good for the Canadian economy, and for our competitive position in the world, if energy costs, to be borne by our industries, were borne at less than the OPEC price. That would be good for the country and it is something that should be supported.

I should now like to take a few moments to speak about some of the perceptions of western Canada. In many parts of Canada, and in the press, the word is around that there is a growing separatist movement on the prairies, in western Canada; that it is going to break the country in half; that there are separatists out there just ready to go. Well, I have not found them; I have not seen them; I do not know who they are. Perhaps I should not say that. There are a couple in the Saskatchewan Legislature.

Senator Asselin: Wait until the end of the debate. You might see some soon.

Senator Argue: I do not think that tomorrow will be any different from today. There are a pair of so-called separatists

in Saskatchewan. They are not full-fledged separatists. They want to separate one minute, and the next minute they want to join the United States. They call the name of their party "Unionest". If it were "Unionist" it might look like a labour union, so they put an "e" in it.

There are three by-elections coming up in Saskatchewan, and I say to my honourable friends in the Senate that I doubt if they could field a candidate in those by-elections, where they could be tested. There are three by-elections coming up in Saskatchewan in the next few weeks. I would suggest that they get into those by-elections, that they run their campaign, and see how many votes they get. If anything, it will kill separatism. It will be a fling at the electorate in Saskatchewan, who are Canadians. I am sure they will lose their deposits, their shirts and their money, and everything else that goes along with an election campaign.

Then we have some other well-known people in western Canada who seem to be great at making the news and they are given a lot of support. I refer to the Canada West Foundation and its leader, chairman or president—I am not sure which—Stanley Roberts. I have seen him on television. I do not have the quote, but he said that separatism is rampant in Alberta and in western Canada, that all it needs is a leader to light the spark. As they used to say in the old Methodist Church, of which I was a member, Stanley Roberts is preaching for a call, but I don't think anyone is calling him. If he decided to say, "I am the separatist leader" he would not have any following.

I am surprised that the Governments of Alberta, Saskatchewan and British Columbia, and also some important business organizations in this country, are providing money to that organization, for which Stanley Roberts is the spokesman. I would say that he is taking a line that is anything but constructive. I do not believe for one moment that he speaks for those member organizations, or those governments, as he may claim to do. I don't know whether he does or not, but he should not be speaking if he doesn't.

He said that separatism is really rampant; that they are all set to go. He said it's in the board rooms of the oil companies in Calgary. Well, let them come out and name themselves. We would like to have a look at them, because I can state that I have not met a single person in Saskatchewan, Alberta or Manitoba—or British Columbia, for that matter, but I have not been out there very much—who has not said, "When I look at Canada and the provinces, I am a Canadian first and a Manitoban second," or "I am a Canadian first and an Albertan second." I believe that is the way most people in this country think and that is the way the country is going.

We should not pay too much attention to those self-styled separatists, or near-separatists. Let us smoke them out. Let them come out and stand as separatists, and not do what they are doing—that is, offering insinuation and innuendo, and causing trouble—because they really do not have much substance behind them or much of a following, and I would hope that good Canadians, who pay good money into the Canada West Foundation, would look at where the money is going to see if it is serving the purpose for which the foundation was established.

I thought I had the quote here, but perhaps I can paraphrase the purpose of the Canada West Foundation. It is to do everything possible, by research and publications, to promote a stronger western Canada within a stronger Canada. Senator Roblin would know whether or not that is a reasonable paraphrase. It is a laudable objective and the west needs spokesmen. We are not as large in population as other parts of Canada. However, if we deal with the situation with reason and forbearance, and keep to the facts, we will accomplish a great deal more than if we start from the premise that, "We are good guys and everyone else outside our province are bad guys who are trying to do us in."

There is talk about separation—not separatism, but separation. Every party goes through it every once in a while. I guess I should know. But who has been having trouble, in this great debate, by way of maintaining loyalty? Perhaps everyone. I read that there are one or two members of the House of Commons who might not follow the line taken by the Prime Minister and the Liberal Party. From what I have observed of the Liberal Party over the course of some years, it does not make the mistake of expelling a good Liberal because at a given moment he has different views. He might be the most loyal member a year from now, or even two years from now.

Senator Asselin: Wait, wait.

Senator Argue: Out in Alberta, 80 per cent or 90 per cent of the provincial legislators represent one party. But Mr. Sindlinger, the member for Calgary Buffalo, said that he would rather accept the federal position than the provincial position. Because of that he was expelled from his party's caucus.

Senator Asselin: Wait; you will see what they are going to do with Duclos.

Senator Argue: That's okay. I'll just wait; I will do what my honourable friend suggests.

In the Province of Saskatchewan, the premier takes a position and makes it firm. Since he has been making it firm, however, and since we have been getting into this important discussion, and as the discussion has heated up, I have noticed that one cabinet minister, the Honourable Eiling Kramer, a minister for 28 years, from the city of North Battleford, resigned as minister and resigned his seat. Just a couple of days ago—perhaps it was yesterday—the Honourable Jack Messer, a member of the legislature for 13 years and a member of the government for nine years as Minister of Mineral Resources, also resigned as a cabinet minister and resigned his seat. It is fair and correct to say that the statements they made as to why they resigned were not to the effect that they disagreed with the premier, but to me it is a strange time for the premier of any province to see his cabinet resigning when he is in this kind of a battle.

● (1540)

Senator Asselin: Give the reason, if you know it.

Senator Argue: What I believe is that in the Province of Saskatchewan there are a great many supporters of that government, and that party, who agree with the national leader of the party, and who have taken a federal position. I think that as time goes on it will be evident that more and more people are supporting that position.

The Prime Minister, on October 23, was reported as having made a statement at a news conference in Ottawa to the effect that the chances of western separatism are absolutely nil, and that he is not worried about western separatism. I agree with that statement. That statement was pooh-poohed by many people. There were editorials against it. I say, however, that the chances of western separatism are absolutely nil, and I conclude by saying that I have great confidence in this country—my country. I have great confidence that the government of today, and governments in the future, will deal with these many and difficult issues in a fair and reasonable manner. We will work our way through these difficulties and emerge a more united country than we have ever been in the past.

Hon. David Walker: Very, very entertaining! It is just like being back in the old House of Commons, where my friend's favourite song always was, "When Will the—", well, I will not name it. I think it would be out of order to do that. It has been very enjoyable, however, to hear him again, just as I used to enjoy hearing him out on the hustings too.

Honourable senators, now may I come back to today's subject. I have almost forgotten what it was, but I will try and get back to it. In the first place, I would say that if this proposed Joint Address gets as great a reception in the courts as the last one, it will be a pretty hopeless situation. The reception of Bill C-60 in the Supreme Court of Canada was awful. Bill C-60 was the means by which the Prime Minister, above everything else, suggested that the Senate be abolished, and that a House of the Federation take its place.

I do not know why the Supreme Court of Canada went to such trouble, but the words they used are words that can and may be again used in connection with the proposed legislation presently before the house.

I quote first from page 18 of the judgment of the Supreme Court, dated January 21, 1979. You will remember that they were going to eliminate the Senate and substitute a House of the Federation. The quotation is as follows:

> The continued existence of the Senate as a part of the federal legislative process is implied in the exceptions provided in s. 91.1. One exception to the power conferred by s. 91.1 to amend the Constitution of Canada is "as regards the requirement that there shall be a session of the Parliament of Canada at least once each year." "Parliament" under s. 17 is to consist of the Queen, the Senate and the House of Commons. This exception contemplates that there shall continue to be sessions of the Senate and the House of Commons at least once each year.

I now turn to page 19 of the judgment where we find the following:

[Senator Asselin.]

> Section 91 confers the authority to legislate in respect of matters within that section upon the Queen, with the advice and consent of the Senate and the House of Commons.

Farther down the same page the judgment states:

> Section 91.1 confers a power of amendment subject to specified exceptions which, as we have already pointed out, contemplate the continued existence of both the Senate and the House of Commons.

Through all these 25 pages—and I can give you one instance after the other—I can find no way, no way whatever, under the British North America Act by which the Senate can be abolished. There is none. I will read the final reference at page 20.

> A provision of the kind contemplated—

That is, to abolish the Senate and substitute a House of the Federation.

Senator Frith: In a bill; not in a Joint Address.

Senator Walker: I appreciate that. I am coming to that.

> —would seriously impair the position of the Senate in the legislative process because it would permit legislation to be enacted under s. 91 without the consent of the Senate. For the reasons already given in respect of Question 1, it is our view that Parliament cannot under s. 91.1 impair the role of the Senate in that process.

I refer honourable senators to the marvellous speech made by the former leader of this house, Senator Connolly, on this subject, though I will not take the time to read it, or any part of it, at this moment. It is a magnificent dissection of the judgment of the Supreme Court of Canada to which I have been referring, and is to be found in *Debates of the Senate*, April 17, 1980, at page 60.

I am going to be brief, honourable senators, because I know that my friend took up quite a bit of time, and you do not want to have to listen to me take up a lot more time.

Senator Marshall: Take all the time you want.

Senator Walker: Over and over again attempts have been made, in different forays, to do the Senate harm. For some reason or other it seems to be fixed in the mind of the Prime Minister that he must get rid of the Senate. It may be, as he admitted, after he told how he was going to retire the first time, that he has in mind a presidential system of government, such as they have in France. That is what he compared it to, and in that case, of course, it would be very handy for him not to have a Senate. He can control the House of Commons—he does control—but he cannot always control the Senate.

Senator Frith: Is there not a Senate in France?

Senator Walker: What is it that my friend has to say? This will be interesting, I am sure.

Senator Frith: I was pointing out that there is a Senate in France.

Senator Walker: There is no Senate that is in any way related to the Senate that we have here. Here we have exactly

the same rights as they have in the House of Commons, except with respect to the introduction of money bills. We can veto the money bills, but we cannot introduce them. That is a very good idea, and that, for my friend's information, is a very distinct difference between this Senate and that of France.

The proposed resolution now before us respecting the Constitution Act, 1980, tries again to knock out the Senate in a sort of a smart way, as a matter of fact. Whoever did this, at the instance of the Prime Minister, probably did a lot of thinking before coming up with the answer. It does not appear on the face of it, but that is what it is for. I shall read part of section 44 of the Constitution Act, 1980.

> An amendment to the Constitution of Canada may be made by proclamation under subsection 41(1) or section 43 without a resolution of the Senate authorizing the issue of the proclamation—

● (1550)

That is very simple and very plain—it can be done. I continue:

> —if, within ninety days after the passage by the House of Commons of a resolution authorizing its issue, the Senate has not passed such a resolution and if, at any time after the expiration of those ninety days, the House of Commons again passes the resolution—

If it is not passed in 90 days by the Senate, the House of Commons passes it again, then it becomes law. If section 44 becomes law, the Prime Minister or any government in power can wipe out the Senate.

Would my good friend, Senator Denis, be good enough to keep his voice down while I am in the course of speaking in this debate? I enjoyed hearing him when he was Postmaster General, but I wish that at the moment he would pay attention.

Senator Denis: My apologies.

Senator Walker: Under section 44 a resolution can be introduced which would knock out the Senate, which does not require that the Senate join in that resolution, and after 90 days the Senate is gone. This is what is suggested to me by this resolution. Nobody on the other side seems to be particularly worried, and I can only gather that perhaps in the final analysis they are going to have that part of the resolution struck out—I do not know. It is very important that we notice these things at the present time and that we do not get taken in by all the smart talk and the soft soap that we hear around here when, in fact, we may be destroying ourselves by giving any credence to section 44 of this resolution.

Senator Frith: May I ask the honourable senator a question?

Senator Walker: Of course.

Senator Frith: The honourable senator is not suggesting that under a combination of sections 44 and 41 the House of Commons alone can abolish the Senate?

Senator Walker: Section 44, as I pointed out to my friend is always, of course, subject to section 41 which states:

> (1) An amendment to the Constitution of Canada may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by
>
> (*a*) resolutions of the Senate and House of Commons; and
>
> (*b*) resolutions of the legislative assemblies of at least a majority of the provinces—

That includes the provinces as set out under the Victoria Charter.

Senator Frith: It takes both.

Senator Walker: That is true, but when the House of Commons and the Senate go that far, cannot one expect that the Senate will go the final step and do it? It is only another move. They are doing it in the first place, and they are being asked to do it in the second place.

Senator Frith: Who is doing it in the first place?

Senator Walker: In going as far as it has gone, it seems to me that the Senate would almost be obliged to support sections 41 and 44.

This new direction to the British Parliament contains many things such as enshrining the Bill of Rights. I do not know what the word "enshrining" means. I do know that we have a wonderful Bill of Rights in this country; it has become law, and it is respected all over Canada. If you attempt to include the Bill of Rights in this resolution to be sent over to England, with all the objections that are being made to this complicated charter, I would respectfully suggest that you would not be nearly as well off as you would be if you just left the Bill of Rights as it is. So far we have found no faults with it, and it has been accepted by the Supreme Court of Canada and many other bodies.

Finally, I should like to refer to section 50 which deals with the office of the Queen. Section 50 states:

> An amendment to the Constitution of Canada in relation to the following matters may be made only in accordance with a procedure prescribed by section 41 or 42:
>
> (*a*) the office of the Queen, the Governor General and the Lieutenant Governor of a province—

An amendment to the Constitution concerning the office of the Queen can, under section 41, be made by an amendment to the Constitution of Canada. At any time after the Constitution is patriated that question could arise. By proclamation of the Governor General, with resolutions supported by the Senate and the House of Commons, you could depose Her Majesty the Queen or limit the powers of Her Majesty the Queen—almost anything. Do you want to go that far? What is the necessity for going that far? Strike out this part.

I should like to be brief since there are so many people who wish to speak on this subject.

In the name of Heaven, if you want to get this thing through—and we are all anxious that our Constitution should be patriated—why do we not have it patriated just as a simple amendment calling for the patriation of the Constitution adding, of course, an amending formula such as the Victoria

Charter? Then the British Parliament would have no problem with it. They are anxious that we should have our own Constitution patriated. We are anxious not to get it back without an amending formula of some kind, and it need only start out by being a simple one as is set out in subsection 41(2).

Why are we concerned about the business of enshrining a charter of rights and everything else that is so annoying to so many people? Why do we have to bring in, at this time, the question of referenda. I am reminded of the tremendous division that occurred in Canada in the conscription election of 1917. We have hardly gotten over that. That referendum cut the people down the middle. It is something that we never got over, and we, after all, are elected to govern. We have an extremely able House of Commons and an even better Senate. We can handle all the problems. We don't need to escape those problems by bringing in a provision that provides for a referendum.

• (1600)

Those are only some of the things. There are half a dozen others I could take up your time with, but if we want to get this thing through—and we are all anxious to get it through—let us go to the foot of the Throne and to the British Parliament with a simple patriation of the Constitution and with a simple amending formula and then we will get what we want.

I really do feel, since we have been on such good terms with the British for so long—they are such wonderful people and they dealt fairly with us all the way through—that it would be a pity to break up that friendship and good relationship that exists between us by sending them a proclamation included in which would be resolutions which are contentious, and in respect of which they would have to say, "We are sorry; there is too much objection to this. The provinces don't agree; people want to litigate this, that and the other thing." You can readily see how politely they would do it. They can say, "You Canadians are so able and you know what you want so well yourselves. We would feel we were imposing ourselves on you to do anything but what is necessary for patriating your Constitution with an amending formula."

Honourable senators, that is my respectful, sincere suggestion to you, that we should get what we want, which is patriation of our own Constitution without any fancy business that is going to create furore, and which is likely to bring about a refusal or result in litigation. Let's simplify the matter and bring the Constitution home.

Hon. Sidney L. Buckwold: Honourable senators, I am very pleased to participate in this debate not as a supporter of the government—although I am a loyal supporter of the government in the Senate—not as an individual with any axe to grind, but as a representative of my region, the province of Saskatchewan, and as a voice to express in this chamber the positions and attitudes taken by the Government of Saskatchewan, and perhaps in due course to express some of my own personal opinions.

[Senator Walker.]

Saskatchewan, as we have heard from a previous speaker today, is a very interesting province. It was just a few months ago that we celebrated the seventy-fifth anniversary of our incorporation as a province instead of a territory. I am sure all of you, along with us, are delighted with the progress we have made.

Saskatchewan has been a province that has seen good times and bad times. I do not have to talk to you, I am sure, about the sufferings endured in the Dirty Thirties. I do not suppose there is any region in Canada that has ever had more than 50 per cent of its population on welfare—in those days they called it relief—and yet survived with a smile and the courage to keep going. Today the fates are much kinder to us. We have developed into a province rich in resources, which is beginning to have a good industrial base, which has a slightly growing population, and which feels that the future is very bright indeed. I also believe that Saskatchewan is a province that is proud to be part of Canada. I believe, along with Senator Argue, that Saskatchewan people put Canada first.

For this reason, I am pleased at this time to speak to you briefly about some of the concerns that have been expressed by the Government of Saskatchewan through its premier and through Mr. Romanow, the Deputy Premier, who has been acting as a co-chairman of the constitutional committee that has been considering constitutional change in Canada.

First of all, I must pay some tribute to these gentlemen, neither of whom I support politically, nor would I ever vote for, but nevertheless I believe they have fairly placed before the Government of Canada legitimate considerations of the proposals contained in the resolution before us. Of all the provinces of Canada, I believe Saskatchewan has acted the most responsibly and responsively to the needs of Canada, keeping in mind the particular aspirations and objectives of the region.

I did hear some criticism by Senator Argue of the stands taken by Saskatchewan politicians, and some of it may be justified, but on the other hand I believe that Premier Blakeney has gone out of his way to be as accommodating as possible within the self-interest that, obviously, he has to protect the province which he represents.

Let me tell you some of the concerns of the Province of Saskatchewan, which, by the way, has indicated basically that it agrees with most of the provisions that are contained in the resolution. I hasten to add that I personally agree with most of them. The province has indicated some of the following concerns: First of all, the federal proposal relating to the amending formula is the most odious aspect, they say, of the resolution because, first, it is a unilateral federal imposition, which hardly meets the objectives of co-operation between the federal and provincial governments and, second, it seems to put the federal government in a most advantageous position, in respect of both Part IV and Part V.

I suggest then, in answer to that particular criticism, that if and when the committee is set up it must be prepared to carefully look at the amending proposals contained in these

sections to ensure equity and fairness in the relationships between both levels of government.

Honourable senators, section 42, as it now stands, would allow the federal government to call a referendum on a constitutional change without even consulting provincial governments, let alone trying to secure their agreement. As one provincial spokesman put it—and again I am presenting a Saskatchewan point of view, and I am quoting—"This loads the dice against the provinces, and is fundamentally incompatible with the federal system."

Resources again are a special concern of the west. Saskatchewan's mineral shipments have increased from $390 million in 1970 to $1,835 million in 1979—that is $1,835,000,000. For a province like Saskatchewan that is a lot of mineral production—a gain by almost five times in that period—with much, much more to come, so that resources do become a very real interest and concern to people in Saskatchewan. The west is contributing a great percentage of those funds to subsidize eastern energy costs. Senator Argue has very ably pointed out the significant contribution that is being made as a result of the present export tax on oil to help subsidize the equalization of oil costs across the country. I repeat the figure that he used. It may astound you to know that the present export tax on Saskatchewan oil alone contributes nearly $500 million a year to the federal government, and that is approximately $500 from every citizen of Saskatchewan that is going into the federal treasury. Indeed, the federal government takes more out of oil revenues in Saskatchewan than the province and the industry combined.

● (1610)

These are some of the concerns. You have not heard any complaints from the Province of Saskatchewan about that export tax. It has been there a long time; it has been growing steadily because of the formula, and it has a built-in structure. I am not trying in any way to negate the importance of an export tax. We may even hear more of it tonight. I am simply saying that Saskatchewan has learned a great deal, and as a result it is cognizant of the fact that energy revenue and energy resources are very important indeed to the economy and well-being of that province.

For that reason, all of Saskatchewan was delighted to learn of the agreement reached between Mr. Trudeau and Mr. Broadbent for the inclusion of a resource section in the resolution on the Constitution. Although that is not in our document, presumably it will be presented to the committee. Let me read a statement by the Honourable Allan Blakeney, which was issued on October 22, just a few days ago. He said:

> I want to comment on the agreement announced last night, between Mr. Broadbent and Mr. Trudeau, for the inclusion of a resources section in the federal resolution on the Constitution.
>
> The amendment has not yet been introduced and accordingly I have not had an opportunity to study the final text.

I don't think any of us have had that opportunity. He went on to say:

> I understand, however, that the Trudeau-Broadbent agreement would: (1) confirm provincial powers to manage resources; (2) permit provinces to levy both direct and indirect taxes on resource production, as long as the taxes were non-discriminatory in their impact; and (3) admit provinces to the field of inter-provincial trade in resources, with unqualified federal paramountcy in the event of conflicting legislation.
>
> Detailed comments will have to await careful scrutiny of the specific wording.
>
> The terms of the provision, if introduced in the form proposed, will go some way towards achieving the objectives we have sought in constitutional negotiations over the past few years.
>
> They do not, however, go all the way. Saskatchewan will attempt to obtain additional assurances with respect to resources, particularly in relation to international trade.

I will not go into the details of why Saskatchewan is particularly interested in international trade. That province has had some unfortunate experiences as a result of appeals to the Supreme Court on legislation that had been passed. As a result, it is very concerned about how international trade will be dominated by the federal government, and what the role and responsibility of the province will be.

Having said all that, I am delighted that Mr. Trudeau has seen fit to accommodate the needs of my province so that in this proposed Constitution, as outlined in the resolution, most of the needs of Saskatchewan have been acceded to, have been met. I think that this speaks very well indeed of the attitude of the Prime Minister in trying to accommodate the needs of the provinces, and I suggest this is a very good example of federal concern.

Insofar as the Charter of Rights and Freedoms is concerned, Saskatchewan is concerned about possible unintended effects of the provisions regarding non-discrimination. Premier Blakeney, for example, has raised some of the possible conflicts, such as mandatory retirement ages, a subject in which Senator Croll is very interested; age limits for the consumption of alcoholic beverages, or age limits for obtaining a driver's licence. The broad provisions require a great deal of study, albeit that in my personal opinion the objectives are commendable indeed.

With respect to language rights, Saskatchewan supports the provision and finds them generally acceptable.

On the equalization formula, our premier has suggested that:

> —direct reference be made to "equalization payments" as opposed to the vague reference to—

To quote the words of the resolution:

> —"taking such measures as are appropriate."

This word change, the premier says, would more clearly reflect the principle which the resolution seeks to enshrine.

Premier Blakeney also points out important items not in the proposal, and has said:

> In addition to what is contained in the proposed resolution, what is not in the document also requires a comment.
>
> The proposed resolution contains provisions by which Mr. Trudeau's own descriptions are designed to respond to concerns in Quebec.

And rightly so:

> It contains provisions of particular interest to Atlantic Canada and urged in part by their governments—the equalization principle.
>
> It contains mobility provisions, strongly urged by the Government of Ontario.
>
> Other than patriation itself, it contains nothing urged by the governments of the western provinces.
>
> My suggestion is that the resolution be amended so that some of the particular concerns of Canadians living in western Canada be acknowledged.

So, honourable senators, I feel that we have in the attitude expressed by Mr. Blakeney a very conciliatory response to this proposal. I believe that basically the citizens of Saskatchewan, whatever their political beliefs, would endorse the stands generally taken by the Premier of Saskatchewan. I only wish that premiers across the country would be as amenable to trying to put Canada first, and yet keep in mind the regional needs of their particular areas. That is the balance that we have to find.

We have to be concerned about the west. I am sorry that I do not quite agree with my friend and colleague Senator Argue, who pooh-poohed the concerns of some of us about western separatism. Certainly it is not at the moment a movement of any great consequence. People aren't going to go around waving the flag, marching on city hall and saying that they want to separate. But I want to say to the honourable members of this chamber that there is an embryo there, an embryo that, nurtured in the wrong way, could develop into a monster that we would soon regret in this country. There is a western disenchantment. It is a very real thing. When we look at the problems of energy, of the Constitution, of transportation and tariffs, there is a real dichotomy, there is a division between the west and the east. Somehow we have got to try to solve that. We have to try to solve it with goodwill.

I think we are finding the west flexing its muscles. I suppose I am speaking as a proud westerner when I say that if the twentieth century belongs to Canada, then I think certainly the twenty-first century will belong to western Canada. I think people recognize that, and somewhere that adjustment has to be made.

There is a struggle going on right now with the power of the east—I shouldn't say the east, but central Canada. Out west, Senator Walker, we always think of the east as being Toronto or Montreal. There is a struggle going on, and it is an historic

[Senator Buckwold.]

struggle by an area that has been well established against the aspirations of a fledgling rival with new wealth which could possibly be a threat to its domination of the economy. This is something that goes on, I presume, around the world. I think one has to recognize that the west is very concerned about this.

● (1620)

I heard reference to the Canada West Foundation. I have to tell you—and I am proud of it—that I have been a member of that foundation since its inception many years ago, and until a few months ago I was a vice-chairman. I am sure that the Honourable Duff Roblin will not be critical of me for indicating that he, too, is a councillor of that particular foundation. Nor, I am sure, would Senator Manning be critical of me for indicating that he is a very active councillor of that foundation, along with other leading Canadians from that area.

This foundation is financed basically by the provinces of Manitoba, Saskatchewan, Alberta and British Columbia. It comprises a group of citizens who are non-political and dedicated to improving the status of western Canada within the ambit of a strengthened Confederation.

I am the first to agree that I do not share the perhaps radical opinions expressed very often by Mr. Stan Roberts, the president of the foundation. I have written to the chairman of the foundation, Mr. Arthur Child, a great Canadian and also the President of Burns Foods of Calgary, with regard to some of my concerns. I think one has to accept, even if one does not agree, that there is more than a particle of truth in what he is saying.

In 1962 or 1963, when westerners were told of a separatist movement in Quebec, they said it was impossible. They asked how could Quebecers be that foolish and why would they want to leave this wonderful country. We could not believe that. I can say to you that right now this same type of feeling is developing in the west. People such as Senator Argue and others say there is nothing to it, and it is true that at the moment it certainly is not serious, but a spark could fan it. The makings are there. I believe that we have a responsibility as senators to make sure that we work to strive to eliminate the possibility of that, and that can be done by looking with favour at some minor changes to the resolution.

I do not think the resolution should be engraved in stone. There are things that can be improved. I hasten to add that, as far as the basic principles of the resolution are concerned, I support them. However, there are two things I am concerned about, one being the matter raised by Senator Walker, section 44. That worries me. I feel that the committee will have to look at that. I am not sure whether Senator Walker is reading into that something that was not in the minds of those who drafted it—perhaps it was.

Senator Flynn: Well, I am.

Senator Buckwold: In any case, in my personal opinion, it is a section that should be watched carefully and discussed by the committee in depth, with all its implications.

Secondly, I am concerned about the time limit outlined in the resolution. At one time I was ready to move an amendment

that we change the time limit, but I realized that this is not the time nor the place to do that. I would ask the Leader of the Government to consider the implications of the committee having to report by December 9.

Honourable senators, this concerns me, because I would like, in the spirit of keeping this country together, to give Canadians an opportunity to feel that they were given a chance to make their presentations to the committee. I know it will be impossible for the committee to hear everyone. I can think of hundreds of organizations which would want to appear before the committee. The Leader of the Government has outlined some of them, and I could give you a list of another 50 organizations. I do not know how the committee could hear from all of them, read their briefs, or even give them time to prepare their briefs.

By the time the committee gets going, I suppose another week will have gone by. That puts us well into November, and leaves them just a little over a month to try to develop a consensus that would accept the changes that will affect the future of this country for possibly hundreds of years. I do not know if that can be done in 30-odd days. I know that the good Lord made the earth in six days and rested on the seventh, but he had some supernatural powers. I am not sure whether this committee will have the same kind of powers to enable it to come in with a report in about 30 days. Even for cosmetic reasons, it is important that that date be reviewed.

I hope that, just as the Prime Minister has indicated to the Premier of Saskatchewan he is prepared to make some changes in the resource situation, the government will give careful thought to increasing the time span. I am not suggesting the committee be left without a reporting date, because I agree it could go on endlessly, but I do suggest that another month or two should be added to the time limit to allow the committee to properly perform its functions and review the presentations.

I am also a little concerned about the business of subcommittees of the main committee. That means that a committee of 25 members might be divided into five subcommittees, with each hearing presentations. That might be the only practical way for it to do its work, but it seems to me that if I were presenting a brief which I felt was important I should like to present it to the main committee and not a subcommittee. I would feel that my presentation would not receive the kind of impact that I considered proper. I think that has to be considered with respect to the operation of the committee. I am not in any way saying that there should not be subcommittees. Probably there will have to be, but I think the main committee should be there to hear the presentations of major organizations from across the country.

Finally, I wish to put in a word for our native people of Canada who are also concerned about this. I am not sure how we are going to satisfy them, but as a senator from a province with a large percentage of its population of Indian and native descent—and I suppose I could also speak for the Inuit who are not part of our region—I wish to plead that the committee, when it is established, consider carefully the entrenchment of their rights within the law. This is going to take a fair amount of consideration. I hope the committee will hear from as many native organizations as possible, so that they will feel that they are being fairly dealt with, because just as western separatism is something people say is not a reality, so, in the eyes of many, Indian unrest is something one reads about in the paper. It is there too, and the goodwill of citizens has to be nurtured in order to accommodate to our Canadian scene the very real problems facing the native people and their descendants.

● (1630)

Honourable senators, I appreciate very much the opportunity I have had to express the views of Saskatchewan on this very important document. In closing, may I say that I think we are going to be able to meet the problems. Canada always has. We have gone through two major wars; we have had other significant pressures on federalism. I am satisfied that the goodwill of Canadians on this side of the house, on the other side of the house and in the provinces must, in the end, lead to a stronger and more united Canada.

Senator Smith: I wonder if Senator Buckwold would mind my asking him a question for purposes of clarification on only one point in what I think to be an excellent speech.

He partially answered my question, I think, by a comment he made himself. On more than one occasion he referred to a contest or conflict between the west and the east, and I just want to make absolutely sure that when he talks about the "east" in that context, he does not include the Atlantic provinces.

Senator Buckwold: I can assure the honourable senator that when we in the west speak of the west versus the east, it has nothing to do with the maritimes. The maritimers are our friends. They are the people who have shared the problems we have had with the domination of central Canada, which basically is Quebec and Ontario.

When we in the west talk about our conflicts with the east, I can assure you that it has nothing to do with any concern we have about, or any lack of appreciation, love or admiration for, our friends in the Atlantic provinces.

Hon. R. James Balfour: Honourable senators, it is with feelings of some anxiety that I enter this important constitutional debate today. Unlike at least one of my colleagues from Saskatchewan, who has preceded me today, it is my conviction that the Government of Canada has set itself upon a course of constitutional change which could, if carried to a conclusion in the manner the Prime Minister proposes, destroy this country of Canada as we know it.

At the outset, I wish to make my own position crystal clear. I do not consider myself to be primarily a western Canadian; I consider myself to be primarily a Canadian, with every right and freedom that that term implies. That is not to say that I would not vigorously oppose Prime Minister Trudeau on the question of constitutional reform, or Mr. MacEachen on his budget proposals, or Mr. Lalonde on his energy proposals, on the ground that they discriminate against the west. But I shall

do so from within the system and according to the rules of the system.

However, in conversations which I have had over the past several months with individuals and groups in the west, who are anything but zealots and radicals, it has become clearly and painfully obvious to me that an undercurrent of anger and resentment is developing out there which could, if left unchecked, threaten the very existence of our country and its institutions. There is a growing perception that central Canada, specifically the provinces of Ontario and Quebec, are determined to dominate the west and are prepared to take whatever legislative steps are necessary, fiscal or otherwise, to achieve that end.

I do not say that that is necessarily the fact, but I do say that that is the perception. I implore honourable senators opposite to heed these words of warning. They are not uttered lightly; they are uttered sadly.

One need only examine the history of western Canada to appreciate that it has the capacity to undertake political protest movements that in the past have had profound impact upon this country of ours, and we would do well to heed and be responsive to the sense of outrage which is now growing out there day by day.

Turning now to the resolution before us, and to the proposed resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada, I doubt that there is an honourable senator in this chamber who does not agree with the proposition that it is past time when the patriation of the Canadian Constitution should take place, and who would not accept the amending formula devised at the so-called Vancouver Conference of First Ministers held earlier this year.

Surely that is common ground. And if this debate were limited to that question alone, it would be quickly terminated and we would then be in a position to turn our attention to other matters of urgent and pressing necessity, such as the management of the Canadian economy, with all that that implies in this period of massive deficits and double-digit inflation.

Unfortunately, honourable senators, as the opposition leader in the Senate so eloquently pointed out yesterday, so straightforward a proposition is not what is before us. What the Government of Canada proposes in the proposed Address to Her Majesty, which is before us, is fatally flawed in at least two fundamental respects. The resolution, in short, contains a power which could destroy the federal system in Canada. I refer, of course, to section 42 of the proposed Constitution Act, 1980, which gives the Government of Canada the power to amend the Constitution by referendum over the heads of the governments of the provinces—a power which is totally at odds with the constitutional conventions and traditions of this country extending back over 113 years of its history.

There are men with political experience and background in this chamber far exceeding that of my own, and I suggest that they will not disagree when I identify the dangers inherent in constitutional change by referendum. We all recognize that public sentiment for this or for that is subject to swift and radical change over short periods of time. Surely a process of referendum is a totally inappropriate method by which to undertake change to so fundamental a document as the Constitution of a nation like ours.

[Senator Balfour.]

My concern in this connection is exacerbated by the process which we have all witnessed over the past few weeks of massive amounts of public funds being deployed by this government in a slick media advertising campaign intended to sell the government's position like a box of soap flakes, while at the same time failing totally to enlighten the citizenry with respect to the basic implications of what they are really about with this resolution.

Section 42 contains potential for abuse which would alarm civilized legislatures in any democratic state; but it contains a special threat to our own democratic institutions in this country. Section 42 would permit the federal government, with a manipulative majority in a referendum, to end the federal system.

The question it poses, honourable senators, is simply this: Should there be two parties to a constitutional decision, or just one—the federal Government of Canada?

In May 1980 the Prime Minister of Canada, Mr. Trudeau, the Leader of Her Majesty's Official Opposition, Mr. Clark, and Mr. Claude Ryan, the Leader of the Liberal Party in Quebec, campaigned across that province, promising the people of Quebec a renewed federalism, and Quebecers responded to that message. Neither Mr. Ryan nor Mr. Clark have changed positions. They both still believe in the principle of federalism, adapted where necessary to the reality of today's Canada.

Mr. Trudeau, on the other hand, proposes to put in place a mechanism whereby our federal state can be converted unilaterally to a unitarian state. Rather than renewing our Canadian federalism, the central government may destroy it.

I turn now to the method by which the government proposes to achieve these far-reaching and fundamental changes to our Constitution. Are they to be debated in the Parliament of Canada, where members of Parliament and senators representative of all of our regions would have the opportunity to express their concerns and to propose amendments where necessary and to place on record the views of those constituencies and regions for which they have legislative responsibility? The answer, of course, is "No".

What the Government of Canada proposes to do by this document is to achieve fundamental constitutional change to this country through the agency of a foreign Parliament thousands of miles away by obtaining a law which they believe will not be subject to scrutiny by the Supreme Court of Canada. The Prime Minister of this country says in one breath that the time has come to end our colonial status, and then he proposes, in effect, to enhance our colonial status by going hat-in-hand to a foreign parliament seeking basic changes to our Constitution, and at the same time circumventing the parliamentary process of his own country.

• (1640)

Honourable senators, that is an outrageous and sad state of affairs. What the Prime Minister proposes to do in this respect may very well, in the technical sense, be legal, but in all other respects it is wrong, and I foresee a growing possibility that our parliamentary colleagues in London will also conclude that it is wrong.

The Leader of the Opposition in the Senate yesterday reminded honourable senators of the historic and traditional responsibility of the Parliament of Great Britain to ensure that constitutional amendments are not implemented by that institution where the result would be to ride roughshod over or encroach upon the existing constitutional prerogatives of our provincial governments; to function, in effect, as trustees for provincial rights in the face of unilateral constitutional initiatives taken by the central government.

We came into being as a federal state and we continue to exist as a federal state, with all that that implies. Our country is the product of a contractual relationship established 113 years ago, and it is fully implicit that one party to such a contract has no right unilaterally to alter its terms. Fundamental changes to be made to the Constitution of Canada should be made in Canada by Canadians, and not by the Parliament at Westminster in the course of patriation. These changes should be made when the Constitution has been returned to this country with an amending formula agreed to by both levels of government. We should discern among ourselves what the Constitution should contain, and we should implement those changes by due Canadian parliamentary process.

Honourable senators, the resolution before us is a bad law, unsound in respect to the proposed amending formula by referendum contained therein, and morally wrong with respect to the method proposed to implement those changes. One can only speculate at this stage as to why the Prime Minister is intent upon circumventing the Canadian Parliament in the course of obtaining his constitutional objectives, but there is a profound suspicion developing that his methods are dictated by a fear that what he seeks to achieve overseas would be, if passed by the Parliament of Canada, *ultra vires* legislation.

That suspicion, amounting in some quarters to a conviction, could very easily be refuted by the Prime Minister if he has the courage to do so. He could at this time, honourable senators, direct a reference to the Supreme Court of Canada on a very simple and straightforward question, namely: Would the proposed resolution to Her Majesty the Queen respecting the Constitution of Canada, if implemented by the Parliament of Canada, be *intra vires* of that Parliament? That procedure could be initiated, argued and decided in a matter of days or, at most, weeks. I invite honourable senators opposite to give the suggestion serious consideration.

To repeat, honourable senators, we on our part are fully in favour of expeditiously patriating our Constitution, with an amending formula, and the formula we propose is the Vancouver formula which was raised at the last First Ministers' Conference and on which a consensus was obviously possible. But we vigorously oppose substantive changes to that Constitution being implemented outside the ambit of the Parliament of Canada by a parliamentary institution foreign to our country.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I wonder if I might ask the honourable senator a question. He used the pronoun "we", but do I understand that the position of the official opposition is that they would accept the Victoria formula, and would accept patriation with an amending formula if it were the Victoria formula?

Senator Balfour: The Vancouver formula, yes.

Senator Frith: Oh, yes, the Vancouver formula.

Hon. Peter Bosa: Honourable senators, I am pleased to take part in this important and historic debate on the patriation of the Constitution. I am in general agreement with the principles of the resolution, although I intend to criticize the government for not going far enough in some areas—the Charter of Rights, the absence of any reference to multiculturalism, a more concise definition of our native people and the inclusion of consumer protection.

There should be other provisions in this package as well, but I realize that this is only an initial step which will provide us with a framework for future amendments and additions, such as the preamble to the Constitution which I hope will contain a definition of the ethnic structure of Canadian society.

As a senator from Ontario I express the views of my province as I perceive them, and I am pleased to say that the constitutional package is also supported by the premier of that province, the Honourable William Davis, a man who heads a government whose political persuasion is different from that of the Prime Minister of Canada, which lends credibility to the amendments.

I also express the concerns of people voiced to me by representatives of ethno-cultural communities, not all of whom are from the province of Ontario, but also from outside the province, as well as the National Indian Brotherhood.

There can be little doubt as to the tremendous symbolic value to Canadians of patriating the Constitution, thus severing the final psychological colonial link. The existing situation has been a continual source of embarrassment to Canadians, and confusion to others. No other country is in this most ambiguous state, and it should not be surprising to learn that even many of our American neighbours, including those who play political or academic roles, have no clear understanding of the nature and functioning of the Canadian government. As recently as the weekend of October 18, when a number of distinguished Canadian and American politicians, bureaucrats and academics gathered for a two-day conference to compare the roles of the Canadian Prime Minister and the American President, a number of comments made by participants were captured and recorded by reporters as indicating an impression of Canada as a vaguely monarchical and semi-autonomous state.

The significance of these comments is obvious. For Canada to be perceived by outside observers and, more importantly, by all its citizens as a unique and independent entity, it is

therefore imperative that the last vestiges of colonial rule be eliminated. But in addition to the general benefit of promoting a sense of national identity and patriotism, patriation may also have a positive effect on relations between the various ethnic groups which comprise our population. From a practical perspective, patriation will also allow Canadian governments to deal internally with constitutional issues rather than obliging them to follow the complicated and lengthy procedures necessary to receive approval for changes in Britain. Moreover patriation will, of course, remove an onerous and embarrassing task from the jurisdiction of the British Parliament, an event which they have long awaited.

● (1650)

If I may digress for a moment, I recall attending a dinner in the Confederation Room some four years ago on the occasion of the visit of the then Prime Minister of Great Britain, Mr. Callaghan, who in the course of his remarks said, "You will not get an argument from us when you decide to patriate the Constitution. I only hope that we will be able to find it, when you send for it."

On the whole, the legislation which the federal government has prepared in order to accomplish the patriation of our Constitution is admirable and deserving of praise. The Constitution Act, 1980, as it is proposed, is a clear and concise piece of legislation which will also incorporate two critical elements into the new Canadian Constitution—a Charter of Rights and an amending formula. The narrow, judicial interpretation of the 1960 Bill of Rights, which moreover applies only at the federal level, and the constitutional deadlock of the past 20 years over an amending formula, indicate the practical necessity of including those provisions in the statute.

It is not a foreign government that is amending our Constitution. We are amending it here. These are Canadian amendments. We are asking the Parliament of Great Britain to include in the package only the provisions approved by the Parliament of Canada.

In addition, it can be argued that the entrenchment of a Charter of Rights in the Canadian Constitution is a necessary moral affirmation of certain democratic and humane principles with which we wish to imbue our society.

While it has often been pointed out that the American Constitution contains such a charter, and that in the Napoleonic Code everything is codified, it should also be noted that the British Parliament, to which our system has often been compared by opponents of the charter, is presently in the process of discussing a proposal for a Bill of Rights. Obviously, such a charter is considered neither unnecessary nor incompatible with the parliamentary system by our British counterparts. Moreover, this charter, applying as it does to both the federal and the provincial levels of government, in addition to formally guaranteeing basic civil rights and fundamental freedoms, will go some way towards eliminating a number of inequalities in the protection of these and other rights which many Canadians currently experience.

[Senator Bosa.]

For example, the specific inclusion of mobility rights will, I hope, work towards the elimination of many current situations in which Canadians in the various sections of the country receive different levels of legislative protection on a range of issues. Currently, the B.N.A. Act does not specifically guarantee the freedom of movement of persons in Canada; only the movement of goods between provinces is protected. Section 121 precludes the imposition of custom duties in the interprovincial circulation of goods.

Although the free movement of persons is presently hindered in certain fields, legislation which expressly requires or favours residential qualifications for employment within the province is a relatively new phenomenon. The Petroleum Resources Act of Nova Scotia and the Petroleum and Natural Gas Act of Newfoundland, both require that preference be given to residents of those respective provinces in hiring practices in the fields of exploration and exploitation of petroleum resources. Nova Scotia has also enacted a provincial residency requirement in its Civil Service Act. Quebec, too, for awarding government construction contracts and, generally, in the hiring of construction labour, has stipulated by way of regulation that preference be given to local manpower. Qualification and certification requirements for professionals and tradespeople vary between provinces to further hinder mobility.

Furthermore, in the field of consumer protection, and more specifically relating to the services of travel agents in Canada, we find that only three provinces, namely, Quebec, Ontario and British Columbia, have enacted statutes that protect travellers against financial loss in the event of bankruptcy by licensed travel agents. But what is more serious, if not unacceptable, is that the British Columbia legislation, contrary to the other two statutes, restricts the protection offered to residents of British Columbia. In other words, while the Quebec and Ontario consumer protection acts, as they relate to travel agents, are designed to protect all Canadians, the British Columbia act is parochial in its scope in that it limits its protection to residents of that province only, or, in the case of non-residents, to those who have contracted travel services that are wholly located in that province.

I have written to Mr. Bennett, the Premier of British Columbia about a specific case involving the Famée Furlane, a member of the Federation of Fogolars Furlans of Canada, a travel agency in Vancouver, and the Travel Assurance Board. Because of the restrictions of the British Columbia statute there are hundreds of Canadians who have suffered substantial financial losses recently.

Let me read a letter I received in connection with this case. It is addressed to the Honourable Peter Bosa, the Senate of Canada, Parliament Buildings, Ottawa, Ontario, and reads:

> Dear Senator Bosa:
>
> The Premier, the Honourable W. R. Bennett, has forwarded to me his recent correspondence with you concerning the Famee Furlane and the Travel Assurance Board.

In my earlier letter of April 9th to you, I explained the terms of the Travel Agents Act that limited the eligibility of non-residents of British Columbia to claim on the Travel Assurance Fund. It would be inappropriate to consider ex gratia payments to people who were not eligible to benefit from this legislation, as such an action would circumvent the intent of the legislation and could be seen as a precedent for all future claims which may be dismissed by the Board.

I have noted your views on British Columbia's legislation in comparison to similar travel legislation in Ontario and Quebec.

Yours sincerely—

And it is signed by James A. Nielsen, Minister of Consumer and Corporate Affairs.

The examples that I have mentioned are limited to matters expressly provided for by legislation. That says nothing of current practices or even existing administrative directives, which are, as well, guided by narrow protectionism. While some people see such measures as legitimate means of favouring the local interests of the provinces and their residents, those measures inevitably promote the balkanization of our country and directly offend the essential rights inherent in citizenship. Such provincialism is most unfortunate at a time in Canada's history, when national unity and a transcending spirit of co-operation and generosity are of the utmost importance. If such provincialism is not halted, there will soon exist in Canada, to borrow Mr. Chrétien's words, not one Canadian citizenship but ten provincial ones.

Not all of the inequalities in the enjoyment of rights that have just been pointed out will be eliminated under the constitutional charter, when it comes into force. It is, however, reassuring to note that the new charter will ensure that all Canadians will be able to enjoy, irrespective of province of residence, fundamental rights and freedoms, mobility rights regarding residence and the earning of a livelihood, and, finally, minority language educational rights. With respect to other fields, especially those which affect Canadians directly as individuals, such as consumer protection, it is hoped that the beneficial effect of the new charter will spur on all provinces to abandon their provincialism and to embrace a much wider view that will, it is submitted, constitute a major step in closing, in a real way, the gaps that are growing among the regions of Canada.

Finally, I come to an omission in the proposed legislation which is particularly distressing. I refer to the lack of any reference whatsoever to the multicultural nature of Canada. In 1978, a number of government spokesmen, notably Mr. Lalonde and Mr. Cafik, made promises regarding the inclusion of the concept of multiculturalism in any future revision of the Canadian Constitution. In *A Time for Action,* the chapter headed "The Principles of Renewal" contains the following statement on government policy regarding the enhancement of the cultural mosaic:

• (1700)

The renewal of the Federation must lead to respect for cultural diversity and for the right of every citizen regardless of ethnic origin, to equal opportunity. Every cultural community should be able to rely on the goodwill of governments in preserving its own cultural heritage and in discovering and appreciating those of other communities.

For more than a century, people of other ethnic origins have come to Canada and settled beside those of British and French ancestry. A large number of them have joined the English-speaking majority and others the French-speaking majority, without in the process losing their individuality.

With the sheer weight of their numbers, it is natural that the French and British cultures occupy a major place in Canada. But there is no question of having only one or two official cultures. Canadian society must promote cultural diversity, clearly and explicitly.

This diversity will only be protected if we ensure that Canadians of all ethnic origins have equal opportunities and full protection against discrimination.

There is no question that a number of basic rights and freedoms are guaranteed to persons of all ethnic groups in their own right as individuals under the proposed charter. However, something more was, and still is, envisaged by Canada's various ethnic groups and immigrants, many of whom no doubt feel particularly disappointed by the omission of any positive reference to the promotion of a multicultural society.

A Time for Action also states:

The renewed Constitution should contain a Statement of Aims which would reflect the understanding of what Canada means to all of us—native peoples, members of our two great linguistic communities, and people of many lands and cultures who have chosen to make Canada their home. The government will be putting forward a Statement in the hope that it may assist the search, by the people and by governments, for those ideal words which will best express what is in our hearts.

The constitutional legislation which followed Bill C-60 did not, in effect, do this, and the legislation currently before Parliament, while not complete, does even less in this regard.

In 1963 the federal government established the Royal Commission on Bilingualism and Biculturalism with the mandate of conducting a broad and comprehensive inquiry into bilingualism and biculturalism. Book IV of the royal commission's report stated:

Many of the non-British, non-French groups accept bilingualism but categorically reject biculturalism. They concede Canada to be a country with two official languages, but argue that it is fundamentally multicultural.

In October 1971, the Prime Minister tabled in the House of Commons the Policy of Multiculturalism which was a direct response to the recommendations of the Royal Commission on Bilingualism and Biculturalism. This policy reflects the plural-

istic composition of our society within a bilingual framework. The unanimous support given by the opposition parties was an endorsement of a national reality.

Undoubtedly, the preamble to the Constitution will contain a clear definition of Canadian society as it is, and as it should be, recognized for its pluralistic nature. But a reference to the preamble is not sufficient to guarantee the rights to all Canadians to maintain and foster their respective cultures.

I firmly believe that cultural diversity is the very essence of Canadian identity. Each individual in this country has the right to preserve and develop his own culture and values within the Canadian context. The fact that we have two official languages does not make a particular culture more official than another. It is precisely for this reason that I recommend to the joint committee that the wording in section 22 of the proposed Canadian Charter of Rights and Freedoms be amended by inserting the words "and culture" after the word "language." It would then read as follows:

> Nothing in section 16 to 20 abrogates or derogates from any legal or customary right or privilege acquired or enjoyed either before or after the coming into force of this Charter with respect to any language and culture that is not English or French.

I would urge the committee to consider amending section 24 by making it refer specifically to Indian people and by adding another sentence at the end, which would read as follows:

> Nor should it be construed as denying the positive actions which the federal government has already taken and will continue to take with regard to its policy of promoting multiculturalism, in order to ensure a vigorous environment for the many origins, creeds and cultures which comprise the Canadian society.

Senator Frith: How would the whole section read?

Senator Bosa: At the end of section 24 we add another sentence. Perhaps I should repeat it.

Senator Frith: Read the whole section.

Senator Bosa: Section 24 reads:

> The guarantee in this Charter of certain rights and freedoms shall not be construed as denying the existence of any other rights or freedoms that exist in Canada, including any rights or freedoms that pertain to the native peoples of Canada.

The National Indian Brotherhood has objected to the description "native peoples", because it believes it may be confused with the Métis people. It wants specific reference to Indian people. I would recommend that we add to this section the following sentence:

> Nor should it be construed as denying the positive actions which the federal government has already taken and will continue to take with regard to its policy of promoting multiculturalism, in order to ensure a vigorous environment for the many origins, creeds and cultures which comprise the Canadian society.

If those amendments could be incorporated in this constitutional package, it will go a long way toward reassuring the ethno-cultural communities that this government is not just paying lip service to them. I hope that those honourable senators who will be members of the joint committee to consider the constitutional package in detail will take note of these proposed amendments, and make vigorous representations for their adoption.

On motion of Senator Roblin, debate adjourned.

THE CONSTITUTION

PROPOSED RESOLUTION FOR A JOINT ADDRESS TO HER MAJESTY THE QUEEN—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Perrault, P.C., calling the attention of the Senate to the document entitled "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada", tabled in the Senate on 6th October, 1980.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I would like this order to stand. Since it deals with the subject of the motion we are now debating, I would suggest that it be allowed to expire. However, I will make that suggestion tomorrow. I would prefer to make my remarks relating to the subject matter of that inquiry when I participate in the debate on the motion. For the present, I ask that this order stand.

Senator Flynn: We will consider that.

Senator Frith: Another honourable senator may wish to speak to this order, in which case I will yield.

Order stands.

NOVA SCOTIA

OFFSHORE MINERAL RIGHTS—HISTORICAL FACTS—BRITISH COLUMBIA REFERENCE CASE—INQUIRY STANDS

On the Inquiry by the Honourable Senator Smith:

> That he will call the attention of the Senate to some of the historical facts relevant to the claim of Nova Scotia to minerals off its shores which distinguish that claim from the British Columbia claim as dealt with by the Supreme

Court of Canada in *Reference re Ownership of Offshore Mineral Rights* (the British Columbia Reference case), (1967) Supreme Court Reports, 792, and (1968) 65 Dominion Law Reports (2d), 353, and submit that the said decision does not decide the ownership of minerals off the shores of Nova Scotia.

Hon. G. I. Smith: Honourable senators, I ask that this inquiry stand, for the reason I mentioned when I made a similar request yesterday and last week—not because I am not prepared.

Inquiry stands.

The Senate adjourned until 2 p.m. tomorrow.

THE SENATE

Wednesday, October 29, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE CONSTITUTION

PROPOSED SPECIAL JOINT COMMITTEE—COMMONS MEMBERS

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that I have received a message from the House of Commons in the following words:

Tuesday, October 28, 1980

Ordered,—That a message be sent to the Senate to acquaint Their Honours that Messrs. Beatty, Bockstael, Miss Campbell (South West Nova), Messrs. Corbin, Crombie, Epp, Fraser, Henderson, Irwin, Joyal, Knowles, Lapierre, Mackasey, McGrath and Nystrom have been appointed to serve on the part of this House on the Special Joint Committee to consider a proposed Address to Her Majesty the Queen concerning the Constitution of Canada.

Attest

C. B. Koester
The Clerk of the House of Commons

Ordered, that the message do lie on the Table.

QUESTION OF PRIVILEGE

Hon. Orville H. Phillips: Honourable senators, on a question of privilege, I would point out that it was less than 48 hours ago that we received the message from the House of Commons requesting the Senate to unite with that house in the appointment of a special joint committee, and already we have received the list of members from the House of Commons who will serve on that committee. I consider this to be a rather unusual procedure in that members are appointed to a committee which does not yet exist—although it may be in existence at the end of this week.

• (1405)

I consider this to be a direction to this chamber to get on with adopting the resolution and appointing members to the committee. It imposes an unnecessary deadline on us, and it is an infringement of the privilege of this chamber.

Some Hon. Senators: Hear, hear.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, may I have an opportunity to reply to this point of privilege? Part of the motion adopted by the House of Commons called for the naming of 15 members of the House of Commons to be designated no later than three sitting days "after the adoption of the motion." The members named in the message from the other place will serve on the joint committee only after there has been Senate approval for the establishment of the joint committee. The terms of the motion approved in the other place have been met, but, of course, there will be no joint committee unless honourable senators decide that such a joint committee shall come into existence.

[*Translation*]

Hon. Martial Asselin: Honourable senators, concerning this question of privilege, I suggest that the argument put forward by the Leader of the Government is completely out of order.

The fact of the matter is that they are now setting up a special joint committee of the Senate and of the House of Commons. This resolution was adopted by the other place. Before this joint committee could be set up, they have decided to propose the names of people who are to sit on this committee, people who may never be in fact called upon to sit on this joint committee. Should the Senate decide not to join the House of Commons, this committee might never exist.

I suggest, therefore, that the decision to appoint immediately members of the other place to sit on this committee, a committee which does not exist yet, is another example of the contempt in which the other place holds the Senate.

[*English*]

Senator Perrault: I would suggest that some senators are being unduly sensitive in the views which they hold with respect to the action by members of the other place. It seems to me that the House of Commons has been unusually forthcoming in providing so quickly the names of the people they would have serve on this joint committee. Indeed, it may assist us in our debate.

• (1410)

Senator Flynn: To vote against.

Senator Perrault: Knowing the names of those who are apparently going to serve on this joint committee, should we vote in favour of this motion, gives us greater background to the debate as to whether or not we want the committee to be brought into existence.

Senator Flynn: Do you suggest that it is an argument for or against? Possibly, Mr. Speaker, you could on some occasion discuss this matter with Madam Speaker of the other place and suggest that she wait and send messages of this kind after we have made up our minds.

[*Translation*]

The Hon. the Speaker: Honourable senators, technically speaking, it could be so, since the committee has not yet officially been formed. However, I do not think that constitutes a bias against the Senate or honourable senators. The worst that can happen, of course, is that the committee never be formed and then those people would have been appointed for nothing. But for now, I do not think that constitutes a bias against the Senate or against honourable senators.

I am willing to discuss it with the Speaker in the other place. However at this point, it does not strike me as being a basic issue.

[*English*]

Senator Phillips: Honourable senators, I do not wish to enter into an argument with His Honour the Speaker, but if the translation of what he said was correct I believe he said that the worst that could happen would be that the Senate would not unite with the Commons in this joint committee. I would like to say that that would be the best that could happen.

[*Translation*]

The Hon. the Speaker: Honourable senators, if we want to be really objective I think that if anyone should raise a question of privilege in this regard it would have to be the members of the other place, because they are the ones who appointed people to a non-existent committee.

[*English*]

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Department of External Affairs for the year ended December 31, 1979, pursuant to section 6 of the *Department of External Affairs Act,* Chapter E-20, R.S.C., 1970.

Copies of Order in Council P.C. 1980-2914, dated October 28, 1980, establishing that the inquiry into certain activities of the Royal Canadian Mounted Police shall report to the Governor in Council not later than March 31, 1981.

Budget papers, dated October 28, 1980, being Notices of Ways and Means Motions (1) to amend the *Income Tax Act,* (2) to amend the *Excise Tax Act*, (3) to amend the *Excise Tax Act (1),* (4) to amend the *Excise Act,* (5) with respect to the Taxation of Petroleum and Gas Net Revenues, (6) to amend the *Petroleum Administration Act,* (7) to amend the Customs Tariff No. 3, together with supplementary information on the Budget; and related documents issued by the Minister of Finance, as follows:

"The Fiscal Projections—Notes and Additional Tables";

"The Medium-Term Prospects for the Canadian Economy 1980-1985"; and

"The National Energy Program 1980".

QUESTION PERIOD

[*English*]

ENERGY

THE BUDGET—POLICY RESPECTING CANADIAN OWNERSHIP OF OIL COMPANIES

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, that was quite a budget speech last night.

Some Hon. Senators: Hear, hear.

Senator Flynn: Since the Leader of the Government has initiated that round of applause, I have a comment using the words of La Fontaine:

Ce bloc enfariné ne me dit rien qui vaille!

I want to put a question to the Minister of State for Economic Development. I am very curious about the policy with regard to Canadian ownership of petroleum companies and the imposition of the so-called Canadian ownership charge that would be triggered by a decision on the part of Petro-Canada's board of directors to acquire an existing petroleum company. In his speech, Mr. MacEachen stated:

• (1415)

Revenue for the Account will be provided by a Canadian Ownership Charge imposed on all oil and gas consumption in Canada which will come into operation as the acquisition program . . . Petro-Canada will be charged initially with the task of acquiring the Canadian operations of one or more multinational oil companies.

My question to the minister is whether there is any budgetary precedent in Canadian history for a crown corporation being accorded the privilege of imposing taxes upon the population of Canada?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not believe there is such a precedent, and I do not believe that Petro-Canada or any other crown corporation will be imposing taxes on the Canadian people under this proposal. What will happen, of course, is that the amount of levy that would be required to make that a self-sustaining effort would be imposed by authority of Parliament first, and then by the executive acting on authority from Parliament. It may be that Petro-Canada would be one of the instruments used for that purpose, but the honourable senator should read the rest of the papers that were attached, because there may also be some acquisition of gas and oil energy resources owned by foreign companies now, even multinational ones, that would be acquired with financial support from the government and not only through the instrument of Petro-Canada.

Senator Flynn: Otherwise, that is true. More than one company might trigger the imposition of the tax.

Senator Olson: It may be that the government would require that tax revenue for the acquisition of some foreign-owned energy resource in Canada, but what is also clear is that Petro-Canada is not necessarily going to be the only crown corporation confined to conducting this kind of business.

Senator Flynn: You suggest another crown corporation?

Senator Olson: It may be another crown corporation. Certainly, it would be a crown corporation or a holding company set up in the form of a crown corporation which would own the assets in Canada of some of the multinational oil companies, if and when that happens.

I should also point out that there is clearly some distinct competitive advantage to privately owned Canadian companies to acquire, explore and develop, thereby adding to Canada's resources—that is, the percentage of ownership in Canadian hands.

Hon. Lowell Murray: I have a supplementary question for the minister with regard to this particular tax. For the purpose of clarification, will the minister confirm that what the government is asking Parliament to do is to authorize a certain tax to be imposed, the rate of which and incidence of which will be determined in due course by the cabinet in its wisdom. What has become of certainty of taxation?

● (1420)

Senator Olson: Well, honourable senators, I think my honourable friend should read it more carefully. The government has several acts pursuant to which there are adjustable fees from time to time for certain activities.

Senator Murray: This is not a fee; this is a tax.

Senator Olson: What is clearly indicated is that it will be used when it is necessary to finance the acquisition of these Canadian resources by Canadians, including the Canadian government through the instrument of Petro-Canada.

Senator Flynn: In any event, there is no precedent for it.

POST OFFICE

THE BUDGET—REVENUES AND EXPENDITURES

Hon. C. William Doody: Honourable senators, my question is for the Leader of the Government in the Senate. In last evening's budget speech, the Minister of Finance spoke of the proposed conversion of the Post Office into a crown corporation. At page 14 of the speech, the minister said:

> The new crown corporation will be expected, however, to cover its costs. For the purposes of my fiscal projections I have, therefore, assumed that postal revenues will rise until they equal postal expenditures.

In his projections, the minister did not account for the expected half billion dollar deficit in the Post Office over the next fiscal year. To raise the amount of money necessary to make postal revenues equal postal expenditures, they are going to have to raise that half billion.

[Senator Flynn.]

Will the Leader of the Government indicate if this announced increase in postal rates will come into effect before the Christmas mailing?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice. There is no intention at the present time to introduce massive increases in postal rates before the Christmas period, to my knowledge.

Senator Asselin: How do you know that?

ENERGY

STATUS OF APPLICATION BY Q & M PIPE LINES TO CONSTRUCT A PIPELINE

Hon. Richard A. Donahoe: Honourable senators, I have a question for the Minister of State for Economic Development. On January 12 last, in Halifax, Mr. Trudeau promised that the Q & M pipeline would be built immediately. This spring the application of Q & M Pipe Lines to build that pipeline was rejected, and it was rejected primarily—and I quote from Senator Olson's response to me of October 15 last—"on the basis of unsatisfactory information about environmental concerns."

In that same reply, Senator Olson told us, further, that information had been put before the National Energy Board and that as soon as a decision was forthcoming he would be most pleased to inform honourable senators.

My question is this: Does last night's statement by the Minister of Finance that, as a matter of national priority, the government will ensure—and I underline the word "ensure"—that the natural gas pipeline is extended beyond Montreal to Quebec City and the maritimes constitute an announcement of a decision by the National Energy Board, or is it an indication only what their decision will be, or—another alternative—is it an indication that there is a directive being given to the National Energy Board that they approve this extension?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, what those passages in the budget speech of last evening indicate is a firm reaffirmation, if I may put it that way, of the government's stated policy and its determination to have a gas line in place, thereby making natural gas available to as much of the country as possible, including a gas line all the way to the east coast, together with the laterals that are involved. It does not constitute an announcement on behalf of the National Energy Board. However, it does indicate—

Senator Flynn: Does it replace it?

Senator Olson: —the government's determination that that line be built and completed, for purposes that were stated some time ago.

Senator Asselin: When?

Senator Olson: I am sure my honourable friend would be the first one to criticize if we did not allow these kinds of applications to go through the regulatory boards that have

been set up in respect of such things as environmental considerations, and the other reasons why there has to be a fairly complete indication of intentions, locations, and so on, prior to construction. There is no change in that respect, and the National Energy Board, hopefully, will take into consideration those matters that caused it to reject the application in respect of that portion of the line at the time of the first application by Q & M Pipe Lines. We make no apology for being in favour of it all being built.

• (1425)

Senator Donahoe: May I ask a supplementary question? When the minister replied to my question on a previous occasion he told me that the decision not to proceed with the line from Quebec into Nova Scotia was a decision of the National Energy Board. He said that the government was in favour of its proceeding, but that the National Energy Board had found reasons why it did not think it should be built.

That decision of the National Energy Board was thwarting the decision announced in Halifax by the Prime Minister that the line would be built. Now we have a statement by the Minister of Finance that it will be built, and I really want to know if there has been a change in the relationship between the government and the National Energy Board and whether the National Energy Board still has the authority to make of its own volition, a negative decision, as it did on the previous occasion.

Senator Olson: Honourable senators, there seems to be some unfortunate lack of understanding of the functions of Parliament and of the National Energy Board, and, indeed, of the government's intention. In case my honourable friend does not understand, the government is obliged to obey the laws passed by Parliament in this country. Parliament in its wisdom has given to the National Energy Board certain authority to make decisions respecting applications, locations and all the other considerations that go in before a permit is issued under the National Energy Board Act and requirements. The board did receive an application, heard the evidence and came to a decision. The decision was to issue a permit to build that line as far as Quebec, plus some laterals, but they needed some clarification on environmental considerations to go the rest of the distance. So they have asked for additional information to satisfy their concerns about environment.

I am led to believe that some or all of that additional clarification respecting environmental concerns has been filed with the National Energy Board. But that certainly does not change the government's stated objective, and that is to get the line built as soon as possible. That was restated last night. So that is no news to my honourable friend. He has heard that on many occasions. He has heard me say it in the chamber and he now quotes the Prime Minister as having said it. It is the government's opinion that the entire line to Halifax and the east coast ought to be built.

Senator Donahoe: Honourable senators, may I ask a further supplementary question? It will be my last. I take it that I am to understand from what the minister has just said that when the Minister of Finance used the words, "the government will ensure the building of the pipeline," that was in effect mere puffery because he could not, in light of what we have just been told by Senator Olson, give direction to the National Energy Board, but could only apply to the National Energy Board and abide by its decision.

Senator Olson: I do not want to go over again what I have just explained in detail, but I want to say to my honourable friend that I completely disagree with his interpretation.

• (1430)

GAS TRANSMISSION COSTS

Hon. Stanley Haidasz: Honourable senators, I wish to direct a question to the Minister of State for Economic Development. What would it cost to transmit 1,000 cubic feet of natural gas from Calgary to the Halifax gate?

Hon. H. A. Olson (Minister of State for Economic Development): I do not have that information.

Senator Flynn: Was it not on the order paper?

Senator Olson: Although I usually anticipate questions such as that and have the answers ready, I do not happen to have that one, but I will take the question as notice.

APPLICATION BY Q & M PIPE LINES—OBJECTION BY GOVERNMENT OF NEW BRUNSWICK—NATIONAL ENERGY BOARD DECISION

Hon. Charles McElman: Honourable senators, I should like to direct a supplementary to Senator Donahoe's questions to the Minister of State for Economic Development.

I suggest that the minister has been most gracious in not drawing this to the attention of the house, but is it not a fact that the National Energy Board's decision with respect to the Q & M pipeline was based in large measure on the strong objections to the extension of that line from Quebec east by the Conservative government of New Brunswick? That government made the strongest possible representations.

Senator Asselin: When? When, Charlie, when?

Senator McElman: When you have the floor I will not interrupt you.

Senator Asselin: When?

Senator McElman: Give me the same courtesy and just keep your peace.

Senator Perrault: Hear, hear.

Senator McElman: When the hearings of the National Energy Board were held in Halifax prior to a decision that was made. If you want the date, I can look it up for you and give it to you at a later time.

The Conservative government of the Province of New Brunswick opposed it, but I will not go into the reasons why it opposed it, which I am well aware of, as most of us New Brunswickers are. In any event, is it not a fact that that was one of the basic reasons, and haven't the conditions now changed, in that within the last week the Government of New

Brunswick, through its principal spokesman, has withdrawn its objections to the extension of that pipeline and has thereby changed the whole status of the kind of approach for the construction of that pipeline for consideration by the National Energy Board?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, yes, that is my information.

Senator Flynn: You should thank the honourable senator.

Senator Olson: Yes, I do thank Senator McElman for the question.

Senator Flynn: For the information!

Senator Olson: Well, I had the information before, but, as Senator McElman has so graciously and properly pointed out—

Senator Flynn: That's quite right.

Senator Olson: —these objections by the Province of New Brunswick were known and cited by the National Energy Board when the board made its decision to withhold approval of this section east of Quebec. It is also a fact that there have been indications, although I do not believe they have been put formally to the National Energy Board in a hearing, that they have modified their position since.

Hon. G. I. Smith: Honourable senators, I have a supplementary to this line of questioning. Am I to understand that the allegation made by Senator McElman, now agreed to by the minister, is that the National Energy Board made its negative decision about the pipeline, not on the merits of the objections raised by the Province of New Brunswick but simply because it was the Government of New Brunswick that raised them? Now, the government having withdrawn them, if what he says is correct, the National Energy Board is not considering them any more. Is that the way the board operates?

Senator Olson: No, that is not it at all. What I said was that the National Energy Board cited that objection as part of its reasons, I believe, in withholding a permit to build that pipeline east of Quebec. But I do not believe that the Province of New Brunswick has since been able to appear formally before the National Energy Board to change its position, although I have heard that it has changed its position somewhat. That, I think, is useful information, and no doubt it will be filing it. It may already have written a letter or conveyed that information to the National Energy Board, but I do not know that it has in a formal way.

● (1435)

Senator Smith: I thank the minister for his comment, but—

Senator McElman: Honourable senators, on a question of privilege, I would not want my comment to be misinterpreted. On a question of privilege one has the right to explain when his comments have been misinterpreted, and I am sure that the Honourable Senator Smith would not do it intentionally.

I stated that one of the basic, principal, reasons why the National Energy Board made its decision was because of the representation of the Government of New Brunswick. That is a matter of record, and the National Energy Board has so stated.

I went further to say that the conditions on which the National Energy Board considers such matters have now changed in view of the change of attitude, or the representation, of the Government of New Brunswick—which is quite different from the interpretation put upon it by the Honourable Senator Smith.

Senator Smith: Honourable senators, I would not have much to say about the question of privilege, but I do say that I am still left with the impression, as a result of the comments of both Senator McElman and the minister, that in their view the board made its decision, in part at least, based upon the fact that the Government of New Brunswick made certain objections—not necessarily upon the merits of those objections, but because the Government of New Brunswick made them.

If that is the way the National Energy Board makes its decisions, I would be very surprised, but that is the impression I got from what has been said. Now that it seems that the Government of New Brunswick may no longer be making those objections, regardless again of the merits, it is likely that the National Energy Board will go ahead and make a new decision to a different effect.

That seems to me to be an assertion that the National Energy Board has not been dealing with this matter on the question of the merits raised for and against, but merely because a government has raised objections. I do not believe—that is too strong a phrase; I would be very surprised if the National Energy Board operates on that method. I have always been confident that the National Energy Board dealt with the merits of the situation and that it was a free and independent agency.

Some Hon. Senators: Hear, hear.

Senator Smith: However, from what has been said by the participants in this discussion, I have serious doubt as to whether that belief, which I have held for many years—and I have had some experience relating to it—is wrong.

Senator Olson: Honourable senators, I think the easiest way for Senator Smith to satisfy the interpretation is for him to read the decision of the National Energy Board—

Senator Smith: I have read it and re-read it.

Senator Olson: The honourable senator says he has re-read it, and therefore he does not have to ask me about the reasons of the National Energy Board. He knows them. So I do not really understand why he is trying to get me to interpret the reasons why the National Energy Board does this, that, or the other thing. He already knows, if he has read it carefully.

Senator Smith: I was not asking the honourable gentleman to interpret anything. I am not sure that he is capable of it, in view of the facts that he now seems to have revealed, with the co-operation of Senator McElman.

Senator Olson: Honourable senators, all I can say is that Senator Smith's interpretation of my interpretation of the National Energy Board's reasons is also erroneous.

Senator Smith: That puts us pretty even, doesn't it?

QUEBEC & MARITIMES PIPELINE—EASTERN TERMINUS

Hon. Orville H. Phillips: Honourable senators, I have a supplementary on the Q & M pipeline. Could the minister responsible for economic development tell us what the eastern terminus is of the Q & M pipeline?

Hon. H. A. Olson (Minister of State for Economic Development): Not at the moment, but that information is easily available. It is contained in great detail in the application made by the sponsoring company to the National Energy Board. If the honourable senator does not already have a copy in his office, I will be glad to provide him with one, but I think by making a brief phone call he could have it sent to him immediately.

Senator Phillips: I was not referring to the application before the National Energy Board, but to the statement made in last night's budget. In other words, the federal government must have some terminal in mind, if they are going to make sure that the pipeline goes to the maritimes, and therefore I expect a member of the government to be able to tell us what terminal they have in mind. Is it Saint John? Halifax? Sydney?

● (1440)

Senator Olson: Well, honourable senators, it would certainly go as far east as is necessary, and there would then be laterals off that main line to all those areas that can be served within the realm of economic feasibility.

Senator Phillips: Does the honourable minister consider that taking natural gas into Cape Breton, to compete with the revived coal industry there, is a matter of good economic development?

Senator Olson: We would think that natural gas, which appears to be a lower cost fuel for a number of purposes, should be available to any and all communities in Canada that can demonstrate economic feasibility and express a desire to have it.

Hon. Lowell Murray: Honourable senators, I would like to follow up Senator Phillips' question. I was intrigued a few moments ago, as I think anybody who understands the geography and politics of the area would have been, by the minister's statement that the pipeline would be extended from Montreal and Quebec to Halifax and beyond Halifax. The minister is not unaware that one of the candidates for the terminus is in the area of the Strait of Canso. I wonder whether he is giving us advance notice that the decision has been made in this respect?

Senator Olson: No, honourable senators, the minister is not giving advance notice of that.

THE BUDGET—EFFECT OF OIL PRICING POLICY

Hon. Cyril B. Sherwood: Honourable senators, certainly it is my hope that the National Energy Board is not only listening to representations made by the Government of New Brunswick, but to other representations as well, for the extension of the Q and M pipeline for the good of eastern Canada and, in fact, the whole country. However, I have a question that I would like to direct to the Honourable Senator Olson.

In increasing energy taxes, the government has obviously rejected the companion pieces contained in the last budget that is, the Conservative budget. This budget raises for the federal government half a billion dollars more than the previous budget—the Crosbie budget—did, yet it provides no compensation to low- and middle-income earners who will have to bear the new taxes. Why has the government not introduced an equivalent to the energy tax credit which would have returned $220 a year to each family with an income under $21,000?

Hon. H. A. Olson (Minister of State for Economic Development): Well, what honourable senators will know, if they want to draw us into this budget, is that there is one very significant proposal in the previous budget that is not in this one, and that is the excise tax of 18 cents per gallon. Of course, the simple answer to this question is that if you do not take something away in the first place, you do not need a program to give it back.

Hon. Jack Marshall: Honourable senators, my question is also for the Minister of Economic Development, and it has to do with one of the interesting basic principles in the national energy program. I am referring particularly to the principle of fairness of the pricing and revenue-sharing regime, which recognizes the needs and rights of all Canadians.

I would like to ask the minister how the burden of the energy taxes that are imposed by last night's budget is going to be borne by people on low incomes, and pensioners, without any sort of relief similar to that which was introduced in the last Conservative budget?

Senator Olson: I answered that question just a minute ago. The excise tax of 18 cents per gallon that was introduced in the last budget is, of course, not in this budget.

Senator Flynn: We are speaking of your own taxes.

Senator Olson: Indeed, the amount of the increase in natural gas prices across Canada, as well as the totality of crude oil prices across Canada, will be less than the amount that would have wound up in the consumer stream.

Senator Flynn: How much?

Senator Olson: The logic is very simple. If you do not take it away, as the Conservatives were going to do, then you do not need a scheme to give it back.

Senator Flynn: How much?

Senator Olson: Substantial.

Senator Flynn: I am speaking of cents. One cent less? Two cents less?

Senator Asselin: Face the truth.

Senator Olson: The first thing we have to understand is that the difference between 7 cents per gallon, as I believe it is, and 25 cents a gallon—which is what the Conservatives proposed on gasoline, diesel fuel and that sort of thing—is 18 cents per gallon. That is not being imposed this time, so on that count the difference is 18 cents a gallon.

Senator Flynn: And on the other counts?

Senator Olson: On the other counts it will be less.

Senator Flynn: How much?

Senator Olson: Substantially less.

Senator Asselin: How much?

Senator Smith: Do you not know how much?

Senator Asselin: How much?

Senator Olson: I can find out how much.

Senator Charbonneau: Why make the statement if you do not know?

Senator Olson: All I know is that it is less.

Senator Perrault: Just be patient.

Senator Olson: But the significance of that amount is really not very large in relation to the 18 cents, which was a very large amount.

Senator Marshall: The minister keeps referring to the 18 cents increase, but he fails to say that there was relief for the low income earner and the pensioner by means of an energy tax credit of $80 per adult. How can he reconcile that with the increases in the price of fuel oil, which has nothing to do with natural gas or anything else? Poor people on welfare and the pensioners can't cope with the price of fuel oil, let alone buy enough food to eat. There is no mention made in the budget about relief for these people. How does the minister reconcile that with this basic principle of fairness and opportunity for all Canadians?

Senator Olson: The honourable senator knows very well that the cost of fuel, for all purposes, in Canada is less than anywhere else in the world.

Senator Flynn: The question that Senator Marshall was trying to put to you, and which you refuse to answer is that last year, with regard to the 18 cents, there was some compensation. With regard to the new taxes announced last night by Mr. MacEachen, is there any compensation? The answer is no. So just say that.

Senator Olson: The answer is somewhat different, and it seems to be very difficult for the Leader of the Opposition to understand.

Senator Flynn: Yes.

Senator Olson: Yet I know he is a very intelligent person. It is pretty simple. If you do not take it away in the first place, you do not need to give it back.

[Senator Flynn.]

Hon. G. I. Smith: But you are taking it out of the pocketbooks of the person who buys fuel oil for heating his house. I do not see how you can deny that. That is a perfectly straightforward assertion, backed up by what the Minister of Finance said last night. There is no compensation to the people least able to pay the increased tax.

Senator Olson: Honourable senators seem to have forgotten that there is an oil import compensation credit that is given to lower the price of all types of fuel, including oil, for all Canadians.

Senator Asselin: Who does it go to?

Senator Olson: The totality of whatever it happens to be is probably the lowest price for fuel anywhere in the world.

Senator Perrault: Why don't you use your own hot air for fuel?

Senator Smith: If I had a match I could light a fire by holding it close to the honourable gentleman.

An Hon. Senator: You have forgotten!

• (1450)

Senator Smith: I haven't forgotten anything, at least not along the line of which the honourable gentleman is speaking. I do not think he has forgotten anything either, but he is taking great care not to mention that the budget last night substantially increases the cost per gallon or per litre of fuel oil to every person in this country who burns fuel oil to heat his living quarters—and substantially increases it by several hundred dollars a year. Whatever the honourable gentleman may say about the price of fuel oil in Canada relative to the price of fuel oil in other countries, he cannot deny that the action of the government last night placed this extra burden that I have just referred to on the pocketbooks of the people of Canada, and they are not relieved of that by any compensation whatsoever in the budget.

Senator Olson: What is clear, however you add it up, honourable senators, is that the increases last night are less than my honourable friend's colleagues in the other place proposed last year.

Some Hon. Senators: Oh, oh.

Some Hon. Senators: Hear, hear.

Senator Smith: I think my honourable friend has to do a taxing exercise to come to that conclusion.

Senator Perrault: That is a foolish remark.

Senator Smith: That is an honest remark and a correct remark, and you can go and do the figuring yourself.

Senator Flynn: They have forgotten how to do that.

Senator Phillips: You had better get some advice from your deputy again.

Senator Marshall: Honourable senators, I have a supplementary question. Since we cannot get any answers under the national energy strategy, let us try the economic strategy. The

minister stated last night that the government would sustain social and economic assistance to those most in need.

Since it is determined by the experts we hear on television, and by others that it is going to cost each individual in Canada $500 more for fuel, in one form or another, is the minister able to reconcile that figure with the government's aim to effect some relief for the people most in need?

Senator Olson: It seems very difficult for honourable senators opposite to understand a few things. What the Minister of Finance said is that the government will sustain its determination to help those who find it difficult to correct their own situations. Then my honourable friend opposite starts adding up all the wrong figures. He is talking about $500, but that is probably over a four-year period.

Senator Asselin: No, no.

Senator Olson: However you add it all up, whether it is one year or four years, it will be less.

Some Hon. Senators: No.

Senator Flynn: You are repeating the lies of the last campaign.

THE BUDGET—EFFECT ON ENERGY INDUSTRY IN WESTERN CANADA

Hon. R. James Balfour: Honourable senators, my question is for the Minister of State for Economic Development, and I am sure he will be delighted to answer it. I assume, in arriving at the budget decisions last night, that some thought was given to the impact of the several new taxes on the western Canada energy industry. Did the government make any calculations as to the amount of energy industry investment which could be expected to leave Canada as a result of the imposition of the petroleum compensation charge and the new uniform tax on all natural gas production?

Has there been a calculation of the amount of unemployment which will be created as a result of energy companies quitting Canada for more profitable investments elsewhere? If so, what is the result of those calculations?

Hon. H. A. Olson (Minister of State for Economic Development): The precise calculations the honourable senator is asking for, of course, are really very hypothetical because on the other side of the energy package that was announced are some very significant incentives to Canadian industry if they undertake exploration and development so that there is a gradual transfer of more ownership of those energy resources to Canadian individuals and firms. A significant portion of the revenue coming from those taxes will be redirected back into the industry to enhance Canadian ownership, and we think that is a desirable end result. However, as a result of those grants and incentives of several kinds, we think that there is a very real prospect that those Canadian firms will, in fact, enhance their activity in Canada.

Senator Balfour: I am delighted to hear that estimates have been made of the type described, and I understand why these may not be precise, but they can be, of course, approximate. Would the minister be prepared to table in this chamber these calculations or estimates which, I understand, would be ballpark figures but which would, nevertheless, give the public of Canada and the members of the Senate some insight into what the likely net result will be on the Canadian energy industry?

Senator Olson: Honourable senators, I will take that question as notice and find out whether the Department of Energy, Mines and Resources has done any projections of that nature.

Senator Balfour: As a further supplementary, did I misunderstand the honourable gentleman when he informed me in his first response that calculations had been made?

Senator Olson: Yes, you did. I did not say positively that I knew that calculations had been made on all those points; I said that they may have been made. I will now make inquiries, and if they have been made, and if I can get the figures, I will bring them to this chamber.

QUEBEC & MARITIMES PIPELINE—EFFECT ON COAL MINING INDUSTRY IN EASTERN CANADA

Hon. Robert Muir: Honourable senators, my question is for the Minister of State for Economic Development and relates to the question posed by my colleague, Senator Phillips. In regard to the proposed gas pipeline to the east coast, it would be interesting to know if it is the intention of the government, the National Energy Board, or whoever—because of the questions today it is difficult to know who has the final say—that the pipeline should stop at Halifax or the Strait of Canso which is in the riding of the Minister of Finance. I might add that that would be a good area for the pipeline to terminate since feeder lines could then supply other parts of the island.

Has a study been made by the National Energy Board as to what effect the provision of natural gas to the east coast would have on the coal industry with regard to the production of British thermal units?

Hon. H. A. Olson (Minister of State for Economic Development): I will look into that matter, honourable senators. I do not know if a study has been made on that exact reference.

Senator Muir: As a supplementary, the minister knows progress is being made in the development of new coal mines, and we have reason to believe that coal is coming back as a fuel because of the difficulties in the Middle East. Does the minister feel, or does the government feel, that the operation of coal mines on the east coast will be reduced because natural gas will be more economical and, therefore, mines would close rather than open? This is not a good situation so far as employment is concerned. I should like to get all the information I possibly can on this matter.

Senator Olson: Honourable senators, we would like all Canadians, no matter where they live in Canada, to have access to gas because of the ease of distribution, and it is a particularly clean fuel for many heating purposes. There is a very good prospect of that gas pipeline being filled from Sable Island and the surrounding areas. It seems to me that there may come a day when that is possible.

I will try and find out whether the terminus is going to be in Halifax, Sydney, or some other place, but I would expect that the laterals that will be built into the main line, wherever the terminus of the line is, will be installed wherever it is economically feasible to serve Canadians.

Senator Muir: May I point out to the honourable gentleman that there are two lines of thought? Natural gas may be a wonderful thing for the east coast, but it is difficult to know. By the same token it may cause difficulties for the coal industry that is now there, particularly with respect to electricity-generating plants and other coal consuming industries, and that is why we would like to have all the information on it that we can get.

● (1500)

Senator Olson: That information would be useful and I will try to get it for my friend.

THE BUDGET—CONSTRUCTION OF NATURAL GAS PIPELINE TO VANCOUVER ISLAND

Hon. Jack Austin: Honourable senators, I have a question for the Leader of the Government. It follows from the question Senator Muir was asking but it affects my own province of British Columbia. I note with pleasure that the budget provides financial assistance by the Government of Canada for the construction of a natural gas pipeline to Vancouver Island. Can the government leader indicate whether the Province of British Columbia has responded affirmatively to this proposal for assistance to the communities and industries of Vancouver Island?

Hon. Raymond J. Perrault (Leader of the Government): I am very pleased to confirm to the Honourable Senator Austin that the Government of Canada would like to enter into active negotiations with the Province of British Columbia to extend natural gas to Vancouver Island. In the past there has been some question as to the feasibility of the line. At times the provincial government has expressed support for the proposal, and at other times it can be construed that it has felt the time was not appropriate for the construction of such a line. We would like to enter into discussions with the Government of British Columbia to bring natural gas to Vancouver Island, and if the line is not constructed, an alternative program will be put in place to help those residents of Vancouver Island who must depend on oil heating and are not able to achieve the economies that can be realized by the use of natural gas.

Senator Austin: May I ask the government leader, bearing in mind that there are two applications—one from Westcoast Transmission and one from British Columbia Hydro, which are outstanding for the construction of this line—if it is the position of the Government of Canada that the choice will be left to the Public Utilities Commission of British Columbia, or the provincial government, or will there be some other means of making a decision as to which is the most economically feasible route?

Senator Perrault: Honourable senators, I understand that that decision has yet to be made; however, the construction of a natural gas pipeline to Vancouver Island could be part of the national government's $550 million program for energy initiatives in British Columbia.

QUEBEC & MARITIMES PIPELINE—REVERSE TRANSMISSION CAPABILITY

Hon. G. I. Smith: Honourable senators, could I ask the Minister of State for Economic Development to return for a moment to the subject of the Q and M pipeline? I was very encouraged to hear what I thought I heard him say a moment ago in answer to one of my colleagues, that the question of gas in Nova Scotia and the consumption thereof stood a good chance of being affected by gas from Sable Island.

I was also encouraged to hear him refer to a reversible pipeline, if I heard him correctly. Is that line, which the government announced last night is to be built to some place in Nova Scotia, to be a reversible one?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I think so, but there is nothing new in the announcement that was made last night. The sponsors of the previous application for the so-called Quebec and Maritime pipeline had indicated that they would put it in in such a way that it could be reversible.

Senator Smith: I am not quite sure what you mean. Do you mean that it would not be reversible in the first instance but that it would be constructed so that it could be converted readily?

Senator Olson: It can't be both forward and reverse at the same time. It has to be one or the other at any given time.

Senator Murray: Unlike the government.

Senator Olson: Only minor modifications in the valves and plumbing around the pumping stations are needed in order to pump gas east or west. If, in the first instance, the line is designed to be reversible, it is a very simple process to reverse the flow.

Senator Smith: Is the minister aware whether any calculations have been made by the government to compare the cost of making the pipeline easily reversible in the way the minister has just described as against making it a one-way telescope pipeline now and later doing whatever is necessary to transmit the gas westward from the east coast?

Senator Olson: I am not sure, but I think that that information was also in the application that was made for the entire Q and M some time ago.

THE BUDGET—LOWER NELSON RIVER—POLICY RESPECTING HYDRO-ELECTRIC POWER DEVELOPMENT

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I address a question to the Leader of the Government in connection with last night's budget? I noted with some pleasure the government's decision to assist in the development of the Lower Churchill River in the Province of Newfoundland and Labrador, and I wonder whether the gov-

ernment would consider extending the same policy to the development of the Lower Nelson River in the province of Manitoba?

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice.

THE BUDGET—EFFECT ON AGRICULTURAL INDUSTRY

Hon. Cyril B. Sherwood: Honourable senators, I had a question for Senator Argue but in his absence I will direct it to Senator Olson. The agriculture industry is perhaps the largest consumer of energy in Canada. The previous budget suggested, in raising energy prices, a rebate of 10 cents a gallon on energy consumed for agricultural purposes. Would Senator Olson be good enough to indicate why farmers have not been offered a similar rebate by present government in the present budget?

Hon. H. A. Olson (Minister of State for Economic Development): Yes, honourable senators, I would be glad to. It is the same reason that I gave a few minutes ago. They are not going to take it away in the first place; therefore, they don't need to give it back.

Senator Asselin: That's a false principle.

OIL IMPORTED FROM MEXICO—COST OF CONVERSION

Hon. Guy Charbonneau: Honourable senators, I would like to ask a question of the Minister of State for Economic Development. It relates back to a question I asked him on May 1 with respect to oil imported from Mexico. I asked the minister whether those who had negotiated the Mexican oil deal had taken into consideration the quality of oil we were getting from the Mexicans, and the minister replied that surely negotiators were well aware of the fact that there could be different qualities in the oil.

I notice that the minister didn't say that the 50,000 barrels being imported was of poor quality, and I asked at the time whether the government had taken into consideration the additional costs of conversion, and the minister said yes. I understand that some newspapers now report that we were outfoxed—not to use other terms—and I would like the minister to comment on exactly what has been happening with respect to the Mexican oil imports?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, there are many implications in that question. One is whether it was anticipated that the imported oil is of low quality and therefore would require more expensive refining. I am sure that that is so. Another implication is whether or not the extra refining is provided for in the Oil Import Compensation Program to bring the cost down to the average cost, and so on.

• (1510)

So that I may give you a complete answer, and get you accurate information, I think the best thing I can do is take the question as notice and refer it to the Department of Energy, Mines and Resources.

Senator Charbonneau: I received the same answer in May of this year. I was told then that my question would be taken as notice. However, I still don't know who is going to pay the additional cost. Are the refiners going to pay the additional cost? Is the government going to pay the additional cost through subsidies? Have we been out-foxed, not to use other terms?

Senator Olson: We had better find out whether or not there is something in this deal that was not anticipated, and find out what those costs are. Once we have established that there are additional costs, we will then try to trace who is paying for them. I will see that my officials get an answer to that question.

Senator Charbonneau: It seems to me that the Minister of Energy, Mines and Resources admitted that the quality of the oil was poor. I am quoting what he said. Therefore, it was obvious that additional costs would be incurred. I do not understand why the minister or the negotiators, as I warned them back in May, just let it go at that without negotiating properly. I am sure the minister will give me an answer to that question.

THE ECONOMY

THE BUDGET—EFFECT ON NUMBER OF BANKRUPTCIES

Hon. Guy Charbonneau: Last Wednesday my deskmate, Senator Nurgitz, asked the minister to tell us precisely what the government was proposing to do to cut down on the excessively high rate of bankruptcies taking place in Canada today. At that time the minister said:

> —I would expect that within the next few days, when the budget comes in . . . the honourable senator will hear a number of encouraging ideas for dealing with these kinds of problems.

Would the minister summarize for me the encouraging ideas for solving the problems of bankruptcy which were listed in last evening's budget, because I failed to hear any of them.

Hon. H. A. Olson (Minister of State for Economic Development): I am sorry to hear that. There appears to be something malfunctioning with my honourable friend's hearing when he says that, because had he listened carefully to the speech he would have heard that there are a number of new, or, at least, enhanced, programs in it with respect to such things as research and development and an industrial strategy. Indeed, the minister announced that there would be a 22 per cent increase in the economic development envelope, and so forth. Of course, all these things add up to the government doing things that are going to promote economic activity in Canada, and I am sure that my honourable friend agrees that promotion of economic development and activity in Canada will have some positive effect on the number of bankruptcies.

So, as I said, I am sorry he was unable to hear that, but I will send him a copy of the budget speech with those points underlined so that he will not miss them this time.

Senator Flynn: That's the best offer we have had today. I would appreciate that. I'll be expecting it.

Senator Olson: If the Leader of the Opposition would like to have a copy with underlining, I will send him one. He will not then miss those points when he reads it. I shall be glad to do that for him too.

Senator Flynn: With personal underlining.

Senator Perrault: Send him an autographed copy.

Senator Walker: Then he will know he is not being outfoxed.

Senator Charbonneau: I appreciate the minister's offer. I will gladly take him up on it. I should say that I heard a lot of rhetoric last night about research and development. I have heard these things for years, and in several budgets, without anything concrete being done. What I am really concerned about is that many Canadians who have to meet payrolls at the end of a week, or at the end of a month, are having a hell of a time meeting them. That is what I am talking about. I am not talking about research and development down the road five or ten years from now. I am all for that. That is a good principle, but right now we are in a bad way. The number of bankruptcies is increasing in this country, and there is nothing in the budget which will do anything about it.

Senator Olson: Honourable senators, on a point of order. It seems to me that the honourable gentleman wants to begin the budget debate during Question Period. He is now stating a lot of opinion, which he should do only in a debate. I do not want to read what *Beauchesne* says should take place during Question Period, but one of the underlying principles of any Question Period is that it is to seek information, and not to give opinions.

Senator Asselin: You are in trouble now.

Senator Flynn: That is what you were doing last year, Senator Frith.

Senator Frith: I was observing the rules scrupulously.

Senator Murray: I recall very well Senator Frith's attempting to cross-examine the Attorney General of Canada at length on a matter that the Attorney General had under advisement in his quasi-judicial capacity.

Senator Frith: I was only seeking information. If you read the record, you will understand that I was asking for information as to what took place at a meeting. That is seeking information.

Senator Murray: The honourable senator was seeking information that he had no right to, and that no one else had any right to, at that particular time when the Attorney General had the matter under advisement.

Senator Frith: That is another matter. The point is that it was not a speech. It sought information in Question Period.

Senator Murray: In any case, there are many authorities in support of what I have just said.

[Senator Olson.]

THE BUDGET—INDUSTRIAL STRATEGY

Hon. Lowell Murray: Honourable senators, I have a question for the Minister of State for Economic Development in the same spirit of seeking information. Of course, he will understand if I preface my question with a very brief attendu que.

In view of the fact that the general budgetary policies of the government are to passively accept the drift of the country into almost unprecedented economic stagnation, when may we expect that the long-heralded industrial strategy will be forthcoming, or is it still a matter of the minister's wrestling Herb Gray to the ground?

Hon. H. A. Olson (Minister of State for Economic Development): No, honourable senators, the minister has not been attempting to wrestle Herb Gray or anybody else to the ground. But it is amazing how many honourable friends opposite, who claim they listened to the budget speech, seem to have completely forgotten that they heard the Minister of Finance tell them that there is going to be an increased emphasis on a number of things in research and development, in industrial adjustment, and that sort of thing.

I do not want to repeat the entire budget speech, although I have it here, but it seems to me that we on this side of the house have to assume that honourable gentlemen opposite are intelligent enough to have listened to the budget speech last night, and to have read it since then. Obviously they are not, and it seems to me that I will have to go through that speech, pick out all these things, and re-read them to my honourable friends, because they are clearly there.

Senator Perrault: There are none so blind as those who will not see.

Senator Smith: It won't take you long to list them.

Senator Murray: May we take it, then, that as a result of last night's budget speech, the Canadian government's industrial strategy is now in place?

● (1520)

Senator Olson: No, that is the beginning of it and a reaffirmation that it is going to be done.

THE BUDGET—MEASURES TO FIGHT INFLATION

Hon. C. William Doody: Honourable senators, my question is for the minister responsible for economic development. I feel quite sure that I will also be asked to study the budget more thoroughly. In anticipation of that, I assure the honourable minister that I did watch the presentation last evening and I did read the budget papers this morning, but obviously not as carefully as some.

While the minister is compiling the lists he has promised my colleagues, I would ask him to make an additional one, that being a list of those specific measures which the government is going to take to fight inflation.

I think of this particularly in view of the fact that it was announced recently by StatsCan that the purchasing power of the Canadian dollar in relation to what it was in 1971 is now

46 cents. When one applies that to the fixed income group—those on pensions and welfare, and so on—that is really a tremendous burden to ask them to carry. I would like very much to be shown the specific measures which the government intends taking to battle on their behalf.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I cannot do any more now than to repeat what the Minister of Finance said in terms of his determination to come to grips with inflation and hold it down as much as possible through the number of measures he proposed.

Senator Asselin: Which ones?

Senator Olson: It becomes a matter of argument and debate in terms of whether or not my honourable friends opposite accept those measures. I would expect the normal procedure to follow—that is, the more effective the arguments put by the Minister of Finance, the more vociferously they would be objected to by my honourable friends opposite.

Senator Doody: Honourable senators, I really have no intention of debating the measures that the honourable minister mentions. All I ask him to do is identify the measures that will be taken.

When these fixed income people, the poor and the disadvantaged in Canada, get their increased fuel bills this winter, I think it might be nice if we can enclose information on some effective measures that we are going to take to try to ease the burden of inflation.

Senator Olson: Now my honourable friend is changing the content of his question. He was wondering about the measures that were introduced to try to hold inflation down, and now he is talking about supplementary payments off on the side.

In any event, I shall bring a long list, gleaned from the budget, in response to all of the questions my honourable friends have asked—perhaps by tomorrow. Because it is such a long list, it may take a little longer than that, but certainly I will have it here within the next day or so.

THE BUDGET—JOB CREATION PROGRAMS

Hon. C. William Doody: I would also ask the honourable minister, when he compiles those various lists, to include a list of the job creation programs that are going to be put in place.

I have no doubt I will be told that somewhere in the budget there are measures to help alleviate the heavy unemployment that is anticipated for this winter, and perhaps the honourable minister could give us that list at the same time.

Hon. H. A. Olson (Minister of State for Economic Development): I shall be glad to.

ENERGY

THE BUDGET—LOWER CHURCHILL RIVER—POLICY RESPECTING HYDRO-ELECTRIC POWER DEVELOPMENT

Hon. Jack Marshall: Honourable senators, I would also ask the minister to include in his list of items the intentions of the government in respect of federal equity to support hydro development in the Lower Churchill River in Labrador.

Hon. H. A. Olson (Minister of State for Economic Development): Yes, I shall include that.

CANADIAN BROADCASTING CORPORATION

COVERAGE OF BUDGET SPEECH

Hon. John M. Godfrey: Honourable senators, my question is for the Leader of the Government. Reference has been made to hearing the budget speech last evening—

An Hon. Senator: Don't leave, Bud. We have more.

Senator Perrault: He has an important commitment.

Senator Godfrey: I tuned in the CBC last evening to hear Mr. MacEachen's speech and I was greeted with a short summary of what was in the budget speech that Mr. MacEachen was going to deliver to the House of Commons later. For 20 minutes, we did not hear a word from Mr. MacEachen. All we got were comments from various commentators and reporters. We were then allowed to hear 10 minutes of Mr. MacEachen, at which point the program switched to a pub in Sydney, Cape Breton, to hear the comments of a couple of coal miners—and they were a lot smarter than the CBC producers, because they said, "How can we comment now when we have not heard all of the budget?"

We then heard a few minutes of Mr. MacEachen, following which the program switched to an auto assembly line to hear comments from some auto workers, and then we heard a little more from Mr. MacEachen. We were then switched to Alberta and we heard from a minister of the Alberta government and then from other commentators, all the time getting just a few snatches of the minister.

My question for the Leader of the Government is: Isn't there something we can do to persuade the CBC to allow the general public, on these occasions, to hear from the Minister of Finance instead of its commentators?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a number of similar reports have been received from other parliamentarians. I can only say that the question will be taken as notice and information brought before the Senate as quickly as possible. Certainly there have been a number of serious complaints.

Hon. Orville H. Phillips: Honourable senators, by way of a supplementary to the question asked by the Honourable Senator Godfrey, I would request the Leader of the Government to point out to the CBC that they forgot the courtesy of including the remarks of the Honourable John Crosbie, the opposition finance critic. I am, of course, referring to his remarks during the debate in the house.

Senator Perrault: Honourable senators, the loyal opposition, as a matter of practice, is given an opportunity to respond to the budget address by the Minister of Finance, and quite properly so. Information will certainly be sought on that point as well.

THE ECONOMY

THE BUDGET—REDUCTION OF OIL EXPORT TAX—BENEFITS TO SASKATCHEWAN AND ALBERTA

Hon. Sidney L. Buckwold: Honourable senators, after the barrage of questions to the Minister of State for Economic Development—

An Hon. Senator: He ran away.

Senator Buckwold: —I have a friendly question for him. Unfortunately, he is not here, so I shall put my question to the Leader of the Government in the Senate.

Yesterday Senator Argue and I both pointed out the very heavy burden on the Province of Saskatchewan which has been imposed as a result of the export tax on oil. Saskatchewan, because it is a major exporter of oil, paid out about $500 million last year by way of that export tax. I have to tell you how delighted I was, as a Saskatchewan citizen, to note that that will be reduced by 50 per cent.

My question to the government leader—and perhaps he will have to take it as notice—is: Could I have from him the actual dollar amount of the benefits which will accrue to the Provinces of Saskatchewan and Alberta as a result of this 50 per cent reduction in the export tax on oil?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the existing oil export charge will be maintained as far as Saskatchewan is concerned. The Government of Canada, however, is prepared to share with Saskatchewan 50 per cent of the export charge revenues on crude oil exports. This commitment will be reviewed in 1985, when it is expected oil exports will have been phased out.

Under the provisions of the National Energy Program, Saskatchewan's revenues from oil and gas production will total an estimated $3.2 billion from 1980 to 1983. New federal energy initiatives, research, conservation, industry incentives, et cetera, under the new energy program in Saskatchewan, including reserve expenditures, will total more than $490 million over the next four years, or $500 per capita.

There is a great deal of good news for the Province of Saskatchewan in last night's announcement.

Senator Buckwold: That all sounds very good, but I wonder whether we could get it on an annual basis so that those of us who are proud of this action can go home and tell our eager citizens about it.

How much will the federal government rebate to the Province of Saskatchewan next year?

Senator Charbonneau: Ask Mr. Broadbent. Mr. Broadbent will know.

Senator Perrault: Honourable senators, the question will be taken as notice. I can say that it will be in the billions of dollars.

[Senator Perrault.]

ENERGY

SASKATCHEWAN—EXPORTS OF CRUDE OIL—DEPARTMENTAL ESTIMATES

Hon. R. James Balfour: Supplementary to Senator Buckwold's question, might I ask the Leader of the Government in the Senate, when providing that information, to include estimates from the Department of Energy, Mines and Resources with respect to the level of exports of crude oil, calculated in barrels, from the province of Saskatchewan over the four- or five-year time frame that he mentioned?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, additional information will be sought. As well, I shall attempt to bring to the chamber further details about the new incentive price for heavy oil production. The federal government, as honourable senators from Saskatchewan may know, will participate in the funding of a heavy oil upgrading plant in the province of Saskatchewan. The cost of such a plant is expected to be in excess of $1 billion. Hopefully, at some point, further details about this new advance for Saskatchewan will be brought as well.

THE CONSTITUTION

PROPOSED SPECIAL JOINT COMMITTEE—WITNESSES

Hon. Orville H. Phillips: Honourable senators, my question is for the Leader of the Government in the Senate. It arises out of my question of privilege earlier concerning the Special Joint Committee on the Constitution.

The members mentioned in the message from the House of Commons received earlier today have now received a request from the honourable member for High Park to appear before that committee as a witness. I would point out, honourable senators, that the honourable member for High Park had an opportunity to speak in the debate—something the majority of the Progressive Conservative members in that house did not have. This creates a most peculiar circumstance.

Will the Leader of the Government assure us that the committee will not be stacked with Liberal members of the House of Commons, who are to appear as witnesses, when the Senate has not approved the resolution.

• (1530)

Hon. Raymond J. Perrault (Leader of the Government): Well, honourable senators, that question is a reflection upon the integrity and the quality of all members of the Senate, wherever they sit. The members who will be named to that joint committee, if the Senate approves of the resolution, I am sure will uphold the highest parliamentary traditions and standards.

As far as the report about witnesses being called by the committee is concerned, in my view it would be improper to issue invitations for witnesses to appear before a committee that has not yet been established. I would appreciate any information which the honourable senator may be able to provide.

Senator Phillips: I will be happy to provide the leader with information. I did not reflect on the integrity of the Senate. However, I am not surprised that the honourable senator should use that word, because he has a different interpretation of it from what I have.

THE BUDGET

PREPARATION—CONSULTATION WITH LABOUR AND INDUSTRY ORGANIZATIONS

Hon. G. I. Smith: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate relating to the budget and consultations with certain groups before the budget was finalized. Was the Canadian Labour Congress consulted as to its views prior to the completion of the budget, especially with regard to unemployment insurance premiums, and was the organization representing small business in this country consulted on the same matter or any other matter?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I can answer in general terms that the budget was prepared over a substantial period of time in a most painstaking way, after consultation with a number of groups in the country. I must take as notice the specific part of the honourable senator's question as to whether the groups he mentions, the Canadian Labour Congress and the group representing small business, were consulted at some level. I do not have that specific information with me at this time.

Senator Smith: I understand that. I appreciate what I take to be the offer of the honourable gentleman to inquire and produce an answer.

REGIONAL ECONOMIC EXPANSION

FEDERAL-PROVINCIAL AGREEMENTS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, our colleague, the Minister of State for Economic Development, has been called out of the house by certain ministerial responsibilities. However, he has asked me to provide a reply to Senator Murray's question of October 22 regarding the status of proposed subsidiary agreements between the Government of Canada and New Brunswick for forestry development and industrial development.

I expect both of these items will be under review and discussion by cabinet in the near future and, pending cabinet decisions, announcements will be made by the Minister of Regional Economic Expansion.

I might add that officials in the Ministry of State for Economic Development met with officials from the New Brunswick government following the meeting of the Standing Senate Committee on National Finance to clear up any possible misconceptions New Brunswick officials may have regarding erroneous assumptions that the ministry has a mandate to approve such agreements.

FISHERIES

EASTERN CANADA REGIONS

Hon. Raymond J. Perrault (Leader of the Government): Honourable Senator Marshall on October 23 asked a question seeking clarification of Eastern Canada fishing regions.

As was stated earlier, the boundaries will be drafted shortly. It is, therefore, impossible at this point to provide the honourable senator with precise information concerning the delineation of the boundaries.

It might be pointed out that Mr. Len Cowley, who is in charge of organizing the Newfoundland region, suffered a major heart attack shortly after he was appointed, causing a delay in the proceedings.

I would like to assure the honourable senator that there definitely will be a consultation process with the fishermen in the Gulf region although it has not yet been decided as to what form it will take, and this consultation will take place before the final drafting of the boundaries takes place.

THE CONSTITUTION DEBATE

STATEMENT BY PREMIER OF SASKATCHEWAN

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have an answer to the question asked by Senator Roblin on October 28 regarding the government's response to Premier Blakeney's concerns about the constitutional package.

The Right Honourable the Prime Minister will be speaking in Regina this evening and meeting personally with Premier Blakeney tomorrow. He will respond to Mr. Blakeney's concerns at that time.

PROCEDURE RESPECTING REPORT OF PROPOSED SPECIAL JOINT COMMITTEE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to the question asked by Senator Flynn on October 28, concerning sending a Joint Address to Her Majesty the Queen.

The government will indicate before debate on the third stage what its view is as to whether the committee report is adequate to be sent to Her Majesty the Queen as the final resolution for a Joint Address.

Honourable senators, I have a delayed answer to the question asked by Senator Roblin on October 28, concerning a possible Committee of the Whole stage in the Senate.

The government is open-minded on this issue, but the honourable senator should bear in mind that we can't have a clause by clause study actually amending the motion because each amendment would have to have the approval of the other place before it could be sent back to the committee.

May I add, however, that, as I stated yesterday, it is possible for suggestions for changes or the proposed amendments to be brought forward in the Senate, and, if the Senate approves,

there is the possibility of referring the report back to a reconstituted committee.

PUBLIC SERVICE

STRIKE OF TRANSLATORS AND INTERPRETERS

Hon. Lowell Murray: Honourable senators, I realize it was only yesterday that I put my question to the minister concerning the translators' strike. While ordinarily one day's interval would not be very long, I would like to point out that the matters I raised in connection with that strike are of some urgency, and I would make representations to the minister now that he should try to obtain answers to the questions I raised as soon as possible.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I appreciate the honourable senator's concern. The reply was not available this afternoon at 2 o'clock. A further inquiry will go forward today.

TRANSPORT

AIR CANADA—INCREASES IN AIR FARES

Question No. 30 on the Order Paper—**By Hon. Jack Marshall:**

Give in detail, increases in air fares by Air Canada over the last ten years for the following destinations:

(a) Ottawa to Toronto,

(b) Ottawa to Montreal,

(c) Ottawa to Stephenville, Newfoundland, and

(d) Ottawa to St. John's, Newfoundland.

Reply by the Minister of Transport:

The management of Air Canada advises that the following information is based on the regular economy fare:

Normal Economy Fare Increases

a) Ottawa — Toronto	b) Ottawa — Montreal
1970 — $ 23.00	1970 — $ 12.00
1971 — 25.00	1971 — 14.00
1972 — 25.00	1972 — 14.00
1973 — 25.00	1973 — 14.00
1974 — 31.00	1974 — 18.00
1975 — 36.00	1975 — 23.00
1976 — 42.00	1976 — 27.00
1977 — 45.00	1977 — 29.00
1978 — 47.00	1978 — 30.00
1979 — 53.00	1979 — 35.00
1980 — 65.00	1980 — 48.00

[Senator Perrault.]

c) Ottawa — Stephenville	d) Ottawa — St. John's
1970 — $ 63.00	1970 — $ 73.00
1971 — 66.00	1971 — 76.00
1972 — 66.00	1972 — 76.00
1973 — 66.00	1973 — 76.00
1974 — 77.00	1974 — 87.00
1975 — 84.00	1975 — 95.00
1976 — 96.00	1976 — 108.00
1977 — 102.00	1977 — 116.00
1978 — 106.00	1978 — 120.00
1979 — 108.00	1979 — 124.00
1980 — 126.00	1980 — 144.00

• (1540)

THE CONSTITUTION

MOTION TO APPOINT SPECIAL JOINT COMMITTEE—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Perrault:

That the Senate do unite with the House of Commons in the appointment of a Special Joint Committee to consider and report upon the document entitled "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada" published by the Government on October 2, 1980, and to recommend in their report whether or not such an Address, with such amendments as the Committee considers necessary, should be presented by both Houses of Parliament to Her Majesty the Queen;

That ten Members of the Senate, to be designated at a latter date, act on behalf of the Senate as members of the Special Joint Committee;

That the Committee have power to appoint from among its members such subcommittees as may be deemed advisable and necessary and to delegate to such subcommittees all or any of their powers except the power to report directly to the Senate;

That the Committee have power to sit during sittings and adjournments of the Senate;

That the Committee have power to send for persons, papers, and records, and to examine witnesses and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee submit their report not later than December 9, 1980;

That the quorum of the Committee be twelve members, whenever a vote, resolution or other decision is taken, so long as both Houses are represented and that the Joint Chairmen be authorized to hold meetings, to receive evidence and authorize the printing thereof, when six members are present so long as both Houses are represented; and

That a Message be sent to the House of Commons to inform that House accordingly.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, at the beginning of a speech on the Constitution, there is one basic position I would like to establish. Speaking for myself—and, I have no doubt, speaking for all the members of this chamber, and indeed, for all the men and women who live in this land—I say that we are Canadians. Everyone has regional loyalties. Sometimes they are strong. We in the Senate, I believe, have regional responsibilities, and they are important. But beyond all else, we are Canadians, we love our country and we seek its unity and its welfare.

How melancholy it is, then, to report that on an occasion when we approach the patriation of the Constitution—that last faint impediment to national fulfilment and independence—an occasion which ought to gladden the heart of any patriot, those who sit in the seats of the mighty have led us into this trough of debate and discord.

I do not wish to exacerbate hard feelings in what I say. I do not want to deny credit where credit is due, or make confusion worse confounded. But I do want to submit for the examination of honourable senators one man's analysis of our problem, that I hope may in some way illuminate the causes of our discontent and perhaps point the way to a better course of action whereby we may respond in a responsible manner to the evident needs of the day and keep all Canadians within the circle of national unity.

As I set about analyzing the course of events that have led up to this moment, and the attitude of mind and the concepts of statesmanship that have brought us to our present situation, I could not overlook that secret document—leaked, no doubt, by some troubled member of the public service—that outlined a policy proposal to the federal ministers; a proposal as to how they should conduct their negotiations with the Canadian provinces over this past summer and autumn; an outline of the course of action that should be taken when the expected failure was declared; a document that cast a shadow on the proceedings; and a document which, I think, was worthy of that cynical statesman himself when it closed with a quotation from Machiavelli.

I shall not repeat that quotation here. Suffice it to say that it made the point that in dealing with the constitution of a state, we are engaged in a formidable and daunting exercise—and that is so. But the author of that leaked document could, I maintain, have served his masters better had he gone beyond Machiavelli to point out and assert that success in constitution-making for any great nation must rely on two main principles of political science on which successful and lasting constitutions have always been based. Those are the principles of legitimacy and of consensus. It might not have occurred to Machiavelli to have stressed this point, and obviously it did not occur to the writer of the document, but the record of constitutions throughout the ages make it clear that this is so.

For my part, this afternoon, it is against this concept of legitimacy and consensus that I intend to measure what we are being asked to do. The double test of legitimacy and consensus—the two pillars on which constitutional progress must stand—are the tests which, I suggest, should be examined here today.

The measure before us, this resolution, can be divided into three great subjects: first, the patriation of our Constitution; secondly, an amending formula that should be attached to that action; and, thirdly, the grave and substantive amendments that are proposed to the present Constitution of Canada itself. I will deal with those subjects in their reverse order.

With regard to the constitutional amendments that are included in the government's proposal, there are substantial shifts in the balance of Confederation. There is a call for the enhancement of federal powers with respect to their position against the provinces. It permits a direct encroachment by unilateral federal action on what has previously been acknowledged to be fields entirely within the provincial jurisdiction. I do not believe that this description of the propositions to amend the Canadian Constitution, enclosed in this motion, can be successfully contradicted. Furthermore, we are asked to do these things by abandoning the existing constitutional conventions which have been so painfully arrived at. We are to ask the Parliament of another sovereign state, not our own, to legitimize these unilateral and unprecedented acts.

In what sense, then, can these proposed constitutional amendments be described as legitimate? Well, one may say that there are at least two definitions of the concept of legitimacy. First, there is the narrow legal sense: legitimacy within the law. Secondly, there is the more important definition, I suggest—namely, the wider concept of legitimacy in its constitutional, moral and political applications.

Let us take a look for a moment at the concept of legal legitimacy. To test that against the motion before us, I submit that one consideration for examination is the terms of section 44 as they concern the Canadian Senate.

I want to make it clear that I have selected that example not out of any concern for this body, or of any self-serving interests that might be involved, because some honourable senators know that I very much approve of substantial reform of the Senate. If I had my way, it would be an elected Senate, not appointed.

But that is beside the point. We are dealing here with what the Government of Canada is proposing. Under section 44, provision is made to alter the fundamental character of this institution. Section 44 alters the powers of the Senate respecting the Constitution of Canada by importing into our rules the 90-day provision whereby if the Senate does not approve of what the Parliament and others are doing with respect to the Constitution, they may go ahead without the consent of the Senate. That is being done by unilateral action, based on the sole authority of this Parliament.

Now this is not a new issue, honourable senators. The question of the Senate and the Senate's powers was a central feature of Bill C-60, which we discussed some two years ago. Under Bill C-60, the government proposed an alteration of the

characteristics of the Senate on the sole authority of Parliament, relying on section 91.1 of the British North America Act.

I remember so well the vigorous defence that the ministers of the Crown made in committee as to the perfect legality of what they proposed to do. I recall well how they produced the high authority of the law officers of the Crown to justify the statements that they were making to us; that no further discussion of the appropriateness, or the constitutionality, or the legality of this measure contained in Bill C-60 was necessary in the public interest. But it so happened that the joint parliamentary committee that was dealing with the matter thought otherwise. As we all know, they referred to the Supreme Court the question of the power of Parliament to act in that way with respect to the Senate. We know also that the committee made its findings, to make the reference to the Supreme Court, with the support of the Senate members of that committee from both sides of the house. On that occasion the Senate honourably fulfilled its role to represent regional interests, to secure a sober second thought, and to settle what was a reasonable constitutional doubt. As honourable senators know, the matter was referred to the Supreme Court, and the Supreme Court rendered its verdict, which contradicted all the fine assurances that we had previously received from the government side and from the spokesmen of the executive branch that they really knew the law.

I do not intend to read to this chamber the full decision of the Supreme Court, although I have it here in front of me. Suffice it to say that on the general proposition, the Supreme Court ruled without any doubt, and by unanimous decision, that the Government of Canada did not have the power that they claimed, and that they could not proceed against the Senate in the manner in which they proposed. But I will read to you a particular section of that decision which bears directly on the point at issue in section 44, and which is on all fours with the action that is being proposed now. In part 2 of the question put to the Supreme Court they were asked:

● (1550)

> 2. Is it within the legislative authority of the Parliament of Canada to enact legislation altering, or providing a replacement for, the Upper House of Parliament, so as to effect any or all of the following . . .

And under that rubric we have item (*f*), as follows:

> (*f*) to provide that Bills approved by the House of Commons could be given assent and the force of law after the passage of a certain period of time notwithstanding that the Upper House has not approved them?

I suggest to you that this is the same issue on which the power of Parliament to move unilaterally is in question when it seeks to change the character of the Senate. Today we are being offered the same easy assurance, and the same confident expression of opinion, that there is no constitutional point involved here today, and that we may proceed on our way without consideration with regard to that particular matter. There is the same refusal to consult the courts of this country. Yet this is the same government that was so cocksure on Bill C-60, and was wrong.

By means of section 44 of this measure that is before us now, they seek to do indirectly, under the aegis of the British Parliament, what they were forbidden to do directly under the aegis of the Canadian Parliament.

I say to you that if the people of this country want the Senate to go, or want it changed, then changed it will be and go it will. But let change be made in Canada by Canadians and in accordance with Canadian law.

With respect to the measure that is before us now, referring to section 44, and indeed to other portions of this particular piece of legislation, let the Senate do its duty, as it did with Bill C-60, and let us test the legitimacy of this law that is before us now. I say to you that the government's proposal fails the narrow test of legal legitimacy until the courts of this country rule otherwise.

Let us look, however, at this concept of legitimacy in a wider context, by which I mean the constitutional propriety, or, indeed, the pressing public interest and necesssity, which might attract the cachet of legitimacy.

We have been told in the course of this debate that it is time to end this 53-year old squabble in which we have been engaged about the Constitution. I may say in passing that if I recall correctly, with regard to that period of 53 years, the Leader of the Government—I may be doing him an injustice; it may have been someone else on the other side—the ante was raised to 57 years, the other day. In any event, it is true that the Constitution of Canada has been on the agenda for a long time. I think most of us will recognize, however, that for most of those 53 years almost nobody felt that it was a primary issue. If the Constitution had been a burning issue over that period of time it would have been settled long before now; but the plain fact is that for most of the period it was pretty nearly the last item on anyone's agenda for urgent action, and in terms of national importance, rightly so. Very few Canadians felt oppressed by the constitutional question.

I hear you say to me, though, "It is a burning issue now. Quebec has made it a burning issue. After the Quebec referendum there is a moral duty on all of us to proceed with constitutional renewal. Surely that lends legitimacy to the task."

So one would think. But it all depends on what kind of constitutional renewal you have in mind. It is now quite clear that the Province of Quebec, as represented by all the significant quarters of political opinion, or provincial parties, in that province, had something else in mind when talking about constitutional renewal than what we are being offered to proceed with now. I suggest that to advance the government motion as something that is required, in order to respond to Quebec, is a hard proposition to sustain. What we are doing here, if we proceed, has little or nothing to do with the problems that we will find in that province.

I suggest that every shred of political legitimacy depending on the situation in the province of Quebec is left twisting in the

breeze—in the breeze of the statements and the speeches of Mr. Claude Ryan, the leader of the Liberal Party in that province.

I do not know that the principle of legitimacy should be extended so far as to deal with the government's timetable for this measure, but perhaps it deserves a comment. When Senator Manning spoke, he explained to us, I think, in careful terms, that the timetable that was espoused was not one calculated to lead to a successful conclusion. The government this spring, having withdrawn its 1979 propositions and having produced another set that were considerably less attractive from a provincial point of view, made it quite clear that this curtailed 1980 proposal was going to be agreed to, and in my opinion, on their terms, by September, or else.

Instead of concentrating on the essentials of today's constitutional dilemma, it loaded that agenda with the accumulated issues, perhaps, of those 53 years, and then demanded action by a date certain.

This is almost a guarantee of failure, and failure is what they got. If the government had been anxious to succeed in the constitutional issue, they might have been expected, I would suggest, to have zeroed in on the basic propositions which are before us, namely, those of patriation and an amending formula; but that was not to be the case. It was all or nothing at all.

The second timetable that was imposed by the government was on the House of Commons, and I think that deserves a word of comment, too, because in that house they spoke for 26 hours and 40 minutes in connection with the Constitution. The official opposition spoke for 11 hours and 55 minutes. The house devoted 10 sitting days to the question. This was considered, if not too much, certainly enough, and on that line of reasoning the guillotine of closure was brought in.

After the Prime Minister had held up the illusion that all would be heard who wanted to be heard, I regard this as an unnecessary and early use of closure and, in my opinion, an illegitimate and arbitrary use of power.

The third timetable is the worst, because it affects the people of Canada. The third timetable has made it clear that the only course that the people of this country have, if they want to be heard on the Constitution, is to appear before the joint committee we are now being asked to establish, and that will be all closed up by December 9. Only those Canadians, as far as I can tell, who can make it to Ottawa, and only those Canadians who can get their wits together and prepare their briefs in time will be heard, if there is time to hear them. I think there is nothing legitimate in the parliamentary or constitutional sense in abbreviating public representations on the question of the Constitution in this way.

My goodness, in the Manitoba legislature, as Senator Molgat sitting over there will understand and remember, we never closed a committee of that house on the most trivial matters until all who had something to say had had their chance to come and say it. Why on earth can we not adopt a more generous attitude with respect to public hearings in this particular debate?

I put this to you. After all that is over, and after the shade has fallen on December 9, and we have reported back, and all the affirmative votes have approved or been asked to approve of what is going on, can we be assured that a second closure will not happen in the House of Commons? They will not say.

I will not attempt any detailed analysis of the legitimacy of the entrenchment feature, but it would be interesting, I think, to reflect on some of what we have been told in respect of that matter.

The Honourable Senator Argue, in his interesting and eloquent speech yesterday, spent some of his time talking about the equalization principle, and what a good thing it was that that was going to be incorporated in the Constitution of Canada. Of course, I think that is a good idea, too, because I am a very strong supporter of the theory of equalization, but he gave me the impression that the equalization principle depended on its being introduced into the Constitution. Leaving aside all the weak and feeble wording of section 31, which deals with equalization in the proposed Constitution, equalization came about in Canada long before the Bill of Rights was ever heard of. It came about because there was a consensus among the people of this country and agreement among the people of this country about equalization and that, surely, is the best guarantee of any policy that I know.

• (1600)

I thought Senator Argue destroyed his whole argument about the necessity of entrenching the equalization principle when he recited all those many measures of equalization which have already been developed and put in our statutes, and which are working without such a thing as a Bill of Rights or an entrenchment of this particular item in the Constitution. I think that if equalization is to persist in the future, it will be no thanks to entrenchment, but will be because of its inherent merits with the people of this country.

I should like you to consider the question of legitimacy with respect to the principle of unilateral action which is included in this measure before us—unilateral action, I might say, that gives the Parliament of Canada the right to amend provincial rights, certainly as outlined in section 29, among others, and assuredly it does this. I ask myself: Where is the mandate for this particular government to overturn what has been a settled principle of our Constitution ever since it was established, and that is that there could not be unilateral trespass by the federal government on the sphere of provincial activity—where is the mandate? We have recently had two elections, one in 1979 and one in 1980, and I am perfectly certain that the present government received no mandate for unilateral constitutional action in 1979. I am equally certain that it received no mandate for unilateral action trespassing on the provincial sphere arising from the election of 1980. I cannot help but think that if in the minds of our present rulers this was such an important feature that it had to become the star element of their program for this very first session of Parliament, they might at least have asked the electorate of Canada in a clear

and positive manner to give them the authority and the jurisdiction they sought.

Some Hon. Senators: Hear, hear.

Senator Roblin: I do not know why a mandate was not sought. I know no mandate exists. If Ottawa proceeds unilaterally on the Constitution, amending provincial rights and shifting the balance of Confederation without a mandate, what claim can it make for the political legitimacy of its actions?

I suggest to the members of this chamber that the situation is not improved when they consider that there are 143 Liberals in the present House of Commons: 86 per cent from central Canada, that is the provinces of Ontario and Quebec; 20 from all the other provinces; and only two from west of Ontario. I suggest that this regional distribution is far too limited a base to support a claim of constitutional legitimacy by the use of the government majority in these chambers.

However, honourable senators, if there is one aspect of legitimacy that subsumes all the rest, it is this: After all of our talk about Canadian sovereignty and the independence of this nation of ours, how can we go to the British Parliament and ask them to amend our Constitution when there is no reason why we cannot do the job ourselves?

Some Hon. Senators: Hear, hear.

Senator Roblin: We ask Britain to do this one last time—put through the amendments to the Constitution that our present Prime Minister asks for in this peculiar way, and after that we will make all the other new amendments to our Constitution ourselves. Talk about your double standards; talk about your colonialism; talk about your Canadian independence. In a phrase that I learned from Senator Tremblay—"C'est à rire"; it is a joke and a very bad joke at that.

I look at those billboard ads on the Constitution. Did you see them? I am sure you must have. "Make it right," they say; "Make it work," they say; "Make it our own," they say, and what are we being offered? We are being offered a plan to let Britain do it for us. We are being offered a plan to arrange an end run around the federal system as we have known it, and we are being offered a plan to do indirectly what the Supreme Court has forbidden us to do directly. I would suggest that this reference to the British Parliament with respect to the amendment to our Constitution is the most illegitimate act of all. There is no political or constitutional legitimacy in this; there is no principle here; it is Machiavellian all the way, and we should stop it.

The leaked document discloses, of course, one of the key reasons why we are going to Britain with the constitutional amendments—because it makes it clear that this has the delightful advantage of avoiding the effective jurisdiction of the Canadian courts. If the illegitimacy of the proposition ever requires further exposure, I suggest that we will find it in that leaked document's comments.

An Hon. Senator: Shame!

Senator Roblin: I should like now to turn to section 42, which deals with amendment by referendum. That sounds fine. Here we have a device calculated to break the log jam which we find so irritating and which allows us to make a direct appeal to the Canadian people. I think that in truth what appears to be unobjectionable at first glance contains grave problems for the Canadian system. It is true that it sets aside the provincial legislatures' role as we know it now; it is true that it goes against the development of our federation over the past 113 years; and it is also true that the referendum questions—and I put the word in the plural, questions—will be dictated exclusively by the federal government. They will be held under rules laid down by the federal government, and they will be held at times and under such circumstances as the federal government will decree, supported, I have not the least doubt, by that federal manipulation of public opinion which a multimillion-dollar advertising budget makes so conveniently possible.

Do not tell me it will not happen, because I tell you that if it is in this resolution it can happen and it will happen. General de Gaulle, a great statesman, used a referendum to gain his semi-dictatorial mandate from the people of France. In a horrible conjunction of events, Hitler secured his ultimate hold on the German people by means of a referendum. This is not an easy constitutional process to approve. The referendum is a dangerous weapon, I suggest, to embed in a constitution. Some strong man can come along to use it. It is all the more ironic that we have within our grasp, as I will suggest in a few minutes, an acceptable amending formula without a referendum which can deal with our problems. If that is so, what log jam remains, and what justification is there for this feature of a referendum?

Senator Frith: Would the honourable senator accept a question on this very point?

Senator Roblin: No, I will not. Later on I will be pleased to answer you.

It is permanent; it is fixed; and it is available to any or all federal office holders in the future. In terms of a Canadian federalism with a deliberate and intended division of powers and balance of authority, the referendum, in my opinion, is scandalously illegitimate.

Section 42 reflects, indeed, the understandable frustration and the not-so-understandable impatience on the part of our federal authorities. To entrench it in our Constitution is a dangerous concession to confrontation politics. If one legislative level of government can so threaten the other legislative levels, what becomes of the very idea of federalism? Without federalism as we have known it, where would our country be?

Some Hon. Senators: Hear, hear.

Senator Roblin: This amending procedure looks ideally democratic and yet, in reality, it threatens the provinces with a process which the federal government has yet to discuss in detail with them. It alters the federal-provincial equilibrium by unilateral action. I suggest it is clearly illegitimate in a political and in a constitutional sense.

Honourable senators, having dealt with what I think to be the shortcomings of the proposition we are being asked to

endorse, it is a bit of a pleasure to be able to turn to some of its merits because, believe me, it has merits. There are points in the government proposal which, in my opinion, do have consensus and do have legitimacy and ought to be favourably considered by this chamber.

• (1610)

It is entirely legitimate, I think, that we should seek to repeal section 7 of the Statute of Westminster. This is the section, as members know, that was put into the statute at our request in 1931, indeed, at the unanimous request of the provinces of Canada at that time, as the *Debates* clearly indicate. This is the section that has withheld from Canadians the right to make their own constitutional amendments.

In 1949 we patriated part of our constitutional rights. In an explanation that I found brilliant, the other day the leader of my party made it clear to me, at any rate, that when we adopted section 91.1 of the British North America Act we repatriated the powers of amendment dealing with the federal side of our Constitution, and left in Westminster only the powers of amending the provincial section of our Constitution.

Now, I think it is right that we should move to the patriation of the whole of our constitutional situation and bring over the provincial portion of our Constitution as well. I say that because I am convinced that all the provinces of this country—and I say all—agree in principle with this concept of patriation. I say that even though to some the position of the province of Quebec may be ambiguous. But I believe that this measure will receive support. Basically, the patriation of the Constitution clearly levels up to any test of legitimacy and consensus.

Intimately associated with patriation is, of course, the need for a workable amending formula. That is an essential element of patriation, a reasonable amending formula, and I suggest there are two essential features that one should look for in designing such a formula. First, it must permit changes under reasonable conditions and, second, it must provide a sense of security to the provinces over the rights which are now theirs. Of all the possibilities that have been reviewed over these many years—there are a good many—two, I think, have received the widest support. The first that I will mention is the Victoria amending formula, which is to be found in section 41 of the particular measure we are discussing. The second is the Vancouver formula which was developed some time later. In my own opinion the Vancouver formula best fits the criteria that I have suggested. This formula makes change relatively easy. Seven provinces and 50 per cent of the population can move and yet it allows any single province a limited opting-out provision. I want to make a comment on that because the principle of "change modified by the right of opting out" is no new concept to the Canadian body politic. It has been used in our affairs many times in the past. It has been used mainly to accommodate the province of Quebec. But it has proved workable and acceptable in the past to both the federal and provincial governments. Opting out is not ideal, according to some constitutional experts, but it is, I think, when included in the Vancouver formula, something that will receive the acceptance of all the provinces of Canada. They will be dealing with the process with which they are familiar. The concept of opting out is no new concept invented on the spur of the moment. It is something that is part of our normal procedure in regulating the relations between the two levels of the country for many a long day. The great merit of the Vancouver formula, I must admit, is its present wide acceptability. I am convinced that the provinces will accept it now, and I suggest the federal government should show that it is willing to accept it also.

If we can have patriation, and if we can have our amending formula, this is where we should stop. The consequence of exceeding these prudent limits must give us pause. Instead of a Constitution based on legitimacy and consensus that is respected and accepted, we may have one that is widely resisted and resented.

In this connection I must say a word on the subject that was raised yesterday in respect of western separatism. I am one of those who believe that it will be wrong for us to exaggerate the impact of western separatism on the political structure of this country. I am inclined to believe with the Honourable Senator Argue that if there was a vote for separatist candidates in the three by-elections coming in the province of Saskatchewan they would not do very well. They probably wouldn't get any more votes than the Liberal candidates are going to get in those by-elections. But I would have no objection to putting it to the test. We will not see western separatism as a destructive force in this country. But what we will see, and what we are seeing, is western alienation. There is a profound difference between separation and alienation. Separation, if it comes about, is sudden death; alienation is a wasting disease but one which poisons the relationships which ought to exist in harmony in a common citizenship in this land.

I was alarmed, though, when listening to Senator Argue put down separatism. He left me with the impression that that was the end of the matter. I am alarmed when the Prime Minister says there is nothing to separatism and leaves it as if that was the end of the matter. Senator Buckwold, I think, was right and did a service to this house in telling us yesterday that that is not the end of the battle. The Prime Minister, should I say with his arid intellect—I don't wish to sound—

Senator Walker: Arrogant.

Senator Roblin: No. I don't want to sound—

An Hon. Senator: Brilliant.

Senator Roblin: Brilliant is a very good word. The Prime Minister with his brilliant intellect has admitted to all of us that he really doesn't understand the west and he is reported to have said that if the west has to be saved somebody else will have to do it. I would hope that those of his supporters on the front bench, none of whom are here today to get this sound advice, would take the message to him and tell him that there is a problem in western Canada. Who is informing the executive branch of this government as to the depth of that problem there, and who is informing them that it cannot be dismissed in the cavalier way that seems to be adopted these days? I

forgive the Prime Minister. He understands parts of Canada far better than I do. I forgive him if the west is somewhat of a problem, but I cannot forgive the wilful blindness of those close to him who refuse to see the problem and to tell him what the country is about to face. There is no one, I am sad to say, in the government executive bench that warns this unheeding government of the risks they are running and the unnecessary problems that are at hand. I certainly hope that the words of men like Senator Buckwold and others from the west would be given their due weight in the counsel of the government and recognized for what they are, namely, an authentic representation of the state of feeling in their part of the country.

I put it to this house that the constitutional risks which are involved in separatism and alienation can be reduced almost to nothing if we proceed on patriation with an amending formula attached. That we can all support. But to go further in constitutional change using the British Parliament as a stalking horse is an unwise and foolhardy enterprise, bereft of consensus and legitimacy.

I have to admit that this government is strong. It is hard to know if there is anything or anyone that can prevent them from doing what they want. But they can stop themselves. If they persist in their present policy, it can only deepen alienation among Canadians and weaken the feelings of solidarity that are fundamental to our nationhood. I suggest a very simple course, the course of generosity and the course of compromise. These are not signs of weakness, particularly if they are displayed by a government as strong as this one or a Prime Minister as strong as this one. They are signs of strength because generosity and compromise are stamped indelibly on the work of the Fathers of Confederation in 1867. They were the part of wisdom then; they are part of the wisdom now. Wisdom and statesmanship combine to suggest that in this constitutional initiative we deal only with those essential things that we need to achieve our purpose.

Let us patriate this Constitution. Let us have an amending formula. It is quite clear to me if Ottawa wills it, these two essentials are within our grasp. Let's withdraw the constitutional changes we propose to make under the aegis of the British Parliament. Let us deal with them ourselves, at home in Canada, and in accordance with the Canadian Constitution. I submit to this house that such a move would electrify the country. It would bring all the regions and all the provinces within the circle of Canadian unity. Good faith would be re-established, and we would have clearly taken unto ourselves the national perspective. Then the vitality of the west, which is now manifested in alienation, will find a new expression as a positive force for the building of Canada. The spirit of harmony would have a chance; consensus would replace force majeure, and the legitimacy of our acts would be self-evident. Then, honourable senators, I think we can recover our vision of our country. We would know then that things that bind will overcome the things that divide. In my opinion, such an act of statesmanship and of reason on the part of the present government, would guarantee their place in Canadian history.

[Senator Roblin.]

• (1620)

Hon. David Walker: Honourable senators, may I have the permission of the house to answer a question raised by Senator Frith during the constitutional debate yesterday. I shall be very brief. Have I your consent?

Hon. Senators: Agreed.

Senator Walker: Yesterday Senator Frith asked this question:

> The honourable senator is not suggesting that under a combination of sections 44 and 41 the House of Commons alone can abolish the Senate?

My final answer was:

> In going as far as it has gone, it seems to me that the Senate would almost be obliged to support sections 41 and 44.

Senator Frith, what is meant by that is this: section 44 is an amendment to section 41(1). There is no question about that. Under section 41(1) a resolution of the Senate and the House of Commons is required. That is absolutely necessary to make any amendment to the Constitution as proposed. Section 44 changes all of that. This is very important. I will be brief with the relevant part. Section 44 states that the Constitution of Canada may be changed by proclamation under section 41(1), the one I just referred to, or section 43, which deals with a referendum.

Senator Frith: No, section 42.

Senator Walker: Exactly. Section 43 deals with the provinces. However, section 44 states:

> An amendment to the Constitution of Canada may be made by proclamation . . . without a resolution of the Senate authorizing the issue of the proclamation if, within ninety days—

We have gone into all of that.

So my answer to you is that if there is a resolution of the House of Commons under section 44 to amend the Constitution by abolishing the Senate, then under section 44 there will be no opportunity for the Senate to reply to that or to join in the resolution. We will then go back to section 41(1) and find out that we are blocked in any effort to do so.

To make sure I was correct in that I submitted the matter to Mr. Raymond du Plessis, Q.C., Law Clerk and Parliamentary Counsel to the Senate, and he quite readily agreed. I would be happy to have you read his letter, because I am sure you would want to know that. That is what I have been saying all along. It is so important, so important to you, and so important to me, that I thought I should do that today.

In pouring over this thing last evening, I found that there is another section, section 50, which is very strange, too. That is a contradiction of section 44. Section 50 states:

> An amendment to the Constitution of Canada in relation to the following matters may be made only in accordance with a procedure prescribed by section 41 or 42:

In other words, you have to have a joint resolution from the House of Commons and from the Senate. And, lo and behold, subsection (d) is "the powers of the Senate". So there is a contradiction. There are so many contradictions in this completely phony—and that is a terrible thing to say—resolution which is supposed to be submitted to Her Majesty the Queen, and so many fantastic suggestions and requests, that I beg of my friends on the opposite side of the house to exercise their good judgment in this and to exercise their good judgment when we have a vote.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, may I have leave to have equal time to comment on that?

Senator Walker: You may have all the time you want.

Senator Frith: I think the question I asked was misunderstood. I thought that my honourable and learned friend and I had agreed that the question I was asking him was whether he was contending that, because of the application of section 44 to section 41(1), the House of Commons acting alone could abolish the Senate. I thought he and I agreed a week ago that his answer to that was no, that the House of Commons could do its part of it with the suspensive veto expiring, but it would also require action under section 41(1)(*b*), which states:

> (*b*) resolutions of the legislative assemblies of at least a majority of the provinces that includes . . .

So I think we understand each other now. I never suggested that section 44 does not apply to the first part of section 41(1). Of course it does. It explicitly applies to the first part. In other words, insofar as the federal Parliament is concerned, amendments under section 41(1) are effected by the federal Parliament, plus a combination of provincial legislatures. That is how it is done. It says "and", so it requires both. There are two parts. If my friend is contending that, as far as part one is concerned, the House of Commons can eventually act without the consent of the Senate, he is absolutely right. But that does not mean that the abolition of the Senate—which is what he was talking about—would thereby take place, because it requires the other part, namely, the application of section 41(1)(*b*), the resolutions by the legislatures.

Senator Asselin: Not after two years.

Senator Frith: I beg your pardon?

Senator Asselin: Not after two years.

Senator Frith: Oh yes. Of course, the question of the first and second phase is another whole question.

As for the inconsistency between sections 50 and 44, I do not think there is any inconsistency. I think they read well together, because section 44 applies to an amendment under section 41 or section 43, section 41 being what we can call the Victoria formula, and section 43 being an amendment of the Constitution in relation to one or more but not all of the provinces.

So the suspensive veto in section 44 applies only to sections 41 and 43, the two methods of amendment, the general amendment and one applying to one or more but not all of the provinces.

With reference to those particular matters in section 50, namely, the office of the Queen, the Canadian Charter of Rights and Freedoms, equalization, the powers of the Senate—which my friend drew attention to—the number of members by which a province is entitled to be represented in the Senate, the right of a province to a number of members in the House of Commons, and the principles of proportionate representation of the provinces in the House of Commons—with respect to all of those matters the amending formula that must apply are those set out in section 41, which we just talked about, or section 42.

• (1630)

What we should understand in discussing this, with respect, is that the suspensive veto in section 44 does not apply to section 42. In other words, the referendum that is referred to in section 42 cannot take place without the consent of the Senate, and there is no suspensive veto in effect there.

That was the question I wanted to ask Senator Roblin, who left during the comments of Senator Walker. Perhaps Senator Flynn, or another who knows Senator Roblin's feeling on this, can answer the question. It is really a matter of clarification.

From my note, I thought he had said that one of the things that alarmed him in section 42 was that the government or one man—and he cited the example of Hitler—could amend the Constitution. But no one government—government I am speaking of now—can operate that section. The federal Parliament must operate section 42.

So to the extent that Senator Roblin was making the point that section 42 overrides the provinces, he is quite correct; but section 42 does not override the Senate, and cannot override the Senate.

Senator Flynn: Not before it is abolished.

Senator Frith: Quite right.

Senator Flynn: But we have here the case of a one-man government in Parliament.

Senator Frith: An interesting legal point is whether an amendment abolishing the Senate under section 41 could be effective without also amending section 42. Of course, the minute you did abolish the Senate under section 41, section 42 could not operate, because it requires the assent of the Senate, which would have disappeared.

Senator Walker: My friend and I are in agreement. At last my friend agrees with me. Section 41(1)(a)—

Senator Frith: I have been in court with you before.

Senator Walker: Of course you have, and I have heard you indulge in that kind of subterfuge before. If we were left with section 41(1), there would be no problem. I would not be raising the matter, because it requires the resolutions of both the House of Commons and the Senate to abolish the Senate. But my friend also agrees with me that section 44 intervenes and that under section 44 the requirement of section 41

involving the Senate's concurrence in the resolution is no longer necessary.

Senator Frith: Section 41(1)(a).

Senator Walker: Exactly, section 41(1)(a) is no longer necessary, in which case a resolution to Her Majesty under section 44, along with the proclamation, abolishing the Senate would be very readily carried out.

Senator Frith: Providing the provinces pass their respective parts, too.

Senator Walker: Of course. That is in all the way through. We know that. We have always admitted that. So don't go off on a tangent. Thank you for agreeing with everything I have said.

Hon. Hartland de M. Molson: Honourable senators, after the addresses we have heard in this chamber by some of our ablest and best informed colleagues, I am really very hesitant to add any comments whatsoever. But after all the pleasant part of life, I think you have to have a little of the bitter, so I shall take a chance on bothering you for a few minutes. Also, I might add that during my years here quite often I had the extraordinarily bad fortune to follow in debate some of our greatest orators. I can think of at least three occasions on which I followed Grattan O'Leary after he had been in full flight, and I think this will be the second or third time I have followed Senator Roblin, who today, in my humble opinion, gave us a real tour de force. He made a really excellent speech.

Some Hon. Senators: Hear, hear.

Senator Molson: I have another problem in speaking in this debate, and that is in the fact that I have decidedly mixed feelings on this resolution. While I am very much in favour of bringing the Constitution home, I am unhappy with the package that has been developed to wrap it up for its trans-Atlantic voyage. Also, I am as unclear as everyone in this chamber appears to be as to whether we are speaking on the resolution for an Address to the Queen or on the motion which proposes that a joint committee to consider the matter be established. Everybody seems to be speaking, basically, on the subject matter of the resolution, so I intend to follow that precedent. But I am happy to tell you that I will be rather brief in doing so.

I believe that the people of this country are fed up with the endless bickering over a matter which they consider to be secondary to our very serious economic problems. I firmly believe they would like the Constitution safely home and in bed.

After quite a great deal of thought, I have tried to rationalize my own position, and I believe it is my duty to express my views on the resolution as one representative of Quebec. In saying that I represent Quebec, I have to qualify that by pointing out that I represent a minority in Quebec, specifically the English minority. So, I have the difficult task of trying to steer a responsible course between sometimes conflicting points of view.

[Senator Walker.]

In this case, the majority of my province seems to be definitely opposed to the procedure outlined by the government. Yet, some features would have an appeal to those in the minority. The minority cannot help but be resentful of the fact that they are not permitted to use their own language as freely as they wish, nor to continue to have the choice of language for the education of their children. This is Bill 101 in Quebec.

Section 23 of the proposed resolution would relieve that restriction and would therefore be favoured by the one-fifth of the population of the province of Quebec that comprises the minority.

When I speak of the free use of language, I think of the small businessman or tradesman whose language may be English, or Greek or Italian, or any other minority language. Doesn't it sound rather like a totalitarian regime when such a person is prohibited from hanging out a sign in his own language saying, for his own customers, and perhaps only for his own people, that he is a tailor, a baker, a plumber, or that he is engaged in some other trade? But that is the situation at the moment in the province of Quebec. Such a sign would be illegal.

A typical example among thousands of this sort of pressure on people is that of a reputable Jewish proprietor of a hardware store whom I know. His clientele is mostly English-speaking. This individual had a sign over his store—and I am changing the name of the street—which said "Wellington Street Hardware." By law that sign over the front of his store had to be torn down and replaced by a sign saying "Quincaillerie Wellington." What is the value of that sort of law?

In this regard, I cannot help but favour a measure which would improve the language problems to a large degree, not only in my province, but in other provinces where my francophone co-citizens are not given equal treatment.

The discussion on the Constitution, as repeated *ad nauseam*, has been almost endless, and it is doubtless now high time that some action be taken.

● (1640)

I would agree with senators who spoke previously emphasizing that we have the role of provincial or regional representatives, and that we have been much criticized for not fulfilling it. I go further and remind you that we have been the subject of abolition for quite some time, and the Prime Minister just a short time ago favoured Bill C-60 which would have done away with the Senate. That was an honest proposal to reduce Parliament to a unicameral system.

But now we find in this legislation clause 44 which is obviously directly aimed at removing the Senate. It is a devious ploy disguised in this request to send home our Constitution. I think it could be described as sneaky, and is included to accomplish indirectly a purpose that would not fly on its own. This whole matter, at its present stage, the disagreements, so universally expressed between federal and provincial governments, has too much the element of a power struggle to be very reassuring reading or hearing. I cannot help but feel all the time I hear the provincial positions and the federal position

stated that underlying it all is the common curse of this age, the struggle for power. Everybody wants it. Big business wants it. Unions want it. Government wants it. Everybody is looking for power and I am afraid there is too much of that element in this disagreement between the federal and provincial governments. There is so much that suggests the importance of relative power is given too much emphasis.

With regard to the role of the Senate in its provincial or regional representation, I cannot miss this opportunity of repeating what I said here about a year ago that if the Senate is not carrying out its proper role in our parliamentary system, it must be because its membership lacks the necessary qualities. I do not agree with that. I do not agree with that at all. But if it were true, then I must repeat that the fault can only be laid on the head of the Prime Minister. Regardless of pressure and influence, he alone names the representatives of the provinces to this chamber. If in choosing them he has not assured the provinces of proper representation he should certainly not lay the blame on the Senate. The blame is his.

Now we have a chance to dispel this criticism of our representative role. By all means let us dispel it. Let us make sure at this moment that whatever we decide, the Senate fully reflects the wishes of the provinces. This does not conflict with our overall loyalty to Canada. As I understand it now, six provinces are resolutely opposed to this resolution, two support it and two have not yet clearly defined their position. Consequently, if we are supporting the provincial view, we should oppose the measure as it now stands.

Secondly, and quite distinctly, in going to the British Parliament we are asking them to amend their legislation in order to give us control of our Constitution. This is perfectly proper. But do we dare ask the United Kingdom Parliament to act while there is substantial disagreement between the Government of Canada and the governments of the majority of the provinces? I suggest to you that apart from any legal aspect, which I am quite unqualified to comment on, this is something we simply cannot do. We can't ship our dirty laundry over to London. I would also hazard a wild guess that, as the Privy Council in the United Kingdom has so often rendered judgment over the years in favour of the provinces against the federal government, there might be considerable sympathy and concern over there for the point of view of the provinces.

In addition to what I have said, I feel keenly that when, as and if we are developing our own Constitution at home, there must be a place of real importance and real significance for our native people. Like many of you, honourable senators, I feel that they have had a rough deal over the years and, if change is to come, now is the time to make sure that proper consideration is given to the rights of these, our first citizens.

Finally, I must add that I agree with my colleagues who have observed that the timetable is impossible. It is simply out of all reason to ask that all these steps should be taken and the whole report completed by December 9. I think it is simply not on.

In summary, I would like to point out with some humility, because I am very weak on any legal implications, that I favour the patriation—and I think that is a terrible word; I have looked up three dictionaries and I cannot find it, but I suppose it does exist—I favour the patriation of the Constitution without any further delay. Secondly, I would like to see it contain a workable amending formula. Thirdly, this should be only the first step in the process. After we have the Constitution home we can amend it ourselves. We can then take up the question of rights and freedoms and other matters which the government is trying to incorporate in the present proposed Constitution. Consequently, I would vote for an amendment, if one were to be moved, which reduced the scope of the resolution as I have suggested. I cannot support the resolution in its present form.

[*Translation*]

Hon. Fernand-E. Leblanc: Honourable senators, I hope I will not detain you too long because, considering the hour and having listened to such eloquent speeches as those I have heard, it becomes rather difficult for me to take the floor.

Still I intend to contribute to this debate. I want to say that when this debate was launched, in my case the occasion was the referendum of May 20 when the people of Quebec were asked to take a position on the separation of that province from the rest of Canada, the president of the national No committee, Claude Ryan, appointed me president of that same committee for the riding of Mercier, primarily because of my activities in my early years in that riding. Besides, a wide area of that riding falls within the geographical limits of the federal riding of Laurier which I have had the honour of representing for over 15 years.

During the referendum campaign I crisscrossed the riding, held numerous meetings and met as many people as possible. Our organization had to work extra hard because in 1976 that riding had elected a member of the Parti Québécois, thus defeating the Honourable Robert Bourassa who was provincial premier at the time. I urged the people of Mercier to vote No, promising a major reform of Canadian federalism with a view to finding a solution to the legitimate demands of all Quebecers and of those of Mercier in particular. Our combined efforts led to success since the No side in that riding posted a narrow but indeed encouraging victory, 52 per cent against, 48 per cent for.

After this victory in Mercier, which was surprising for many people but unequivocal for the province as a whole, we had to act, and that is exactly the approach taken by the Canadian government. Unfortunately, because of the famous principle of unanimity, there was no way to reach an agreement and the great summit conference failed.

All Canadians expressed disappointment at this setback. Once again it was the responsibility of the Canadian government to take the lead. It did just that when it introduced before Parliament a resolution entitled "Proposed Resolution for Joint Address to Her Majesty the Queen Respecting the Constitution of Canada".

Why should the Canadian government be in such a hurry to fulfill its commitments? For a number of reasons which we all know, and also and above all because certain provinces had already begun to close the door on goods and capital from other provinces; because certain provinces believed and still believe they are threatened by the growing power of the French culture and language; because certain provinces were and are still putting up barriers between themselves, thwarting the free movement of people through the country.

Is this action as unilateral as the opposition would have it? If we consider that most Canadians are in favour of patriating the Constitution; that Canadian opposition parties also endorse patriation, as Senator Molson pointed out earlier; that the Right Honourable Leader of the Opposition says he supports patriation; that the NDP leader agrees. It seems, then, that "unilateral" is too strong a term, since the objection appears to be to the means of patriation, not to the end which is being sought. Therefore, if we are really dealing with a unilateral concept, it has to do, not with the principle of repatriation but rather with the contents of the resolution, such as the repatriation procedure, or resolutions aiming at writing into it a charter of rights and freedoms, or the principle of equalization, or an amendment formula to get us out of the deadlock resulting from the unanimity requirement.

I feel I ought to emphasize, honourable senators, at this turning point of the history of our country, that the 1867 Constitution has served us well. It has enabled the Canadian Confederation to flourish in peace, harmony and freedom. It has made possible population growth as well as social and cultural development in all parts of the country. But it no longer meets our present aspirations and needs. It must be altered, reconsidered and written afresh to embody a new reality, although it contains many good points which are still valid and could be updated and combined with new elements to form a truly Canadian document in keeping with our time.

Honourable senators must make the swift decision to accept to join a joint committee made up of 15 members from the House of Commons, whose names were released today and 10 senators, for exhaustive study of the 59 sections of the Constitution Act, 1980. Such senators who are well versed on constitutional matters, who will be part of that committee, will be able, with their acknowledged expertise, to put forward the pros and cons of such sections they are particularly interested in.

Personally, and like many honourable senators who spoke before me, I am concerned with Part I, dealing with Minority Language Educational Rights, and more specifically subsections 23(1) and 23(2), and also with the part under the heading *Procedure for amending Constitution of Canada,* chiefly section 44.

● (1650)

Section 23 is very controversial, especially in Quebec. Senator Rizzuto delivered a very interesting speech dealing with that problem. I carefully studied the different interpretations given to that section. I discussed it with the Honourable Jean Chrétien, who is taking care of this matter in the House of Commons and he said, I think I am quoting his very words: "Fernand if you can find a better proposal I will be very interested to hear it." I did not find any. Moreover, the leader of the government in the Senate, the Honourable Senator Perrault, commenting on this section in his speech in the Senate on October 14th, 1980, clearly replied to the three questions raised by the Honourable Leader of the Opposition, namely: matters concerning linguistic rights at the provincial level; matters dealing with talks between the Prime Minister of Canada and the Premier of Ontario; the matter of enshrining minority language educational rights. It is to be hoped that the honourable senators who will take part in the committee will study this question and will be able to find a new and better proposition than what is now being proposed by the Canadian government.

During this same speech, the honourable government leader also mentioned section 44 which many honourable senators have severely and repeatedly criticized. In my opinion, this section is mainly a first step towards the reform of the Senate since its veto power is reduced to 90 days. Besides, in the report of the Senate and the House of Commons Joint Committee on the Canadian Constitution, in 1972, the Senate had already approved the following recommendation:

> The veto power of the Senate on legislative proposals should be reduced to a 6-month suspensive veto.

Therefore, honourable senators might agree to bring in an amendment on the number of days indicated in section 44 in order to implement the recommendation passed by the Senate. Honourable senators might at least consider this possibility or another one which would be to take section 44 out of the proposed resolution. There might be a third alternative that is an amendment to section 44 in order to relate it to section 50 by adding just before section 44, the words: "subject to section 50". The main argument which could be put forward is the fact that this section advocates an embryonic Senate reform. As all honourable senators are aware, the Senate Committee on Legal and Constitutional Affairs sat throughout the summer in order to prepare what I consider a clear, precise and complete report including a recommendation for a complete reform of the Senate. I certainly cannot at this time reveal the content of this report which will no doubt make history in Canada.

Since the committee is going to sit in camera tomorrow at 11 o'clock I hope that we shall be in a position to agree on the final version so that it may be submitted to the Senate in the near future. Since it deals with a substantial reform which requires amendments to the Constitution, to some existing legislation, to the Rules of the Senate, as well as changes in attitude and procedure, I think that it would be beneficial at this point for the Government of Canada and for the honourable senators to read this report, after it has been discussed and concurred in by the Senate, before any attempt is made in the resolution before us to begin a reform of the Senate.

Senator Flynn: Do you mean that we should wait for the report to be published?

Senator Leblanc: Yes, I said that it should be read, as soon as possible, in view of the fact that at the present time it is being considered by the Senate Committee on Legal and Constitutional Affairs.

Senator Flynn: The subcommittee on the Constitution? Are we going to vote on the resolution?

Senator Leblanc: We are considering the resolution, as soon as possible.

Senator Flynn: Before the vote is taken?

Senator Leblanc: Well this is a procedural matter.

Senator Flynn: No, but I want to say that this is a matter of time. What you are suggesting is significant because you think that we should wait for the report before deciding what to do with the resolution especially because of the information given in the report.

Senator Leblanc: I think, Senator Flynn, that it is important that the report should be submitted to the Senate, made known to the public and to the government and that the joint committee should be able to read it also, in view of the amendments which could be moved in committee but not during this debate, the purpose of which is to approve the setting up of the joint committee and to appoint the 10 senators who will sit on it.

Senator Flynn: Yes, but if the report suggests for the Senate a different role which would encourage the Senate to vote against the resolution, it might be better not to know ahead of time.

Senator Leblanc: But I am talking about section 44 and not about the whole resolution which contains 59 sections.

Senator Flynn: It deals only with the reform of the Senate?

Senator Leblanc: Yes, but section 44 could be amended, not while it is being discussed here, but in the joint committee. At that time, if the committee brings in its report in the shortest time possible, it will be before the joint committee and following its consideration of the report that committee could then reconsider section 44. Perhaps I didn't make myself quite clear in the beginning but this is what I wanted to say.

Senator Flynn: In that case why not adjourn the debate until the report is tabled?

Senator Leblanc: Thank you for your interjection, Senator Flynn.

As honourable senators know, I took an interest in this question. I dealt with this issue in my maiden speech in this house, on April 24 last. There is no doubt in my mind that honourable senators will dwell especially on sections 23 and 44 and that in their proverbial wisdom, they will manage to find the best solutions which they will impart to all the other parliamentarians appointed to that committee.

I hope that we shall adopt the motion now before us without delay, so that the committee members may start their work as soon as possible, keeping in mind the following statement of Senator Perrault, as reported on page 855 of the *Debates of the Senate* for October 14, 1980:

> But let us understand that it is not the intent of the government to abolish the second chamber in our parliamentary system. There could be some government in the future, perhaps, with that kind of intent, but I foresee no possibility of the abolition of a second chamber here in the foreseeable future.

Thank you.

• (1700)

[*English*]

Hon. Nathan Nurgitz: Honourable senators, in making this intervention in what I consider to be an historic and fundamental debate on our country's position, I do not think it is putting it too strongly to say that it is also a debate on our country's future. I want to say that I am no different from anyone else in this chamber, or in the other place, in that I have gone through life acquiring a certain amount of baggage or prejudices based on my education, my background, my training, the environment I have lived in and the experiences of my life. I want to begin by freely acknowledging mine.

I am a westerner, and as such I have worried that my political, economic and cultural aspirations are not well represented in a federation dominated to the extent that the power of the central provinces has customarily dominated Canada, as I think was well expressed yesterday by Senator Buckwold. Whether this is true in fact or not I do not think is important. The perception of people in the province that I come from is that we have lived under that kind of domination.

As a Manitoban I accepted my summons to serve in this institution in the knowledge that I had a duty to articulate as best I could a regional Manitoba viewpoint, and to express the interests and concerns of my province and my region. The expression of such regional concerns is nowhere more essential, I suggest to you, than in the context of the present constitutional debate, nor is there, in historical terms, any better place to express them than this chamber, which was meant by the Fathers of Confederation to be the protector of regional interests.

In terms of my profession I have naturally come to recognize the traditional role of the judiciary—the great tradition we have established in this country—and understand fully that the judiciary determines whether a statute is compatible with other parliamentary legislation, whether it is within the powers of the particular legislating authority, and things of that nature. But I have certainly always believed that Parliament and the various legislatures, and not the courts, must have the ultimate responsibility for defining our fundamental rights.

I would like to start off by telling you that I am distinctly biased in favour of the British model, which I believe has served us well throughout our considerable history. Therefore, that particular part of the resolution before us dealing with the entrenchment of a Charter of Rights and Freedoms causes me certain considerable difficulties, and I propose to outline them to you this afternoon.

First, honourable senators, I would like to say a few words about the motives of the government, or the motives of the

Prime Minister, as I see them, in moving as decisively as he has at this time. I believe that three qualities of leadership are surely essential in order to guide the country from one Constitution to another, and all the more so if the transition takes us from one sort of fundamental constitutional structure, that has served this country well, to another kind, that perhaps, in varying degrees, has served other countries well—I do not argue with that. I think these qualities are what one might call courage, public support, and, most important, statesmanship. I believe these are essential.

Some may argue, and I would argue, that courage is not the word to describe the Prime Minister's actions in placing the present resolution before the other place, and ultimately here; but I think that we ought to concede that in terms of timing, and in the determination to move on the question of patriation, after so many fruitless constitutional discussions, the Prime Minister has displayed, indeed, some considerable political courage.

• (1710)

The Prime Minister can also point to support, in the technical sense that his party holds a majority in both houses of Parliament. Beyond that I am sure he can point as well to opinion polls which demonstrate support among the population, but on a question so utterly fundamental as building a new Constitution I submit that success depends not simply upon support in the central institutions of the country, nor on opinion polls based on national standards, but rather, I suggest, honourable senators, on widespread goodwill for the endeavour and general support in every region of the country, whether that region be small or large.

This kind of genuine grass roots feeling clearly does not exist in several regions of the country. I suggest that it does not exist in several governmental circles. In terms of regional unhappiness, I want to cover one example illustrating the kind of regional apprehension that I suggest is ongoing. About a week and a half ago in the Special Committee of the Senate on the Northern Pipeline, I heard a question put by the honourable senator from the Yukon seeking assurances from the Minister of State for Economic Development, who was a witness at that committee meeting, that the government's proposed charter of rights would not negate the provisions under the Northern Pipeline Act for hiring Yukoners to work on the pipeline. The minister was unable to give that assurance. That points to another little noticed but unhappy chapter in the government's handling of this whole constitutional debate. This is not a main national issue because the Yukon has a small population and has relatively little clout, but what the senator from the Yukon was doing, in a polite way, was echoing the very real concerns of Yukoners and of the Government of the Yukon about the way constitutional change will affect Yukoners and their territory. I saw a statement issued by the leader of the Yukon government, Mr. Pearson, expressing concern on this very point.

Section 6 of the Charter of Rights will, in fact, negate preferential hiring and training provisions under the terms and conditions of the Northern Pipeline Act. Section 6 of the Charter is, of course, that section stating that every citizen throughout the country has the right to pursue the gaining of a livelihood in any province or territory.

The difficulty, or the rub, comes with section 26 of the terms and conditions of the Northern Pipeline Act which provides that the contractor shall provide training and employment opportunities to Yukon residents and that, in fact, preference shall be given to permanent Yukon residents and other northern residents before outsiders. What the senator from the Yukon did say was that the people from his territory have been waiting a long time for this. This is the kind of development and the kind of undertaking that will give, I suppose, that region of the country the sort of economic boost it needs.

The issue of concern to me is not necessarily the legal disposition—it is not whether the Northern Pipeline Act will supersede the Charter, or vice versa—the concern I have is that the Yukon government has not been consulted on a matter as essential and important as this. What is germane today is that reasonable doubt and concern exists in the minds of Yukoners. What is more, they are a small group numbering only 20,000 or 30,000—a minority group—yet those Canadians have systematically been held at arm's length by this government throughout the entire constitutional process to date. The same can be said equally of the Northwest Territories.

Constitutions are supposed to be particularly protective of the rights of minorities, and there is no doubt that the residents of the Yukon and the Northwest Territories are small minorities within the framework of Confederation. Yet, in the process of planning for the action which is now before us, the federal government has not seen fit to consult those residents through their political leaders in any way more meaningful than an invitation to come to Ottawa to watch the First Ministers' Conference in September—not to vote; not to speak; not to answer any questions about their regions; but to observe in silence only.

In a speech in Winnipeg, the elected leader of the Yukon government told us that he had tried, since last May 28, to sit in on the discussions and to have some meaningful discussions with government officials, all to no avail. The manner of his exclusion is almost as important as the exclusion itself. Between the end of May and the September conference there is a chronicle of unanswered telephone calls, telexes and letters. Why? Apparently because it is below the dignity of ministers—whether it be the Minister of Indian Affairs and Northern Development or the Minister of Justice—to talk to someone as lowly as the head of a regional government. One has to guess as well, honourable senators—and it bothers me to say this because one can get a little too cynical—that perhaps if the Leader of the Government had a different political stripe, the calls might have been answered.

What I am really saying is that this is no way to build the unity of this country. This is no way to go about drafting a new Constitution. This is no way, for that matter, to win support for the policies of the government among people in diverse regions of the federation. Rather, it is the mark of a

strong central government taking advantage of the weak. It is placing the authority of the bureaucrat over that of the democratic expression of the grass roots. It is narrow, honourable senators, and, I suggest to you, it is mean. It is that narrow, mean and rather small partisanship that so disturbs us about this whole constitutional venture. It is not a reflection, I suggest, honourable senators, of magnanimity. Surely these people can be consulted and spoken to. It could be said that the workings of the organization of the Constitution are of little men; it ought not to be so. The Prime Minister, for all his electoral success, will leave office as a little man in spirit if he persists in the blind pursuit of a narrow partisan course while treating dissenters as he has treated the residents of the Yukon.

That, honourable senators, is not statesmanship. Statesmanship calls for perceptive and far-sighted management of the nation's business. Our Constitution must last a long time and, in order to do so, it must enjoy the freely-given support of the people. The debates here and in the other place during recent days—indeed the debates in the press and in the country at large—have removed any doubt that the warning signals have been hoisted in several parts of the land. Senator Manning spoke about alienation; Senator Roblin spoke about it today, and Senator Buckwold did yesterday. These are little red flags that are being put up all over the place. My appeal to the government and to the Prime Minister is this: Do not ignore the honestly and deeply felt reservations which have been expressed about many aspects of the entire proposal including, I might say, the Charter of Rights and Freedoms. You may be discouraged or dismayed by these contrary viewpoints, but it is a fact that they exist, and no amount of advertising or speaking tours by cabinet ministers is going to change that fact.

I was reading an essay the other day by the historian, Barbara W. Tuchman, author of several scholarly works, and a paragraph that came to mind as an appropriate thought about the present constitutional impasse was the following:

> Wooden-headedness is a factor that plays a remarkably large role in government. Wooden-headedness consists of assessing a situation in terms of preconceived fixed notions while ignoring or rejecting any contrary signs. It is acting according to wish while not allowing oneself to be confused by the facts.

Honourable senators, I have, over the past many months, read just about every word written and spoken on the question of the Constitution and related matters such as resource ownership, the charter of rights and the many aspects of reform. I might say that I have been impressed with many of the arguments. I agree with the Leader of the Government in the Senate that many words have been spoken that, to say the least, have been divisive. On that score I do not excuse members of the party to which I belong, and at the same time I do not excuse members of other parties. It is unfortunate that when these issues become so emotional, logic and reason seem to leave us.

• (1720)

I do want to say, however, that notwithstanding the lack of logic or reason and the very high emotional pitch of some of the arguments, and notwithstanding the fact that some of them, I confess to you, are words that ought not to have been said, it seems to me that every one of those people, men and women, have at least spoken with some sincerity. What it proves to me is that they are all Canadians and not one of them loves their country more or less than the other, and I think we ought to recognize that.

Honourable senators, the other day my deputy leader and colleague from Manitoba, Senator Roblin, referred to a pamphlet being distributed to Canadians by our government dealing with the constitutional package. This gave me the idea to review not just speeches and press material that have come out with respect to the Constitution, but this beautifully produced "Speaker's Kit" about our Constitution, which I am sure you all found on your desks. This handy little guide, in both the official languages, I take it, is meant to assist people like myself with not a great deal of background to speak to other Canadians about the Constitution.

I would like to quickly review what my government has given to me in this handy little packet. The first thing it asks me to do, I assume, is to raise before any gathering of Canadians the question: What good is a constitution to the average citizen? Honourable senators, I trust you have read the answer, which is:

> A constitution is a valuable, unique document, reflecting the aspirations of the people living in a country. Far from being abstract, a constitution consists of the basic rules that the citizens have chosen to regulate their society.
>
> To be of value, a constitution must meet the needs of the citizens. It must provide for a reasonable degree of stability but it should be flexible enough to accomodate changing circumstances to allow for changes as needs arise.

And the last lines are:

> A society is made up of a group of people working toward common goals.

I wonder, if honourable senators can tell me what that has to do with the Constitution. Yes, I agree with those last lines notwithstanding the fact that I have a hard time knowing what they have to do with the Constitution.

As to the aspirations of Canadians, honourable senators, where I come from people deal with their aspirations in terms of economic things—in terms of quality of life, in terms of family and things. I have never met anyone who said to me that they felt that it would be better for them that the sun would shine brighter, that some good would come if somehow or other they had a constitution tucked under their pillow. I have never had that told me. This indicates that a constitution consists of basic rules that citizens have chosen to regulate their society. Does this infer that until we pass this resolution with a written charter of rights we have been living without

basic rules in an unregulated and unjust society? I mean, what does it say? What have we been until now? As I said, the last lines are:

> A society is made up of a group of people working toward common goals.

I agree. I don't want to argue with that.

Dealing with the question of a constitution meeting people's needs, what are those needs in a constitutional sense? Who tells us what those needs are? How do we determine what they are today and what they will be tomorrow? In terms of flexibility, constitutional amendments are difficult. We have been arguing about section 42 and section 44 and there will be amendments, and we need the consent of six provinces. Go to the cities of Detroit, Cleveland, Los Angeles or Chicago, as we all do from time to time, and ask good citizens there about how easy it is to amend their Constitution. Two hundred and a few years ago they put into their Constitution the provision that every citizen shall have the right to bear arms, and in those days that made good sense. One would have been a fool not to bear arms. Today, when there are murders by the thousands, ask them what value that is in their Constitution. Ask them the efforts that have been made to change it. I mean, it is difficult. No matter how we finish off with this one, it will be most difficult. We tried to change the Constitution. I heard the Prime Minister say for 53 years we have been at it, and found it impossible. I think the Americans have been at the gun law question for longer than that.

It seems to me, not just from my day-to-day experiences but certainly from my training as a common law lawyer, that we have established through a long series of precedents an outstanding system to govern the behaviour of our citizens without the necessity of entrenching or committing to writing a system of guidelines.

The last point on this particular little card is:

> Our Constitution determines, for example, which order or orders of government pay pension benefits, family allowances, unemployment benefits and so on.

I mean, it really sounds wonderful except I read the resolution again after I read that, and it does not say anything about unemployment benefits, pension benefits, family allowances and all those other good things.

The next little card—I am sure you all had these—is headed: "The right and the responsibility of sharing." I want to talk about that. It says:

> The builders of our country came from various parts of the world. As they spread out across this vast land, they built a country on sheer stamina and the spirit of solidarity that inspired them.

Honourable senators, if the builders of our country did so well on sheer stamina and a spirit of solidarity, why are we meddling with this system that worked so successfully for so many years? There is no evidence that meddling will produce a better result. What this little card says to me is that by precedent and good sense and by people of goodwill we have established a system that works as well or better than any in the world—and I will tell you later about someone else who said that.

The second thing that this little card says on "The right and the responsibility of sharing," is:

> The tradition of sharing was established in our country from the beginning. In our political system, we have reflected this tradition in a variety of programs and policies designed to reduce regional disparities and to maintain for all of Canada a stable and well-balanced economy.

Well, I want to talk to you about that. I want to tell you about a policy of a government that says that and does something else.

In my home province of Manitoba there developed from 1938 through the sixties an airplane industry. You will remember the company was called TransCanada Airlines. In 1938 they established their base of operations at Winnipeg, I assume—because I was not then old enough to understand—because it was in the centre of the country. That made good sense to some silly people then. The industry, as I said, started in 1938. To relate a small piece of historical trivia, I might say that in the year 1948 the Honourable C. D. Howe said that 95 per cent of TransCanada Airline's activities would remain centered in Winnipeg.

Well, of assurances there were plenty. In 1963 the government of the Right Honourable Lester B. Pearson confirmed that the Winnipeg facilities would be used. Not only was that so, but an assurance was given that no change would be made for 10 years—from 1963 onward. In 1967 Air Canada announced that they were going to close the Winnipeg base and to transfer all overhaul facilities to Dorval.

Not trivial, but certainly more current, was a statement made on May 23, 1968—and I remember the date well—by the very dear friend of the Leader of the Government in the Senate, the Right Honourable the Prime Minister. I admit it was made in the heat of an election, but his words were:

> You may be assured that the present government will honour the commitment made by my predecessor and that in addition we will vigorously search out alternatives aimed at maintaining a viable aircraft support industry in Manitoba.

• (1730)

In the year 1969, there were no further or other overhaul or maintenance facilities left in Winnipeg, all having been moved by Air Canada to Dorval.

Honourable senators, we do not want good words. What we need in this country are good deeds. I am not impressed by the words. I can tell you that my province was dealt a terrible economic blow.

I should now like to talk about the Canadian Charter of Rights and Freedoms, because that is of more concern to me. The card contained in the kit the government gave to me states:

> A Canadian Charter of Rights and Freedoms in the Constitution—why do we need it?

It further states, under the heading "Protection," the following:

> When it comes to rights and freedoms such as the right to say, believe, print or broadcast anything we want, the right to meet and worship freely, the right to choose one's own government and to stand for election, Canadians are among the most fortunate people in the world.

Well, if they are, what are we doing with them? It goes on to say:

> The Canadian Constitution contains, however, very few guarantees that we can go on enjoying our rights and freedoms forever.

Doesn't that scare you about who is in government.

Let me say, honourable senators, that I support unequivocally the protection of human rights. I have had a long involvement with civil liberties groups in my home province; I have been involved with this kind of thing with the Canadian Bar Association and with the Manitoba Bar Association. I was born to parents who escaped Soviet tyranny, who came here as adults looking for a new home and a safe place to live. They found that here. I had instilled in me at a very early age a deep sense of commitment to that cause.

My recollection of the argument presented at the premiers' conference—and I stand to be corrected on this—is that Senator Buckwold's premier, Premier Blakeney, said during the course of discussions that there was certainly an onus on those who advocate change from our present system to demonstrate that the change is both needed and beneficial.

At this point I want to say there is a matter of deep concern to me, and it is also terribly bothersome to me. It is both deceptive and, I suggest, deceitful, for those in favour of entrenched rights to suggest, as some do, that opponents of entrenchment are against human rights.

Honourable senators, I know that every senator in this house, every member of the other place, every member of every legislature in every quarter of this country, in every decent place in this country, has a deep commitment and desire to provide the necessary protection of human rights. The question really is how one does it most effectively. In all of my readings, I fail to find how basic rights would be better protected by a charter.

Infringements of what might be considered basic rights have fortunately been rare in our history. I suppose the most obvious and often cited example is the treatment of Japanese Canadians in this country during the years 1940 to 1946. I suggest that we can all hang our heads in shame, because that is a black mark in terms of civil rights in this country.

I know advocates of an entrenched charter say it would prevent or mitigate abuses of this kind. Well, it did not stop the Japanese Americans in the United States from suffering the same indignities in a country that had human rights well entrenched.

Perhaps the best argument against entrenched rights is what Senator Manning said last week—"If you want to see the best charter of entrenched human rights, it is in the Soviet Union." I suppose it is possible to find one out of a few hundred million who can tell you about those rights and how well they are exercised.

You will remember the big cuffuffle in India during the late forties—I think that was the time, but perhaps someone will have to correct me. India enshrined a Charter of Rights in its Constitution. Why don't we ask the people Mrs. Ghandi put in jail how well those people were protected.

The premier of my province clearly indicated that he, as well as other premiers, was opposed to the concept on grounds quite apart from the historical ones—that is, the ones that say, "For 113 years, fellows, you have done all right." An entrenched Charter of Rights, I am suggesting, would remove the supremacy of Parliament and legislatures.

Surely we all believe that Parliament is the cornerstone of our history precisely because it leaves determination and protection of rights in the hands of elected and accountable representatives of the people. It has been said time and time again that Parliament is accountable and answerable to the people and is, therefore, better equipped to resolve social issues than are judges who, by the very nature of their work, are out of the mainstream of life. From my experience—and in my home province I know them all and I like them all—and I do not want Senator Molgat reporting me because I have to practise in front of them—I know they are not equipped to deal with the social issues. Speak to them. You will see how they become removed. That is a good thing, because it shows their independence. I assume, as well, that an entrenched Charter of Rights would involve the courts in political matters, as is recognized by many jurists, including, I suggest, former Supreme Court Justice Pigeon, who recently pointed out that entrenching a Charter of Rights grants to the courts an important part of the legislative powers now vested in Parliament.

Honourable senators, an entrenchment of rights would involve a loss of judicial impartiality and judicial independance, two cornerstones of our judicial system. The Master of the Rolls—and those who practice law will appreciate whom I am speaking of—Lord Denning, who has been an innovative kind of judge, said in a speech in the House of Lords that if the judges were given power to overthrow acts of Parliament they would become politicized; their appointments would be based on political grounds and their reputations would suffer accordingly. In deciding whether or not any federal or provincial statute is constitutional, judges do have the power to overthrow it. Lord Denning went on to state:

> One has only to see in the great Constitutions of the United States of America and of India the conflicts which arise from time to time between the judges and the legislatures.

Surely that is a system we do not have and one we can do well without.

Statute law, because it can more easily be amended, permits more flexible response to social and other changes so as to better protect the rights of citizens. As well, an entrenched charter would encourage large volumes of litigation with respect to legislation, and introduces what I suggest to you is a dangerous and, what is more important than that, delaying kind of tactic, and one of uncertainty into the processes of government.

Excuse me, honourable senators—

Senator Roblin: Don't interrupt their conversation.

Senator Frith: That is how stimulating we find your speech.

Senator Nurgitz: I appreciate that.

An entrenched charter, by its inflexibility, would inhibit the development and acknowledgement of new rights, such as the rights of handicapped people, or rights to privacy, or rights that we are not aware of today that will be important 10, 20 or 30 years hence.

Honourable senators, the real protection of rights lies in the commitment of people of goodwill and of governments of goodwill to see that human rights are protected and enhanced, as they have been protected and enhanced in Canada through our parliamentary form of government.

We have not even passed this resolution, we do not even have a charter, yet at this very moment, after very careful study by the people who prepared the Constitution Act, 1980, people are complaining about the wording. I have heard from a delegation of Jewish people keenly concerned with the further prosecution of Nazi war criminals who believe that section 11(e) forever closes the door on their efforts.

● (1740)

Section 11(e) states that a person cannot be prosecuted for any act that was not a crime at the moment he committed that act. The explanatory note on the left-hand side of the page states that this is drawn from the United Nations Covenant. Well, honourable senators, if one takes a look at the International Covenant on Civil and Political Rights of 1966, to which our country is a party, one will notice that there is a subsection added to that which states:

> Nothing in this article shall prejudice the trial and punishment of any person for any act or omission which, at the time it was committed, was criminal according to the general principles of law recognized by the community of Nations.

We do not have that.

Last week I found on my desk, as I am sure all honourable senators did, a letter from the Chairman of the Advisory Council on the Status of Women. I am sure all honourable senators have read that letter with interest. I assume, bearing in mind the author of that letter, we cannot say that that letter is partisan. Yet, the opening paragraph states, and I quote:

> The CACSW is gravely concerned that the draft Charter of Rights and Freedoms proposed for entrenchment by the federal government does not adequately protect women.

[Senator Nurgitz.]

That tells you something about the problems of a system of attempting to entrench everything, to cover everything. A journalist wrote in a Toronto newspaper yesterday:

> What the pussycat for women's rights fails to understand is that entrenched rights have never been a guarantee for any rights—loopholes are built in, large enough to drive a Mack truck through them.

Senator Roblin: Who is the pussycat?

Senator Nurgitz: The pussycat she was referring to, I guess, was the Minister of Manpower and Immigration, the minister from my province.

Senator Roblin: Oh, that pussycat.

Senator Lamontagne: I thought it was you, Senator Roblin.

Senator Nurgitz: He has been a tiger today, senator.

It seems to me that before the Charter of Rights has been put into effect, and indeed before it has affected people, either individually or in groups, one is already encountering difficulties. What difficulties lie out there for groups who have not yet been heard in federal-provincial conferences? Indeed, will they be heard by the parliamentary committee? Senator Buckwold has said he knows of 50 groups, and he doubts that they can be heard, the timetable is so rigid. What is going to happen to their rights?

It is interesting to note that two of Canada's leading advocates of civil liberties have reviewed this entire question of the proposed Charter of Human Rights and Freedoms. Those of you from Ontario, I am sure, will be familiar with their names. Alan Borovoy, chief counsel to the Canadian Civil Liberties Association, fears entrenchment. He has said:

> I fail to see why entrenching the same language about rights in the Constitution will make any difference.

Clayton Ruby, a foremost Toronto lawyer and someone well known for his interest in civil rights matters, said the other day in the Toronto press:

> . . . the present Bill of Rights is practically useless—

That is the one we have, the statute. He continued:

> —the Trudeau Bill of Rights is designed to be completely useless.

Senator Olson: You would be the first one to advocate it if it were not in there.

Senator Nurgitz: I am sorry, I did not hear you, Senator Olson.

Senator Lamontagne: Why are you against it?

Senator Nurgitz: Why am I against the entrenchment of rights?

Senator Lamontagne: If it is useless, why are you against it?

Senator Roblin: You have not been listening.

Senator Nurgitz: Honourable senator, I am against all things that are useless.

Senator Perrault: You don't want your party abolished.

Senator Nurgitz: I did not hear that, Senator Perrault. That may have been your best speech of the day, but I did not hear it.

Senator Perrault: You are making a good speech; carry on.

Senator Nurgitz: I appreciate that you are taking in the last minute or two of it.

Senator Phillips: You finally woke him up.

Senator Nurgitz: I don't think he has been awake for years.

Honourable senators, I am convinced beyond all reasonable doubt that not only has the onus not been discharged in terms of showing that a changed system is a better system, but that our present system provides better protection for Canadians.

There is one last card that I want to bring to your attention. It is entitled: "Why do we want to bring the Constitution home?" This I recommend to all honourable senators. I have sent it to many good Canadians. It reads:

> As citizens of a mature and independent country, many Canadians believe it is time we brought our Constitution home to Canada from Britain, so we no longer will have to turn to a parliament in another country to amend it.

Well, I want to say that there is probably not a member in this chamber or in the other place who would disagree with that statement. Since the government has printed this thing, I think it ought to do what it says. I think the public relations people hired by the government are people who know, and this is what they agree on—that we ought to bring it home and amend it. I am pleased that Senator Olson applauds that. That is something that I and my party stand for.

Senator Flynn: He did not know what he was applauding.

Senator Olson: You don't want to be in a straightjacket, either.

Senator Phillips: That might be appropriate.

Senator Nurgitz: Honourable senators, if you will give me another 30 seconds, I will conclude, and then you fellows can continue.

The proposal of premiers, of opposition members, of independents like our own colleague Senator Manning, is, "Let's bring the Constitution home and let's amend it here." The present course embarked on by the government runs exactly counter to the proposition set out on this little card.

Not only are we asking the British Parliament to amend our Constitution, we are asking them to do a massive re-write. The second paragraph covers with some pride the history of how the British North America Act united New Brunswick, Nova Scotia, Ontario and Quebec into the Canadian federation. It goes on to state:

> Its resolutions were drawn up by Canadian delegates, without representation from the British government.

Well, who were the Canadian delegates? They were the representatives of the provinces. They represented the partners in what was to become known as Canada. Why can't we continue to have a partnership with the provinces?

Honourable senators, I hope that I have in some small way attempted to demonstrate the difficulty I am having in accepting the Charter of Human Rights and Freedoms and the difficulty that concerns me in scrapping a Constitution that has worked as well as the Canadian Constitution has, as well as some of the institutions. I am not necessarily hung up on the Constitution itself. I do believe we ought to have the Constitution in Canada, and I think we are mature enough. I am more concerned with the systems and the institutions.

Before he became Prime Minister, Mr. Trudeau wrote the following:

> For the last 100 years . . . this country and this Constitution have allowed men to live in a state of freedom and prosperity which, though perhaps imperfect, has nevertheless rarely been matched in the world.

At a time when the pressures of the office did not bear down upon him, Mr. Trudeau himself was capable of a generous assessment of our present Constitution's value.

I took that quotation from the Prime Minister's book *Federalism and the French Canadians*. In the same essay, Mr. Trudeau also wrote:

> History teaches us that diversity rather than uniformity is the general rule in this Land . . . with the exception of a certain number of basic principles that must be safeguarded such as liberty and democracy, the rest ought to be adapted to the circumstances of history, to traditions, to geography, to cultures, and to civilizations.

It is the Prime Minister rather than those of us who are disturbed by his initiative who has become converted in his older age, who has become seized with an urgency and an indecent haste, dictating deadlines for which there is no conceivable demand or necessity.

Even in Quebec, which was the Prime Minister's excuse for his determined initiative—I want to be polite; it was the Prime Minister's reason for his determination. Even in Quebec, all of the major parties, including the provincial Liberal Party, are solidly opposed to this action.

We have a Constitution that has served us well. The Prime Minister believes he has a better one. The burden is on the Prime Minister and the government to convince the vast majority of the population, in every region, including the small ones, that his is a proposal which will stand the test of time and serve this country as equitably and as honourably as the institutions and the Constitution which he would scrap.

• (1750)

Senator Bosa: Would the honourable senator permit a question?

Senator Molgat: Would the honourable senator permit a question?

Senator Nurgitz: If you ask them one at a time. Senator Molgat?

Senator Molgat: I have just a very quick question which is not germane to the main theme of your speech, but you did bring the matter up. I am referring to Trans-Canada Airlines in Winnipeg, and in view of the fact that you had injected the names of the previous Prime Minister, Mr. Pearson, and the present Prime Minister, I would ask you if you are not aware that the decision to close those operations and transfer them to Montreal was taken by the then Prime Minister, Mr. John Diefenbaker, that the Minister of Transport of the day was the Honourable Leon Balcer and that the Premier of Manitoba was none other than our colleague, the Honourable Senator Roblin.

Senator Nurgitz: I am sure you are aware, Senator Molgat, that Senator Roblin is the last person in the world I shall have to defend.

Senator Olson: Try giving a straight answer like I do.

Senator Nurgitz: If I tried to give a straight answer, you would not recognize it. What I want to say is that there were some decisions, and I confess that. What I am saying, however, is that in 1967 John Diefenbaker was not the Prime Minister of this country, and in 1969 John Diefenbaker was not the Prime Minister and Leon Balcer was not the Minister of Transport. There were many, many other decisions. I well agree that there were some decisions taken during the time of the Diefenbaker government that were not helpful.

Senator Perrault: You should have told us about those.

Senator Nurgitz: Well, I did not tell you about every government. I could keep going. There were several other statements by Prime Minister Trudeau that I did not inject into that portion of it as well.

Senator van Roggen: Honourable senators—

Senator Bosa: May I ask the honourable senator a question?

The Hon. the Speaker: Honourable senators, I draw your attention to the fact that it is 6 o'clock, and according to the rules of the Senate I should leave the Chair until 8 o'clock. Honourable senators may wish to follow a certain procedure, but until they do I must respect the rule.

Senator van Roggen: I rose for the sole purpose of moving the adjournment of the debate.

Senator Bosa: There are still 30 seconds to go before it is 6 o'clock, so I wonder if I can ask a question of the honourable senator who has just finished speaking. The honourable senator alluded to the fact that if we entrenched the rights it would delegate to the courts—

Senator van Roggen: I rise on a point of order. There is a motion before the house.

Senator Bosa: But I rose before you.

Senator Flynn: Ask it tomorrow.

On motion of Senator van Roggen, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, October 30, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Quinquennial actuarial report on the Canadian Forces Superannuation Account in the Consolidated Revenue Fund as at December 31, 1975, pursuant to section 27 of the *Canadian Forces Superannuation Act,* Chapter C-9, R.S.C., 1970.

Report on the Quinquennial Actuarial Examination on the state of the Superannuation Account in the Consolidated Revenue Fund as at December 31, 1977, pursuant to section 35 of the *Public Service Superannuation Act,* Chapter P-36, R.S.C., 1970.

Report of the Canada Post Office for the fiscal year ended March 31, 1980, pursuant to section 80(2) of the *Post Office Act,* Chapter P-14, R.S.C., 1970.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, seconded by the honourable Senator Perrault, with leave of the Senate and notwithstanding rule 45(1)(a) that when the Senate adjourns today it do stand adjourned until tomorrow, Friday, October 31, 1980, at 10 o'clock in the forenoon, and that rule 7(1) be suspended in relation thereto. That requires leave.

An Hon. Senator: No leave.

The Hon. the Speaker: Honourable senators, is leave granted?

Some Hon. Senators: No.

The Hon. the Speaker: Leave is not granted.

Hon. Duff Roblin (Deputy Leader of the Opposition): Would the Deputy Leader of the Government go over the rules that he wants to suspend? I would be interested in knowing them, although I rather suspect that I will not agree to his motion.

Senator Frith: In connection with that motion, it is rule 7(1).

Senator Flynn: Perhaps, if we knew exactly why—

Senator Frith: Perhaps we can revive it after I move the next motion.

Honourable senators, I give notice that tomorrow, Friday, October 31, 1980, I will move "that when the Senate adjourns today, it do stand adjourned until tomorrow, Saturday November 1, 1980, at 10 o'clock in the forenoon and that rules 7.(1) and 13 be suspended in relation thereto."

Honourable senators, by way of explanation,—

• (1405)

An Hon. Senator: Make it good.

Senator Smith: Would the deputy leader mind mentioning those rules again? I looked at rule 71—

Senator Frith: Rule 7.(1) and rule 13.

Honourable senators, at the beginning of this week when we received the message from the other place with reference to the motion setting up a joint committee to study the proposed resolution on the Constitution, I discussed with the Leader of the Opposition a schedule for dealing with this matter. As I recall it, I suggested that if possible we should sit Monday, Tuesday and Wednesday evenings as well as in the afternoons, and do our best to deal with the matter as quickly as possible. He replied that he did not think it was necessary for us to sit extended hours into the evenings, that he felt it might even appear a little unseemly to do so. He said that in his view it would be much more desirable for us to sit regular hours, from 2 o'clock to 6 o'clock on Monday, Tuesday, Wednesday and Thursday, and on Thursday evening—

Senator Flynn: No, no.

Senator Frith: —depending on how—

Senator Flynn: That's better.

Senator Frith: —how things stood on Thursday. He thought we could sit on Friday also, if necessary, and that we could finish the matter by the end of the week. I said, "I think that is very reasonable, and therefore I agree that we will not sit Monday, Tuesday or Wednesday evenings. We will see how things stand on Thursday and sit Thursday evening if we have a sufficiently long list of speakers on both sides, and Friday, if necessary, and finish it up by the end of the week.

Now I understand that the Leader of the Opposition would prefer not to finish by the end of this week but to continue, more or less along the lines I have just discussed, until tomorrow, and to have the vote on Monday. I may have made a mistake by saying to the supporters of the government in this place and elsewhere—

Senator Flynn: Especially elsewhere.

Senator Frith: No, not especially. Where I made the remarks are more likely to be known to me than to anyone else, and I say no, not especially but, in addition, in other

places. The first place I made the report was to the leader and to the whip, and then I reported it to our caucus. What I said was that Senator Flynn had made what I thought was a very reasonable suggestion for dealing with this matter—

Senator Perrault: Hear, hear.

Senator Frith: —and therefore I felt that we should deal with the matter in that way, namely, to sit Monday, Tuesday and Wednesday afternoons, and Thursday afternoon and Thursday evening, if there seemed to be a long enough list, and again on Friday if there still seemed to be a long list, and to have the question put and the vote taken by the end of the week.

I want to make it very clear in giving this notice of motion for Saturday, which is the end of the week, I am not putting it on the footing of any reneging on the part of the Leader of the Opposition, or that I feel he has let me down in an agreement. I do feel that we had an agreement, but that is open to misunderstanding as any verbal understanding is.

• (1410)

I think the footing upon which I am putting forward my proposal is reasonable. We should continue to debate this afternoon, this evening, and tomorrow morning, for which I have asked leave. On that my honourable friends opposite have said that they would reserve leave until at least I have given some explanation. That does not mean that they are now going to give leave, but it is reasonable for them to wait for an explanation. If leave is given we will sit this afternoon, this evening, tomorrow morning—which I would prefer—and if necessary, tomorrow afternoon and tomorrow evening, with a vote tomorrow evening, or, if necessary, on Saturday.

I am sorry if I am going to be inconveniencing my honourable friends because of my understanding of the agreement I had with the Leader of the Opposition. I believe, however, that the best footing upon which to put that schedule is that it is consistent with the suggestion made by Senator Flynn, which I thought was a reasonable one, and on which I have proceeded because I thought, and still think, that it is a reasonable way of proceeding. That is the reason I have given notice of the motion which I will put tomorrow. I believe the suggestion that Senator Flynn made on Monday for dealing with this item was reasonable then, and is still reasonable.

Senator Flynn: You said Monday?

Senator Frith: I was referring to the conversation you and I had on Monday. I thought at the time that you made a reasonable suggestion, and I still think it is a reasonable program. I am suggesting we proceed with the Flynn formula, because I think it is a reasonable one.

Senator Perrault: The Flynn plan. Flim flam.

Senator Flynn: The foghorn from the west is blowing again. That's the only thing you can do—make loud noises in this place.

Senator Molgat: What was that you said?

[Senator Frith.]

Senator Flynn: I said to Senator Perrault that the only thing he can do in this place is make noises.

Senator Molgat: Did you say something about the west?

Senator Flynn: I said, "The foghorn from the west." Do I have to draw you a picture, Senator Molgat?

Senator Molgat: I thought your comment had something to do with—

Senator Flynn: You were wrong, as usual.

Honourable senators, with reference to the statement just made by Senator Frith, I discussed this matter with him at the beginning of the week. I told him we should start the way we did. It then seemed quite possible that we could complete the debate on Friday. I gave no undertaking. I told him again yesterday that I would let him know today what our position would be. I was expecting that we would sit all day today and this evening until 12 o'clock, if the Senate so wished, and again tomorrow in the regular way, from 2 to 6 and from 8 to 12 if such were the desire of Senator Frith.

What we were proposing—and I discussed it with him yesterday—was that we should have a convenient time for the vote on this motion. I thought that Friday was not an appropriate time, and Saturday would be even less appropriate. I said that Monday or Tuesday next would be better, and that if there was an agreement we should say that the vote would be taken at a given time on a certain day, so that it would provide all honourable senators with the opportunity to be here if they wanted to vote.

Senator Marshall: They should be here.

Senator Flynn: That was my reasoning. Senator Frith says that I let him down. I did not let him down.

• (1415)

Senator Frith: No, I did not say that.

Senator Flynn: In any event, I still think the proposal I put to the deputy leader is a valid one. If he does not like it, then there is no deal. It is that simple. We told him there would be no deal.

I consider that the motion he intends to put tomorrow is entirely out of order since it requires two days' notice. There are no provisions in the rules for sitting on Saturday. It is not simply a matter of suspending the rules. You have to provide for the sitting on that day, and there is no provision in the rules. It is not a sitting day. In any event, I can make that objection in due course.

I would suggest to him that if he were reasonable he would accommodate the people on his side. I would ask him: What difference does it make whether the Senate sits on Saturday afternoon or Monday evening? I am not saying that, depending on the circumstances and if there are some changes in the position of the government, we may not be able to conclude the debate tomorrow. I did not say that.

However, I suggest that the reasonable thing to have done would have been to have a vote on a given date. They do that in the House of Commons. Very seldom will they have a vote

on a Friday in the House of Commons. They set the date so as to accommodate as many members as is possible. I made that suggestion to the deputy leader, but he did not agree with it. He has received his orders from elsewhere. That is fine. If he can explain the difference for the government between a decision of the Senate made on Saturday or Monday, then I will again discuss the matter with him.

Senator Frith: Honourable senators, I have little to add to what I said on the question of why we wish to proceed on the basis of finishing this item this week. That was the program we launched and whether there was a misunderstanding or not is irrelevant. I think it is a reasonable program.

The committee has to start its work as soon as possible. That view is apparently not shared by others. Places like this exist because we do not agree on everything. It is the government's position that the committee should start its work as soon as possible, and "as soon as possible" means, in this context, as soon as reasonable.

Senator Flynn: Tuesday.

Senator Frith: If we finish the debate this week, then the committee can start its work on Monday.

I cannot show by some decree on tables of stone that Monday is the only desirable day. I can only say that that is the program we started with last Monday—I thought on the basis of agreement. If my friend says there was no agreement, then I do not quarrel with him on that, but I still feel that that is a good program and one we should continue with.

As far as notice is concerned, I think it is clearly in order because certain types of motion require two days' notice requiring an intervening sitting day. This is not one of them. I will make a submission to the Chair for a ruling, if the matter is raised as a point of order tomorrow, that the notice required here is one day's notice, which means the next sitting day, namely, Friday, which is a sitting day. However, we can debate that tomorrow.

That is my explanation as to why I am asking that the Senate be prepared to sit, if necessary, on Saturday. Of course, we can rescind that if it turns out that we have our vote before then. The key to the whole program, not the agreement—let us forget about that—

Senator Flynn: Stubborn as the Prime Minister!

Senator Frith: I certainly don't mind being associated with or compared to the Prime Minister in any way. I am flattered.

That was the program we started with and it is the program we should continue with. We may have to sit on Saturday, and that is why I have given notice. The motion will be put tomorrow. If there is a question of order we can debate it then.

QUESTION PERIOD

• (1420)

[*English*]

THE CONSTITUTION DEBATE

STATEMENT BY PRIME MINISTER IN REGINA

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government. Radio reports this morning indicated that in his remarks in Regina last evening the Prime Minister showed a willingness to amend that aspect of the constitutional package now before us which deals with the referendum. Would the Leader of the Government tell us if such is the case?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I do not have the text of the remarks made by the Prime Minister last evening in Regina. However, I do understand that the speech was received exceptionally well in the prairie provinces.

Of course, the Prime Minister has always been forthcoming in his position regarding consideration of amendments. He has said from the outset that he wants to be flexible, and that he will await with interest the deliberations of the committee. Representations made by certain individuals and organizations suggest that the referenda sections require, perhaps, greater clarification.

Senator Flynn: Clarification?

REPRESENTATIONS BY CANADIAN CIVIL LIBERTIES ASSOCIATION

Hon. G. I. Smith: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate. Is it correct that the Canadian Civil Liberties Association yesterday expressed strong reservations regarding the inclusion in the Constitution of the proposed amendments relating to civil and human rights? They suggested that, in their opinion, the government's package would not strengthen the rights of individuals.

Is it also true that the association called upon the government to delay beyond December 9 the consideration of the committee as it deals with the resolution so that more Canadians could be heard? If that is true, has the government responded to those representations made by the Canadian Civil Liberties Association, and, if so, what is that response?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have not received any documentation from the Canadian Civil Liberties Association. However, may I suggest that this is one of the great values in having this proposed resolution for a Joint Address to Her Majesty the Queen dealt with as quickly as possible. If that is the case, organizations of this kind may be able to bring their views, thoughts and suggested amendments to the attention of parliamentarians. The faster we undertake the process of passing this motion the better off the people of Canada will be. Organizations of this kind and others will then be able to state their views.

Senator Flynn: Oh, come on!

Senator Perrault: Honourable senators, I do not know whether Senator Smith is quoting from a news report or some official document, but if he has an official document I would be glad to have a copy of it. I must take as notice the end of his remarks as to whether the government has responded in any way.

Senator Smith: I have no official document. Consequently, although I would be otherwise glad to do so, I cannot furnish a copy thereof to the Leader of the Government.

ENERGY

THE BUDGET—EXPORT TAX ON NATURAL GAS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have a couple of questions on the energy matter which I should like to address to the Minister of State for Economic Development.

At page 8 of the budget speech it is indicated that the government is abandoning its plan for an export tax on natural gas. Does that mean there will be no export tax, that there will be no tax on natural gas that is exported?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, what is clear is that there is not going to be a tax only on exported gas. After a 90-day period from November 1, there will be a tax applied on the throughput of all gas in Canada, including the export portion.

● (1425)

Senator Roblin: Does that mean that while the government is abandoning the gas export tax, it will still tax gas that is being exported?

Senator Olson: It means that all gas will be taxed on a throughput basis. Export volumes will not be singled out for any tax treatment different from that applied to any other gas sold in Canada.

Senator Roblin: Honourable senators, I think that is as neat an exhibition of double talk as we are likely to hear for a long, long while.

Senator Olson: But it is absolutely accurate.

THE BUDGET—OIL EXPLORATION—PARTICIPATION OF PETRO-CANADA ON CROWN LANDS

Hon. Duff Roblin (Deputy Leader of the Opposition): I have a further question for the minister in connection with the energy situation. As I understand what was stated by the Minister of Finance the other day, Petro-Canada, and perhaps some other petroleum emanation of the government, will have the right to back into wells that are drilled on Crown lands in Canada to the extent of 25 per cent. I am wondering whether this new rule is to apply to all activity on Crown lands—that is, the activities of both Canadian petroleum companies and international petroleum companies.

[Senator Perrault.]

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, there is an essence of accuracy in the comment of my honourable friend with respect to Petro-Canada or some other entity in the public domain acquiring a 25 per cent interest in such a well. Insofar as the totality is concerned in terms of the other activity that my honourable friend referred to, I shall try to get him a very detailed reply. I do not have that information with me now.

Senator Roblin: I thank my honourable friend for his reply. I emphasize that I am trying to find out whether the same treatment will be accorded to all companies involved in that area or whether there will be a difference in the treatment of companies depending on their status.

I would also ask the minister to inform the Senate as to the extent to which Petro-Canada, or such other company, will buy into these situations.

One can understand that up to the point of actual discovery there are usually considerable expenditures involved by those doing the prospecting, and I am interested in knowing whether Petro-Canada, when it buys in to the extent of 25 per cent, makes any retroactive contribution to the expenditures made up to the point that it buys in. I should also like to know the extent to which it will share in expenditures after buying in.

Senator Olson: Honourable senators, again, I think I should take that question as notice and provide my honourable friend with an accurate and technical reply. I am sure my honourable friend knows that a good deal of exploration has gone on where the cost of that exploration has already been accommodated in the taxation calculations for a number of companies, and, indeed, to some extent, is already written off if it is a non-revenue producing exploration cost. I suspect that it is only in the category where there is production or potential production revenue that this would apply—that is, when some delivery system is placed between the site and the market. In any event, I shall get a more detailed answer to that.

Senator Roblin: I thank my honourable friend for that. I would ask him to advise us, at the same time, as to the situation both before and after the budget. I understand his point that some part of development costs up to the point where Petro-Canada may come in may have been written off in the past. I want to know whether any distinction is made between that portion of expenditures which has been written off and that portion which is still regarded as an asset by the company concerned.

But even of more interest to me would be the situation from here on in, because one of the features of the energy budget is a change in those expenditures that might be written off against the bottom line on the tax statement—a very substantial change. I would like to know just what recognition is to be given to the new situation when Petro-Canada buys in, perhaps two or three years down the road, after these expenditures have been made under the new tax regime.

Senator Olson: My honourable friend will know that what was stated in the budget was really a statement of policy and principle, and in many cases there will follow, obviously, the

exercise of making the regulations to give administrative capability to these policies. I am not sure they have all been written in the greatest detail for administrative capability.

• (1430)

My friend will also realize that a number of bills will follow in the houses of Parliament after the budget debate, and at that stage, of course, there will be an opportunity to get greater explanations. But even at that stage it is not always possible to reply in detail as to what the technical regulations may be, because in many cases they are not even written by that stage.

Senator Roblin: I appreciate what my honourable friend is telling me. I urge him to make the best haste he can because, as he probably knows, there is going to be a considerable milling around in the petroleum industry with respect to investment until some of these matters are clarified. But I would ask him to give the Senate an assurance that when these regulations are being drafted people who have a legitimate right or interest to be consulted will have an opportunity to comment on them. One has seen the report of the Canada Council and others strongly recommending some input from the victims, if I may use that shorthand expression, of regulations that have been drafted in conformity with bills, and I would appreciate an assurance from him, particularly in this case, that these people will be able to make some input into regulation-writing before the die is cast.

Senator Olson: I do not want to accept some of the terminology that my friend has used such as "victims" and that sort of thing, but this government has a long and favourable history of consultation with the people affected by such regulations and has tried to make them administratively reasonable.

Senator Roblin: Would the honourable minister give some consideration to ensuring that the long and reasonable record would be extended to the people who are affected by the regulations we are discussing?

Senator Olson: Honourable senators, I was trying to point out that the pattern is so well established that I think my honourable friend can expect that.

Senator Roblin: I take that, honourable senators, as an assurance.

THE ECONOMY

THE BUDGET—STATEMENTS BY FORMER MINISTER OF FINANCE AND THE PREMIER OF SASKATCHEWAN

Hon. C. William Doody: Honourable senators, I wish to address a question to the Minister of State for Economic Development. Last night a former finance minister, Mr. Turner, condemned the government's energy policy as an unwarranted attack on the oil and gas industry, and he further claimed that the budget had done little to bring the large federal deficit under control. Is the former finance minister correct in these assertions?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I suppose it is not the best thing to do to try answering a question by asking another, but I really am curious as to whether the preamble to the question is based on my honourable friend's interpretation, or if it is some speculation in the press as to what the former Minister of Finance said. Of course, for me to give a reply on that basis would be absolutely and completely against the rules of this chamber. But if my honourable friend would like to rephrase the question and clarify whether this is his interpretation of what he thinks he saw or someone else's interpretation of some remarks that were made in Regina, it would be a little helpful, because the conclusion he comes to after he has gone through this transfer of interpretations may be a long way from the truth.

Senator Doody: I am not sure if that was an answer or a question or a new rendition of an Eisenhower press release. But in the interests of the tortured syntax, the likes of which we have never seen before, I would like to assure the honourable gentleman that most of my questions are interpretations of material that I have. In this particular case it is the interpretation of a statement that was made by the former minister of finance last evening. To make the whole thing very short, would the honourable minister care to answer my question or not?

Senator Olson: Honourable senators, what I would like to do is to see the text of the speech that was made. I am not even sure that it is within the rules for me to comment on that, because obviously Mr. Turner has the right to make any comments that he likes, but that does not necessarily initiate a debate in this chamber, whether we agree with him or disagree with him.

But it is also possible, because it has happened to me a number of times, that one or two sentences have been taken out of context and this can give a somewhat different meaning than what was intended by the author or the speaker in this case. So I think it would be helpful if I had a look at the whole speech, and if my honourable friend has it he could save me the trouble of having to obtain it by sending it over to me.

Senator Doody: I shall certainly get a copy of the speech for the honourable senator. I had to quote out of context because it would be an imposition on the time of the Senate if I were to read the entire speech. But if that is the way the rule is interpreted, then I shall certainly try to do so in the future. But my question really is not as to whether the former finance minister had the right to condemn the unwarranted attack on the oil and gas industry; my question is: Was he correct? Perhaps it was a warranted attack; I don't know. I am simply asking the representative of the government to help. However, we can wait until the minister has had an opportunity to read the document. I shall try to get him a copy of Premier Blakeney's comments of last evening too.

Premier Blakeney was quoted as saying that he preferred the Crosbie budget to the more recent budget because it was less onerous on the low-income earners in the country, which is a point that I made in the Question Period yesterday. He also

warned the government that Saskatchewan would launch a court challenge if the federal government tried to impose the new 8 per cent tax on the net revenues of oil and gas producers.

These two matters are also taken out of context because I do not have the entire statement of Premier Blakeney. I can try to get it. Would the minister responsible for economic development tell us if Premier Blakeney was correct in describing this budget as being more onerous on low-income earners than the previous budget.

Senator Olson: Honourable senators, no. I would completely and diametrically disagree with that assertion purported to have been made by Premier Blakeney. I could give a number of reasons why this budget is not in fact doing what he said. To support my view on that I can say that the people of Canada were asked what they thought of that last budget and they turned it down.

Senator Perrault: And how!

Senator Flynn: Give them an opportunity to judge yours.

Senator Doody: Well, honourable senators, I guess we should really take up a moment or two to allow that penetrating insight into the obvious to gel. In the meantime there seems to be some inconsistency with regard to the diametrical opposition of the minister to Premier Blakeney's statement and the proposed increase in the price of home heating oil, and these huge cuts in the purchasing power of the Canadian dollar. I wonder if the honourable minister could explain what appears to me to be a rather major contradiction.

Senator Olson: Well, it is so simple that I thought it would be self-evident to the honourable senator that if you add up the totality of the December 11 budget of the previous government, and the impact of that on the Canadian consumer, in the purchase of fuel supplies, and then take the totality of those parts of the budget dealing with energy in the budget that came down earlier this week, it is completely obvious that the consumer will not have the increases contained in the earlier budget. It is so clear that it is obvious.

• (1440)

Senator Doody: Would the minister provide me with a copy of what he refers to as "the totality of these increases," and I will try to obtain—I dislike using these words, but one has to—the totality of the new modality of the—

Senator Olson: The totality of the calculations.

Senator Doody: The minister means the total, does he not? If I can, I will get the total from the Crosbie budget—

Senator Olson: Your leader has already accepted the challenge, and will have that done.

Senator Doody: Since I have been so co-operative in offering to get copies of Mr. Turner's speech and Mr. Blakeney's statement, perhaps the minister might get me a copy of the totality of the increases in the budget.

Senator Olson: Honourable senators, that will not be a large job, because I understand that in the other place there was a challenge thrown down by the Minister of Finance to the Leader of the Opposition to show him—I only know what I saw on television—that the discussion we have just had is, in fact, just so and so. It is really up to the leader of the Conservative Party in the other place. He accepted that challenge, so I suppose he is going to do all those calculations and come back with them. But I predict that he will find that he is wrong, or that he is trying to count apples and oranges, which are not necessarily the same thing.

Senator Flynn: He will not do the same thing that you do.

Senator Doody: As I have said, I have no hesitation in getting that material.

Senator Olson: It is already being done.

Senator Doody: As the minister has stated, it is already in the process of being prepared.

The other part of my question concerns the Saskatchewan Premier's statement that he intends to launch a court challenge if the federal government tries to impose an 8 per cent tax on net revenues of oil and gas producers. Is the Government of Canada prepared to accept that challenge in court?

Senator Olson: I do not believe there is any question of whether or not the Canadian government is prepared to accept the challenge. If the Government of Saskatchewan decides to launch a court action, I do not believe they would need to seek the permission of the federal government to do so. The former Minister of Justice would know that very well. In some cases they would need to seek permission to launch a court action, but in this case I do not think they would need our permission.

ENERGY

STATUS OF APPLICATION BY Q & M PIPE LINES TO CONSTRUCT A PIPELINE

Hon. Richard A. Donahoe: Honourable senators, I have a question for the Minister of State for Economic Development. It arises as a consequence of the several questions which were addressed to him yesterday on the Q & M pipeline. I trust that I may be excused from giving what may appear to be fairly lengthy quotations from two sources, but I assure honourable senators that those quotations are necessary because they constitute the essence of my question.

I refer the minister to his comments on October 15, to be found at page 869 of *Debates of the Senate*, as follows:

> I should add that I indicated yesterday—and I want to clear this up although it was not entirely erroneous—

Apparently it was partially erroneous but not entirely:

> —that perhaps no further action could be taken until a new application came before the National Energy Board. I want to correct that by the answer I gave today, that new information is being given to the National Energy Board respecting a previous application, or the application which was dealt with before.

I had great difficulty understanding that when I heard it first, and I have even greater difficulty understanding it when I read

it again. On the other hand, it is put before its author, so I am sure he understood it if no one else did.

I should now like to quote two paragraphs from the last two pages of the National Energy Board decision on the application of Q & M Pipe Lines. They are as follows:

> The Board believes that the timing of the availability of the reserves of oil and gas will be more determinable upon completion of drilling—now under way or planned. This will have a bearing on the design's feasibility of a gas pipeline serving markets east of Lévis and Lauzon, and Q & M may wish to make a new application.

That is the first paragraph. The final paragraph of that decision reads:

> Having regard to the foregoing considerations, findings and conclusions, and having taken into account all matters that appear to it to be relevant, the Board denies Q & M's application.

My first question to the minister is: Given that both these quotations of the National Energy Board decision would suggest that the application is dead, is the minister absolutely certain—I hope he is following me very carefully—of the validity of his response of October 15, that a further application is not necessary and that Q & M need do nothing more than submit to the board further details of clarification, thereby necessitating no further public hearings?

Hon. H. A. Olson (Minister of State for Economic Development): The honourable senator has given a great deal of credence to the replies that I gave some time ago. I said—and the reply was off the top of my head—

Senator Donahoe: That's dangerous.

Senator Olson: —that the application was probably denied, and therefore—it was not completely denied because certainly the section from Montreal to Quebec was approved, but beyond there it was denied. I said that. I then had officials in my department check that out. They came back with the information that there was new information being supplied by the applicant which would meet the conditions which were the basis of the refusal by the National Energy Board. Some of them were environmental. Some were contained in the paragraph that the honourable senator quoted, but he did not quote enough, because while I was listening to him I was not sure whether that drilling activity was related only to the potential gas supply off the east coast, or whether that was to add to the total reserves in Canada of drilling that was under way. That happens to be important, because the National Energy Board is now receiving submissions to reassess the totality of the reserves in Canada.

That was not in question—as to the volumes that were required for the entire Q & M pipeline. In other words, there were reserves already established, before this latest set of hearings, to supply that line, in any event. So I believe they were referring to the potential that can possibly go into a distribution system from the area involved, namely, off the east coast.

I had better take my honourable friend's question and obtain a reply from the National Energy Board, and others who are involved in this whole exercise, taking into account what has happened, not only in terms of the original application, but also the terms and conditions, if there are any, under which it was partly accepted and partly denied, and what the NEB has said. I should also undertake to get at least an expression from the National Energy Board as to whether a new application is required, or whether additional information on the two aspects of it can indeed revive that section from Quebec to the east coast.

My honourable friend should give us a couple of days in which to put all that information together. I understand that sort of question, but I do not think it is useful to go back over some things that I said when I did not have any background information. I admitted that I wanted to clear it up, even at that time.

Senator Donahoe: I have a supplementary question. I take it, from what the minister has just said, that there is a strong possibility that the application may, in fact, as I have suggested, be dead. It may very well be that there is some possibility that new material can be put before the board and revive the application insofar as it denied the extension of the pipeline into the maritime region beyond Quebec.

● (1450)

If, in fact, it proves, when my honourable friend brings back the answer that he has time to provide, that the application is dead and that it must be renewed, if there is to be an approval now given for the extension of the pipeline to Nova Scotia and through the maritimes, in the light of the possibility can the minister tell us how the government, as was stated in the course of the budget speech, can possibly, on its own responsibility, ensure completion of the Q & M line?

Senator Olson: Honourable senators, the honourable senator should accept that it is a firm commitment on the part of the government that we want that pipeline built so that gas will be available from one coast of this country to the other. Insofar as the mechanics of doing it are concerned, perhaps we need a few days to look into the question that was asked a few minutes ago. It may be that there is some other additional undertaking necessary by the government to make certain that it does go ahead, and that is what we were talking about in this firm policy of the government that that ought to be in there. As to the mechanics, I hope my honourable friend will give me a couple of days to find the exact answers to those technical questions, whether or not the application is no longer valid and we have to start over again and that sort of thing, but I give him an undertaking that I will bring him that information in a few days.

Senator Donahoe: I accept with gratitude the minister's undertaking and certainly will give him all the time that he would reasonably require to supply me with that information, but while he is in the course of securing that information, I would hope that he would be able to come back to this house with some assurance that the commitment about which he

speaks, that we are told will ensure completion of the line, will be a commitment in the terms of the original commitment, namely, that the line will be completed according to the original construction schedule with gas flowing through the line by summer's end in 1983. If it should prove that he is unable to give that commitment, perhaps he would be good enough to indicate to what further date that commitment has been advanced.

Senator Olson: I should refer my honourable friend to page 4211 of *House of Commons Debates* because a similar set of questions was asked of the Minister of Energy, Mines and Resources, who is directly responsible for that. I am not going to read it all, but what the minister does say, in essence, is that:

> —the National Energy Board has indicated that it is willing to deal expeditiously with a new application. In the view of the board, there would be fewer delays and fewer legal problems in dealing with a new application and less time would be wasted than if it were to hear an appeal.

That is one answer. Further down that same page, he goes on to say:

> —if necessary, a bill will be introduced in this House to achieve that purpose.

That, of course, is to get the approval for it, so I think if my honourable friend will look at page 4211 of Commons *Hansard* he will find the exact answers to what he was trying to seek, and I thank my honourable friend for bringing it forward.

Senator Donahoe: I thank the minister for that information and I will peruse that portion of *Hansard* with great interest, and I am delighted to find that what he is telling me is that the government proposes to ride roughshod over the National Energy Board's decision in the event that it should be adverse to the extension of the line.

Senator Olson: My honourable friend can make that interpretation if he likes, but words such as "roughshod" and all of that are not appropriate, as far as I am concerned, with regard to what the government is going to do.

Senator Donahoe: Perhaps he will do it in a smooth, sly way.

ECONOMIC DEVELOPMENT

THE BUDGET—ALLOCATIONS FOR RESEARCH AND DEVELOPMENT

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Minister of State for Economic Development. Yesterday, Senator Olson took pride in the additional sums that would be allocated to research and development—

Hon. Senators: Hear, hear.

Senator Nurgitz: I thought that would draw a round of applause. The budget, however, provides only a very familiar assurance that sufficient funds—and I am now quoting because there were some admonitions to members on this side for not having read the budget—"have been allocated to the economic development envelope" to strengthen existing programs and launch new initiatives in support of research and development, industrial expansion and export development. So that those concerned about Canada's future ability to compete in the high technology market place can be assured that this commitment is something different from previous commitments like this contained in other Liberal budgets, will the Minister of Economic Development give us now the details of the specific increased allocations to research and development?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, my friend should look at pages 30, 31 and 32 and he will find the broad outline of that. Obviously, the government and, indeed, the Economic Development Committee, will have to look at the specific proposals as to how much for this type of R & D and that. That is a perfectly normal action to take, and I can assure my friend that when the specific research and development programs, either new initiatives or enriching of the ones that are already there, are brought to the Economic Development Committee, the ministers responsible for them, whether they are in agriculture or industry, trade and commerce or fisheries or wherever, will make those announcements. But in case my honourable friend misses those announcements by those ministers, I will try to see that they are brought to the house so he will have first-hand knowledge of them.

Senator Nurgitz: I will anxiously await those announcements. Thank you, Mr. Minister.

THE BUDGET—WESTERN DEVELOPMENT FUND

Hon. Nathan Nurgitz: Honourable senators, I should like to quote from page 11 of the budget.

> We have, therefore, allocated $4 billion to a Western Development Fund, of which we expect to spend $2 billion over the next three years.

Could the minister indicate to us in what specific years in the future the remaining $2 billion for the Western Development Fund will be spent?

Hon. H. A. Olson (Minister of State for Economic Development): I cannot at this time. Obviously, there may be some projects to be undertaken for the sum of $2 billion that may require larger amounts, so that there would be some downstream costs involved and that sort of thing. There may be some further new initiatives but what is important is that this rather significant amount of money is dedicated to that economic development program.

Senator Nurgitz: If I can ask the honourable senator then really there is $2 billion committed now—

Senator Olson: Two billion dollars, or more than that for subsequent years.

Senator Nurgitz: You are not saying which of those years would be the subsequent years.

Senator Olson: I would expect it would be the years immediately following the ones that have already been specified.

THE CONSTITUTION DEBATE

CONFLICT BETWEEN NORTHERN PIPELINE ACT AND PROPOSED CONSTITUTION ACT, 1980

Hon. Nathan Nurgitz: I have one final question of which I am sure the minister in his capacity as the minister responsible for the Northern Pipeline has had ample notice. Honourable senators, I referred to it yesterday in my remarks. Some weeks ago during the Northern Pipeline committee some concern was expressed by the senator from the Yukon, Senator Lucier, concerning aspirations of the Yukoners. Very briefly, could the minister responsible for the Northern Pipeline tell us if he has resolved the conflict between section 6 of the proposed Constitution Act, 1980 and section 26 in the Northern Pipeline Act, one providing for mobility of Canadians with respect to employment anywhere in Canada, and the other giving preferential treatment to Yukoners?

● (1500)

Hon. H. A. Olson (Minister of State for Economic Development): I tried to answer that the other day, but I obviously have not satisfied my friend that there may be some restrictions because of residence requirements. What I tried to tell him the other day—and I thought he understood—was that there were certain things going to be done, such as the introduction of training in certain skills, to enhance the position of Yukoners with regard to taking on those jobs. If he wants to relate the matter directly to something in the constitutional package removing those restrictions that are simply based on residential requirements, inside or outside of provincial or territorial borders within this country, I am not sure that there was as much of a conflict as my honourable friend is trying to make out. However, I will have a look at that and see if there is some more expanded and detailed answer that I can bring to him.

Senator Nurgitz: Before I leave the question, I should say that I do have a misunderstanding—or a non-understanding.

One section that I referred the honourable the minister to says that everyone, everywhere, gets a right to a job. Is that not what section 6 of the proposed Constitution Act, 1980 says? If we are all clear on that I then would like to know what happens when you fly in the face of section 26 of the Northern Pipeline Act, which gives preferential treatment to Yukoners? Are you trying to suggest to me that there is no conflict? Well, if the minister has undertaken to give us a response, I accept that.

Senator Olson: I am going to do that, but my honourable friend must know that there are expressions in there like, "wherever practical", and "wherever possible", and so on.

Senator Nurgitz: From my conversations with people from the Yukon, I gather they do not think it is a matter of "wherever practicable" and "wherever possible". They think they have a commitment.

ENERGY

THE BUDGET—POLICY RESPECTING CANADIAN OWNERSHIP OF OIL COMPANIES

Hon. Lowell Murray: Honourable senators, I want to follow up my question of yesterday to the Minister of State for Economic Development concerning the Canadian ownership account.

This, as I said yesterday, is a situation where Parliament is being asked to approve the imposition of a tax, the rate of which will be set by the cabinet. This seems analogous, as far as I am concerned, to asking Parliament to approve the imposition of an income tax of somewhere between zero and 50 per cent. As a layman I am puzzled by this procedure.

Will the minister ascertain whether the government have satisfied themselves specifically as to the legality of proceeding in this way? I had always been led to believe that it was the exclusive prerogative of Parliament to set the rates of taxation. I know that I cannot ask the minister for a legal opinion—indeed, he is not permitted to give one—nor can I ask him to lay on the table, I suppose, the opinion that the government has received with regard to the legality or otherwise of this matter. I would like to know, however, if the government have satisfied themselves specifically as to the legality of this.

Secondly, I would ask him if he can to inform us, in due course, what precedents exist for applying a tax of such general application in this way.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I believe I gave the honourable senator an undertaking to seek a fuller explanation of that yesterday; but if there are new elements in the information he is seeking, I will also take them as notice.

Senator Murray: With great respect, the minister gave me no such undertaking at all. What the minister told me yesterday was that I had not read the provision in question, and attempted to justify it by saying that the government can have recourse to several acts pursuant to which fees for certain activities are adjusted from time to time. I suppose this is analogous to provincial hunting licences, and that sort of thing.

What we are talking about here is a tax of very general application that Parliament is being asked to authorize, in such a way that the government, up to a certain ceiling, would be permitted to set the rates in due course. I think this is an unusual procedure and I am asking the minister to let us know what the precedents are for this kind of thing.

Senator Olson: Honourable senators, I will take that as notice and try to get the honourable senator a detailed and complete explanation of all the matters he has raised.

VETERANS AFFAIRS

THE BUDGET—PENSIONS AND ALLOWANCES

Hon. Jack Marshall: Honourable senators, I have a question for the Government Leader in the Senate. It has to do with the

omission of any reference in the budget to the veterans of this country.

Prior to the resumption of this session the government passed Bill C-28, which provided relief in connection with the qualification period for receipt by widows and pensioners of a certain rate of disability pension. Unfortunately, most of those widows will have to wait six-and-a-half years before they qualify. In view of that long period, and the increase in inflation that will take place over the period of six-and-a-half years, I wonder if the government leader could inquire to see if any relief could be forthcoming by introducing an amendment to the Canada Pension Act, and all those other acts referred to, with the object of relieving that pressure and reducing the period of six-and-a-half years.

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice, honourable senators.

Senator Marshall: Another matter in connection with veterans has to do with the basic rate of pension, which has not been revised for some years. Again, through inflation, there is a long period of catch-up. The veterans have to wait to come in line with a reasonable rate of disability pension. I wonder if the minister, while he is inquiring on the other matter, would make a further inquiry as to whether or not the government is considering revising the basic rate of pension to bring those pensioners up to a decent standard of living.

Senator Perrault: Honourable senators are aware that this government has had a very creditable record with respect to veterans and their dependents, and their concerns are under constant and continuing review to make certain that within the financial ability of the Canadian taxpayers, continuing improvements can be made, and programs for them introduced.

INDUSTRY

CHRYSLER CORPORATION—NEWSPAPER REPORT OF PLANT CLOSINGS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wish to respond to a question asked by Senator Charbonneau on October 28 regarding a possible consideration of Canadian plant closures by the Chrysler Corporation.

The honourable senator may recall that when my colleague, the Minister of Industry, Trade and Commerce, announced on May 10 of this year the details of the agreement between the Government of Canada and the Chrysler Corporation for financial assistance to Chrysler Canada Ltd., he indicated a key component of that agreement regarding plant closings. Mr. Gray emphasized that the Government of Canada insisted on a conditon that none of the facilities of Chrysler Canada can be closed without obtaining his approval.

In addition, it is my understanding that the plants Chrysler may be considering for closure are located in the United States. I might add that the United States government did not obtain the guarantee we insisted upon to protect Canadians working in Chrysler Canada plants.

PUBLIC SERVICE

STRIKE OF TRANSLATORS AND INTERPRETERS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Murray regarding translation work done by supervisors during the current negotiations between translators and the Treasury Board.

The answer is that there is no work presently being done by supervisors in the translation bureau. There was contract work done earlier in response to the extra work load put on translators by parliamentary committees during the summer. I must emphasize that this had nothing whatsoever to do with the strike.

I have a lengthy answer to give on the status of negotiations with the translators, including a document which provides a chronology of events which have occurred since the outset of bargaining, a list of pay offers by category, a section on maternity benefits, paid leave and leave without pay, maternity, paternity and adoption leave. I would be pleased to read the answer. However, if Senator Murray is agreeable, I will have it placed on the record and perhaps he could ask questions on it tomorrow.

• (1510)

Senator Murray: That would be satisfactory.

(*The answer follows*:)

Negotiations for a renewed collective agreement commenced on September 18, 1979, six months after the agreement expiry date of March 18, 1979. This delay was occasioned by the inability of the Canadian Union of Professional and Technical Employees (CUPTE) to meet before that date due to the negotiators' vacation leave plans and its preoccupation with another group's negotiations (Aircraft Operations). As no substantive progress was being made after negotiations finally commenced and also in order to expedite a settlement, the Employer requested the aid of a conciliation officer and subsequently on November 13, 1979 applied to the Public Service Staff Relations Board (PSSRB) for a Conciliation Board.

On February 25, 1980, the Conciliation Board hearings commenced. Although the Conciliation Board Report could have been handed down as early as March 10, 1980, the major delay was due to the fact that the Conciliation Board Chairman, through several requests to the PSSRB, had to have extended the due date for the report to June 13, 1980 as the Board Report from June 13th to the date on which it was released, August 15, 1980, was caused by the hospitalization of the Employer's nominee on the Conciliation Board.

It is to be noted that the Conciliation Board Report was indeed not a unanimous one but, in fact, three separate reports.

After the Conciliation Board Report was received, the parties met on August 21, September 17, 18, 19 and October 10 and 14 without a resolution to the dispute. On October 14, with the objective of breaking the impasse in negotiations, the Employer applied to the PSSRB for a mediation officer. Negotiations, through the mediator, continued that night until 6:00 a.m. of the morning of October 15 and recommenced at 2:00 p.m. that afternoon. This negotiation session finished at 5:30 p.m. that day as the Union had another meeting to attend. At this juncture, there was some optimism that a settlement could be reached. However, on October 16, the Employer was surprised to learn, through the news media, that the Union had informed the press that mediation efforts had broken down. Nevertheless, from that date to the present, the mediator has kept in continual contact with both parties.

On October 17, the Employer, through the mediator, made the following proposal to the Union:

(a) Pay—10.75 per cent first 15 months

—10.5 per cent second 15 months

Duration—30 months

It is to be noted that this pay offer to the Union was based on the Employer's policy in collective bargaining, that is to say, that federal public servants should be paid, on the average, rates of pay which are being paid to employees in similar occupations in the private sector. The Employer's pay offer would raise the average salary for the Translation Group from $21,473 as of the expiry date of the last collective agreement (March 18, 1979) to $26,279 effective June 19, 1980. This pay offer would also provide retroactive increases in salary at the most populous levels in the group as follows:

Translator 2—$5,407

Translator 3—$6,429

(b) Leave & Benefits Related to Family Responsibilities Package

This package is similar to the provisions recently granted to the Clerical & Regulatory Group whose collective agreement was signed on Friday, October 17, 1980.

The package, which includes a new maternity benefit, will affect both *paid* leave and leave *without pay* entitlements and provisions for various family-related needs, including maternity, paternity, adoption, care of children, illness and other family responsibilities, as well as situations where an employee's spouse is relocated. For your information, I have attached a copy of a Fact Sheet which outlines the principles of these benefits in greater detail.

The mediation officer met with the chief negotiators for both parties on October 23, 1980. This meeting was of an exploratory nature only. The mediation officer still remains seized of the dispute and the Employer is hopeful that a settlement which will be equitable both to the Translation Group and the Canadian taxpayer will soon be reached.

FACT SHEET—LEAVE AND BENEFITS RELATED TO FAMILY RESPONSIBILITIES

The package, which includes a new maternity benefit, will affect both *paid* leave and leave *without pay* entitlements and provisions for various family-related needs, including maternity, paternity, adoption, care of children, illness and other family responsibilities, as well as situations where an employee's spouse is relocated.

Maternity Benefit

This new benefit would provide female public servants on maternity leave with income for the two weeks which they now have to wait before receiving unemployment insurance benefits. This benefit would provide up to 60 per cent of insured earnings to a maximum of $174 per week, for a two-week period. The amount is the same as that paid under unemployment insurance and would be revised according to changes in unemployment insurance benefits.

The combination of the maternity benefit and unemployment insurance would provide female public servants with 17 weeks of paid maternity leave at 60 per cent of insured earnings, to a current maximum of $174 per week.

Paid Leave

Special leave with pay, to a maximum of five days in any fiscal year, may be provided to cover the following situations:

—up to two consecutive days for the temporary care of a sick member of the family

—one day for needs relating to the adoption of a child

—one day for male employees for needs relating to the birth of his child

—up to half a day to take a dependent family member for medical or dental appointments or appointments with school authorities or adoption agencies

Leave Without Pay

Periods of leave without pay, with varying provisions for job security and continuation of benefits, to be granted to employees to cover the following situations:

—up to three months on a non-renewable basis, for personal needs, subject to operational requirements. The employee's position would be protected and the employer would continue to pay its share of pension and benefit plans

—more than three months but not exceeding one year, on a non-renewable basis, for personal needs, subject to operational requirements. Employees would retain priority for appointment status and would be able to maintain contributor status to pension and insurance

plans by paying both the employee and the employer's share in such plans

—up to a total of five years for the care and nurturing of pre-school age children with retention of the right to compete for positions limited to Public Service employees. To maintain contributor status, employees would pay the employer and employee share of pension and benefits plans

—up to five years, with priority status for appointment, to accompany a spouse who is moved to a new location on a temporary basis, or up to one year with priority status for appointment at the new location, when a relocation is permanent. During such leave, employees would pay the employer and employee share of pension and insurance plans to maintain their contributor status.

Maternity, Paternity and Adoption Leave

Employees not wishing to take an extended maternity leave are no longer to be required to provide medical certificates of health.

Paternity leave without pay of up to 26 weeks to be available to male employees following the birth of his child, provided that the combined total of post-delivery and paternity leave granted to an employee-couple for the birth of their child not exceed 26 weeks.

Adoption leave without pay for a period of up to 26 weeks to be available to employees following adoption of a child, provided that the combined total leave used by an employee-couple in connection with the adoption of a child not exceed 26 weeks.

During maternity, paternity and adoption leave, the employee's position will be protected and the employer will continue to pay its share of pension and benefit plans.

IRISH MOSS

QUESTION ON ORDER PAPER

Hon. Heath Macquarrie: Honourable senators, in the realm and under the heading of delayed answers, perhaps I might direct the attention of the Leader of the Government to a written question on Irish moss which I placed on the order paper on May 16. The temperature being what it is today, we all realize that May is a long way in the past.

Would the Leader of the Government ask some of his colleagues to have their officials weigh some of the Irish moss so that I may have the figures before next season's operations begin.

Hon. Raymond J. Perrault (Leader of the Government): I hope the honourable senator is not suggesting the question is so old that it is growing moss. I want to assure him that my failure to respond has not been deliberate. The information has not been provided to me as yet. I want to thank the honourable senator for reminding me of my obligation.

[Senator Murray.]

PRIVATE BILL

CANADIAN MERCHANT SERVICE GUILD—SECOND READING

Hon. Charles McElman moved the second reading of Bill S-12, respecting the Canadian Merchant Service Guild.

He said: Honourable senators, the petitioners for this bill are Mr. Robert F. Cook and Mr. Maury R. Sjoquist both of the city of Ottawa and respectively the president and secretary-treasurer of the Canadian Merchant Service Guild. The purpose of the bill is to repeal and replace the existing act of incorporation being chapter 99 of the Statutes of Canada, 1919.

The Guild was created in that year essentially to unite, fraternally, Canadian seamen and also to provide those seamen, as well as their dependents, with a measure of insurance protection in accordance with the provisions, limitations and requirements of the 1917 Insurance Act relating to fraternal benefit societies as provided by section 2 of the existing act of incorporation.

The Guild does, indeed, unite fraternally. However, its membership has, for a long time, been restricted to licensed seamen and marine pilots. The Guild's initial aim to provide its members with insurance protection has been abandoned for over 50 years.

The Guild now has some 4,693 members throughout Canada. The membership is mainly classified under four categories: Masters, 1,197; mates, 1,900; engineers, 1,200; and pilots 396. The Guild permanently employs 22 persons.

The assets of the Guild as of September 30, 1979 amounted to $344,000. At that time its annual revenues were established at $1.193 million and its expenses at $1.146 million—about $40,000 of a clearance in the black.

Throughout the years its structure has been greatly modified, become more complex, and no longer corresponds to its description as enacted in its original act of incorporation. The national by-laws now reflect this situation.

The Guild's membership is divided into two branches, namely, the eastern and the western.

Two associations are affiliated with the Guild: The National Association of Canadian Marine Pilots, and the Association of Masters and Chief Engineers. The membership of these two affiliates is restricted to licensed pilots and masters or chief engineers irrespective of the branch to which they belong. The National Association of Canadian Marine Pilots is managed by its own executive committee and it also holds periodic meetings of its members. The association acts as a representative body of pilots. The Canadian Association of Masters and Chief Engineers is structured in a fashion similar to that of the branches of the Guild.

Honourable senators, there are no provisions in the 1919 act which specifically permit the affiliation of professional associations to the Guild. Currently those associations bear a great importance in the pursuit of the Guild's objectives as much as they contribute to promote the interests of a specific category of members. The Guild is itself affiliated with numerous

organizations pursuing similar goals, namely, the Canadian Labour Congress, the International Transport Workers' Federation, the International Maritime Pilots' Association, and the Officers Merchant Navy Federation. The 1919 act of incorporation does not specifically permit the affiliation of the Guild with any of the above-mentioned associations nor with organizations of a similar nature.

The Guild has become a collective agreement bargaining agent for the benefit of its members and presently holds title to 45 bargaining certificates. It also represents its members for the bargaining of contracts for the lease and hire of service. In fact, the Guild is a professional association.

In addition it is often called upon to contribute to numerous advisory bodies, some of which are governmental associations such as the National Joint Council, the R & D Transport Committee, the National Maritime Safety Advisory Committee, and the National Marine Advisory Board.

The 1919 act of incorporation does not allow, specifically, any of the above-mentioned activities. Moreover, its powers to make by-laws were drafted in vague terms and refer to objects of the said act which have long since become obsolete.

Honourable senators, the need has arisen to provide the Guild with an act of incorporation which reflects its evolution and which would further allow for its future growth. By reason of the Guild's accrued expansion its powers and those of its branches must be broadened.

Although section 2 of the 1919 act appears to confer two definitive categories of objects, namely, that of acting as a fraternal union and that of acting as a fraternal benefit society, its appearance will not withstand thorough examination. Section 2, as a whole, describes more or less the former status of a fraternal benefit society in accordance with and subject to the provisions of the 1917 Insurance Act relating to fraternal benefit societies. The 1919 act has remained unchanged to this day. However, other laws pertaining, *inter alia*, to fraternal benefit societies have been implemented since 1919 and it is believed that these laws may have substantially affected the viability of the 1919 act as well as that of the Guild as a corporate entity.

The adoption of a new act of incorporation will not only serve to describe purposes and objects which reflect the reality of the Guild's activity but will also ratify those acts accomplished by the Guild during the time that the viability of its act of incorporation was in doubt.

The Guild now requires a new act of incorporation for multiple reasons. It needs an act granting it the powers, purposes and objects which are closely related to the activities which it has, in fact, exercised for many years and which it seeks to pursue in the future. In addition, this new act of incorporation would ratify those acts that the Guild has accomplished in the past and eliminate any uncertainty about its legal existence.

Finally, honourable senators, the Guild requires legislation that is flexible and will allow its development and widening of its field of action so that it may preserve and serve the interests of its members.

Just as a footnote, honourable senators, there is a measure of urgency on the part of the Guild in obtaining approval by Parliament of this proposed legislation. The Guild holds its national convention every three years and the next such meeting is scheduled for February of next year. Since the new by-laws must be approved in convention, such approval must be achieved at the February meeting in order to avoid the extraordinary expense of calling a further national convention for that single purpose or waiting a further few years.

I commend this bill for your favourable consideration on second reading in order that it may be referred for detailed study and hearing of testimony by the Standing Senate Committee on Legal and Constitutional Affairs.

• (1520)

Hon. John M. Macdonald: Honourable senators, I am sure that we are all grateful to Senator McElman for his detailed explanation of this bill. I have no objection to giving this bill second reading and referring it to committee. However, a few things occurred to me while reading this bill that I think should be answered when the matter is before the committee. Clause 4 of the bill sets out the objects of the Guild as follows:

> The objects of the Guild are to promote the social, economic, cultural, educational and material interests of ships' masters, chief engineers, officers and pilots and of other persons whose employment is directly related to maritime operations.

In the explanation given by Senator McElman, I heard that the only ones who now belong to the Guild are masters, mates, engineers and pilots.

Another thing that struck me is that I understand there are only 4,693 members, yet they hold 45 bargaining certificates. Are they bargaining for other units, apart from those that are members?

I also noticed that under clause 5 there are powers, other than those under the Canada Corporations Act, to:

> —advise, assist and represent, to the extent provided in the by-laws, any of its members in negotiations or arbitration proceedings relating to a collective agreement or other contract of lease and hire of service.

Should not that authority be given as one of the aims and objects of the Guild, since apparently that is what they are doing? I think that, perhaps, it would be better drafting if they were given that authority under clause 4 of the bill.

Again, there does not seem to be any authority to give any of the branches authority to negotiate wage agreements or matters of that kind. That also should be brought to the attention of the officials of the Guild.

I notice, too, that there is a great deal of authority given in the by-laws. It says that conventions may make by-laws. The bill outlines 12 different objectives for which they may make by-laws. Paragraph 9(1)(a) of the bill states:

> A convention may make by-laws (a) defining the terms and conditions of membership in the Guild, or any branch, the powers of suspension and expulsion of members, the rights, duties and privileges of all classes of members and the membership dues and other assessments—

That is a very wide authority, and I am wondering whether the Guild itself has the power to expel a member of a branch without the branch's agreement. The authority seems to be pretty wide, as I said.

Paragraph 9(1)(h) states:

> providing for the election, appointment, resignation, suspension, functions, duties and remuneration of officers and employees of the Guild or of any branch;

Again, this seems to give the national office, if we can call it that, a great deal of authority over the individual branches. I think that should be looked at.

I do not know if the honourable sponsor mentioned how many branches the Guild has at the present time, but perhaps we should know that. At the committee hearing I think the location of the branches should be given, as well as the number of members there are in each branch. Two classifications, eastern and western, have been mentioned. I should like to know where the division line is. How far east does it go, for example? I have never heard of one down my way, and I am from a seaport area, so I would be interested in having answers to these questions.

Honourable senators, having made these remarks, I have no objection to the bill receiving second reading and being referred to committee.

Hon. Charles McElman: Honourable senators, I understand that if I speak now, I will close the debate on second reading.

With your permission, honourable senators, I do thank Senator John Macdonald for his suggestions and his questions. The petitioners, officers and counsel are prepared and anxious to appear before the committee that will consider this bill. I shall ensure that when they appear before that committee, which has to be about a week hence under our rules, they bring with them answers to the questions which have been raised by Senator Macdonald. To my knowledge, there is at least one affiliate of the Guild operating in the harbour area of Saint John, New Brunswick, but I am sure there must be other branches or affiliates in the Atlantic region, although, like Senator Macdonald, I have not heard too much about them.

I suppose that is all one can say at this point. I move that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs. The petitioners, with their counsel, will attend the committee meeting to give all the answers required at that time.

Motion agreed to and bill read second time.

[Senator Macdonald.]

REFERRED TO COMMITTEE

Senator McElman moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

THE CONSTITUTION

MOTION TO APPOINT SPECIAL JOINT COMMITTEE—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Perrault:

> That the Senate do unite with the House of Commons in the appointment of a Special Joint Committee to consider and report upon the document entitled "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada" published by the Government on October 2, 1980, and to recommend in their report whether or not such an Address, with such amendments as the Committee considers necessary, should be presented by both Houses of Parliament to Her Majesty the Queen;
>
> That ten Members of the Senate, to be designated at a later date, act on behalf of the Senate as members of the Special Joint Committee;
>
> That the Committee have power to appoint from among its members such subcommittees as may be deemed advisable and necessary and to delegate to such subcommittees all or any of their powers except the power to report directly to the Senate;
>
> That the Committee have power to sit during sittings and adjournments of the Senate;
>
> That the Committee have power to send for persons, papers and records, and to examine witnesses and to print such papers and evidence from day to day as may be ordered by the Committee;
>
> That the Committee submit their report not later than December 9, 1980;
>
> That the quorum of the Committee be twelve members, whenever a vote, resolution or other decision is taken, so long as both Houses are represented and that the Joint Chairmen be authorized to hold meetings, to receive evidence and authorize the printing thereof, when six members are present so long as both Houses are represented; and
>
> That a Message be sent to the House of Commons to inform that House accordingly.

Hon. George van Roggen: Honourable senators, like other members of this chamber who have preceded me, I consider it a singular honour to be able to participate in this very important debate in the Parliament of Canada. There is no question that it is one of the primary matters to come before Parliament in this generation.

The reason I rise to support the motion to refer this resolution to a Joint Committee, and to support the resolution in principle, subject to some observations I shall make later relative to what I think are desirable amendments, is in part a result of my having watched on television in Vancouver the last dominion-provincial constitutional conference for what must have been 20 or more hours. To be quite frank, I was appalled by the general attitude I detected on the part of the provincial premiers. Several of them, some by very direct statements, seem to have the general attitude that Canada consists of a collection of 10 principalities, of which they are the bosses, and that the federal government is nothing more than an agency or creature of the provinces. That is not my view of our Federation and it is certainly not the view that would be supported by a reading of history or by a simple review of the present Constitution, the BNA Act. I refer specifically to the distribution of powers in that act—that is, the senior powers being given to the federal government, as opposed to powers more logically exercised by a junior government being given to the provinces, to say nothing of the overriding powers, including the power of disallowance, being given to the federal government.

● (1530)

A couple of provinces did not get together and create an agency to help them run each other; some colonies got together and said, "Let's stop being colonies and form a nation." So, I reject the expressed view of two or three premiers that the federal Government of Canada is some sort of an agency of the provinces.

I became convinced, by the end of that conference, that if the logjam of the past many years were to be broken, it would be necessary for the federal government to take unilateral action; and subsequent to that federal-provincial conference I supported decisions that such action be taken by the federal government. Of course, one can then come to the argument as to what unilateral action should be taken and how much unilateral action. I shall endeavour to deal with those points in a moment.

What I find extraordinary is the view expressed by many people—and I do not attribute such shrill terms specifically to members of the opposition in this chamber, but certainly it has been said by some members of the opposition in the other place and by certain newspaper writers across this country—that if this present resolution is adopted, it will mean, and I quote from one newspaper writer, "the end of Canada"; that this will destroy our country.

Senator Flynn: It is just the beginning of the end.

Senator van Roggen: Let us try to analyze whether or not what we are being asked to do is indeed to arrange the end of Canada. Senator Balfour, in his speech in this debate a couple of days ago, said—and because he said he was speaking "on behalf of us" I believe he was speaking on behalf of members of the opposition, and I believe he was quoting the Leader of Her Majesty's Loyal Opposition in the other place, Mr. Clark—that if this were a simple patriation with an amending formula, there would be no objection and we would all agree. I think most people would agree that we could not have patriation without an amending formula, because to bring it over here with the rule of unanimity still applying would put us in a worse position than we are in today, and I do not think we want that. So, if we are going to have simple patriation, we need an amending formula to go with it.

It is the position of the opposition that the amending formula to be included should be the Vancouver formula, whereas it is the position of the government in the resolution before us that it should be the Victoria formula, subject to some very imaginative and effective provisions, I would submit, for a resolution later on, in concert with the provinces, as to which of the two formulas, or which modifications or compromises between those two formulas, could be arrived at over a two-year period during which the federal government may make no alterations and during which the rule of unanimity would continue to apply. In the unlikely event that we could not arrive at an amending formula, let alone deal with any other parts of the package, in that period of time, then a logjam breaking mechanism, which seems eminently fair in the event of a continued impasse, would come into play. That is to say, the federal government would put before the people either the Victoria Charter, or such variation thereof as it feels would be most appropriate as a result of the negotiations of the intervening two years. In turn, the provinces, agreeing upon and putting forward their formula, with the public of Canada, through a referendum, would select the one they feel to be the best.

There are arguments to be made for the Vancouver Charter. As a British Columbian, I would prefer the Vancouver Charter to the Victoria Charter, as it does not leave the veto endlessly in Quebec and Ontario. However, I have some concern with the opting out provisions in it. I would like to see them developed in much greater detail before I would be willing to embrace it.

The point was made by Senator Balfour that the Vancouver Charter should be in this resolution because it was one agreed to by all of the provinces at the last conference. Well, here again I come back to my objection to the concept that simply because the provinces agree on something, it becomes the duty of the federal government to tug its forelock and say, "Aye, aye, sir."

The Vancouver Charter was not agreed to by the federal government. What we are being asked to choose between is a formula which was agreed to by all of the provinces and the federal government—although admittedly some years ago—and then later rejected by one of the provinces, and an amending formula adopted recently by all of the provinces, or agreed to by all of them, but not by the federal government.

On a simple weigh scale, I do not think it reasonable to say that we are going to end Canada by opting for one or the other of those two formulas, especially in light of the procedures available in the two-year period following, plus the referendum logjam breaking mechanism. For that reason, I would submit that the patriation of the Constitution, in the form proposed in the resolution, is not something that could mean the end of

Canada. On that point, it seems to me that the opposition and the government are in agreement, or almost so. Therefore, we must find something else in this resolution that is going to destroy Canada, if the people who say that that is what the resolution is going to do are correct.

We will go now to the next item, which seems to be of great concern to many people. This is not the one-time, one-shot logjam breaking mechanism formula at the end of two years, but the ongoing provision for referenda to be introduced by the federal government and to be put to the people of Canada for a vote. A "Yes" vote on such a referendum would require, first, an overall majority in the country, as well as a majority in each of the regions—in other words, a similar majority from the electorate as the government would need from the provincial legislatures under section 41.

I take the position that those provisions should be amended in two respects. The first respect is that words should be found to make it clear that it is a last resort mechanism. I suspect that very rarely would anyone be put to the trouble and bother of using it for ordinary amendments. We now have this extraordinary situation of wanting to get our Constitution patriated after all of these years. Once we go down the road where amendment becomes possible on an orderly basis, we would not have to try to trade off whole packages as we have done in recent years. We could deal with one amendment at a time, as they do in the United States.

● (1540)

It is unlikely that agreement with at least six or seven of the provinces under the amending formula, whichever is settled on eventually, will not be capable of being found, or that situations will arise where the remaining provinces which cannot find agreement are being so badly injured that a federal government would feel that the referendum must be employed. But I would like to see words to the effect that the ordinary negotiations under section 41 have had a fair chance to be exhausted before this extraordinary mechanism could be used. I think time periods could be easily inserted to arrive at some sort of a fair formula on that—that any constitutional amendment proposed by either side would need notice to the other side, a minimum of so many months prior to an oncoming dominion-provincial conference, that if there was no agreement at that conference that no referendum could be held on a question not agreed upon at that conference until a year of further conferences had tried to resolve the issue or whatever it might be.

The second amendment I would like to see in that particular section is one to provide symmetry for the provinces. I believe that the referendum mechanism, if it is to be available for the federal government, should equally be available to a group of provinces which, for the sake of my remarks today, could be the same group of provinces which are required under section 41 to approve a constitutional amendment. So if the group of provinces so qualifying had a question that they wished to put, they could require the federal government to have a referendum at their initiative in the same way that the federal government can have a referendum at its own initiative. And so, subject to those amendments, I hardly see that this terrible bogeyman of a referendum is tantamount to destroying democracy in Canada, destroying the parliamentary system or bringing an end to the country, as many speakers and writers insist.

Australia has a pretty well functioning democracy inherited from the same mother of parliaments as ours and has had referendum provisions for years. Somebody told me the other day that he thought that they had something like 23 referenda in Australia over the years, and the public had only voted in favour of three of them. That shows that the public normally has much more sense than governments, and that in a democracy you can well rely on the good sense of the voters. That is why democracy works, and that is why referenda properly regulated do not terrify me to the point that I will accept the argument that this is going to destroy the country.

Senator Flynn: It could.

Senator van Roggen: If the majority of the public in Canada wished to vote to destroy the country, I do not know what one can do about it. I simply say they are not likely to. Therefore I do not accept—and here I am arguing for myself and not for somebody else—the argument that that provision is tantamount to meaning the destruction or the end of Canada, and so there must be something else here I am to look for that involves the end or the destruction of Canada. For that reason I shall go to the next major area, which is the Charter of Rights.

I heard the most extraordinary, impassioned speeches by some of the provincial premiers—I remember Premier Lyons in particular and Premier Blakeney, who rather surprised me—on this dreadful thing of having any entrenched rights. We were going to give over the Government of Canada to the judges; we were no longer going to have supremacy of Parliament; that citizens should look to the legislatures, their elected representatives, for their protection. I will be quite frank, honourable senators. I do not want to look to my legislature in British Columbia, or any other province for that matter, for my protection. I do not want to be protected by the legislature; I want to be protected from the legislature, and I can give you a few hundred examples as to why I need such protection. I shall not bore you with them all now, but I shall refer in a few moments to a speech I gave in this chamber seven years ago on the subject.

I think it was one of the framers of the American Constitution, although I cannot say that for sure, who made the beautiful statement that when the legislature sits, no man lies safe in his bed at night. I suppose that same thing could be said of parliaments, except for the fact that in Canada we are blessed with a bicameral system at the federal level.

Senator Flynn: That is why they want to get rid of us.

Senator van Roggen: I know, and I shall be coming to that. So we have what is called by many people, or referred to by writers in Canada, a double standard of legislative morality in this country. You can go through the provincial statutes with their unicameral legislatures and find bill after bill after bill that denies peoples' civil rights, denies their property rights,

very often in the case of minute minorities, minorities of one, or a group of a dozen or so, or the shareholders of one company—whatever it may be, bills that were slipped into those legislatures in the last day or so before adjournment at the end of a session, cleverly hidden sections that are passed in a hurry allowing no recourse, and our courts cannot deal with them.

Senator Flynn: I have seen that here too.

Senator van Roggen: Here if we do not catch it, you can get the same thing because these civil service draftsmen try to put things of that sort in if they think they will get away with it. The same writers who mention the double standard of legislative morality in Canada on the one side say the higher standard is at the federal level. I argue that that is for two reasons: first, the federal Parliament has a much stronger searchlight on it because of the national press and because it is dealing with national legislation. Secondly, and not insignificantly, is the fact that that legislation gets some scrutiny down at this end of the hall, and they are a little more inhibited in what they send down than a provincial premier is in jamming something through a provincial legislature that he controls.

So the question of a Charter of Rights, I argue, is something that we need and that citizens need for their protection. I am aware that you can find many lawyers—and we had an excellent speech yesterday afternoon from Senator Nurgitz—on the other side of the question, and you can quote eminent jurists who feel that entrenching rights can lead to abuses. Examples can be found in the United States, and so on, but their system has always had a much more politicized judiciary than ours. On the other hand you can find an equal number of jurists and lawyers who will argue exactly the opposite. It is not an argument that we will resolve here this afternoon. I simply want to put it clearly on the record that there are many, many people who feel very strongly that to put a curb on the legislative power of some of these provincial governments, to say nothing of the federal Parliament, is something that indeed brings a degree and level of protection to the citizen that a Canadian citizen deserves, and which many Canadian citizens, including myself, would wish and want in the light of history and experience.

● (1550)

On June 27, 1973, as it appears in Senate *Hansard*, I spoke at some length on a closely related matter. I will not bore the house by re-reading the speech, as it comprises about ten pages. It was on the use of the power of disallowance by the federal government. The government of my province of British Columbia had passed a piece of legislation, one section of which referred to a number of government leases—a block of them, not one. They were leases of real property on which buildings, stores and other things had been constructed. I am not speaking of some mining leases—and mortgages were on those leases that had been given. The legislation simply provided:

> Any of these leases that were not renegotiated within the next two years would be deemed to be null and void.

That was just straight theft, or threatened theft. I spoke at length saying that it was the duty of the federal government to disallow that legislation. Senator Forsey gave me a measure of support, but my honourable friend, Senator Goldenberg, argued against it, saying that the proper place for redress to that type of thing was in the province at the next election.

I simply say that when a minority of one or a small number are discriminated against by legislation, to say that three years later they can obtain redress through a general election, where the issues are entirely different, is simply not in the realm of reality. I believe they are entitled to entrenched protection.

I might say that my plea, that the government employ the power of disallowance, was not heeded by the government. The power of disallowance was not used. I knew that when I gave my speech, that had it been used that there would have been a terrible outcry from the provincial governments. I was aware of the fact that the use of the power of disallowance had fallen into desuetude in Canada, and I am also aware of the fact that provincial governments at the dominion-provincial conferences all say that the power of disallowance should be abandoned by the federal government.

I simply say that the federal government must not abandon, give away or give up the power of disallowance unless we have in its place a Charter of Rights in this country.

Mr. Justice Halloran of the Supreme Court of British Columbia, in a paper he did on the subject, said, after reviewing Magna Charta at the time of King John:

> Few succeeding kings failed to try in some way to place themselves above the law. Complacent Parliaments not infrequently encourage them to do so.

An Hon. Senator: Hear, hear.

Senator van Roggen: Mr. Justice Halloran quoted Coke, who said:

> Magna Charta is such a fellow that he will have "no sovereign."

I ask those who use the expression, "The supremacy of Parliament" as an excuse for the argument that Parliament can do anything it wishes, including taking my head off—

Senator Flynn: You are supporting something that is illegal at present. That does not worry you?

Senator van Roggen: My argument is that wiser heads than mine—and I am never ashamed to quote a man like Coke—have focused their minds on the fact that simply leaving the rights of the citizen to Parliament and legislatures alone is not sufficient. So I argue on the opposite side of Senator Nurgitz that on balance—there will be anomalies; there are anomalies now—I would rather have my rights protected where I can go to a court and get redress, than rely on an election some years later, if the rights that are being taken from me are being taken from a small minority, of which I am a member, who have no say in the next election.

If the legislature is the place where rights can be properly protected, then it is perfect democracy and rule of law, I suppose, that 51 per cent of the population can vote to

decapitate the other 49 per cent. But that is not a concept I support.

Again, whether my argument to persuade honourable senators is as successful as that of the arguments of honourable senators on the other side, I am merely saying that there are two balanced and forceful arguments on this subject and therefore to entrench rights, I would argue, is no more likely to mean the end of Canada than not to entrench them.

Senator Flynn: That was never said.

Senator van Roggen: No, but that is being said by this editorial writer to whom I have been referring. I am not relating it to anything that the Leader of the Opposition has said. It is said that this package is likely to mean the end of Canada. I have been going through it, and I am wondering if part of it is going to mean the end of Canada. I have not found anything to indicate that, and I have gone through the main elements in my remarks.

I shall not bother with the entrenchment of the equalization grants. Apparently all the provinces agreed on that at the conference. I come from one of the "have" provinces and not one of the "have nots." I am happy to have that included if it pleases everyone to have it.

I have gone through what I understand to be the main elements of the resolution, without finding such reference—at least to my satisfaction. Other people may find something by adding all these things together and saying that the sum of the whole is more than its parts. I am explaining why I support this Joint Address in principle, subject to reasonable amendments being made in committee, which I am sure they will be. I am supporting it because I cannot find in it those elements that really will mean the end of this country, or such a drastic change in our whole *modus operandi* that we will no longer be able to recognize Canada for what it has been.

I now come to one or two amendments that I should like to see made. In my remarks I mentioned the amendments to section 42. I would certainly hope to place before the committee, in whatever forum is open to me, to the members of this house who will be the members of that committee, a strong plea that property rights should be included with civil rights in the charter. They are not there at the moment.

I noticed that they were in Bill C-60 of two years ago. I can only assume that they have been taken out on this occasion because someone was probably afraid that it would appear to be too much of an impingement on the powers of the provinces to include property rights. Frankly, I would just as soon impose people's property rights on the provinces as I would language rights. I will certainly see that representations are made to that end. If I do not win that argument, I will certainly continue during my lifetime to have property rights included at a later date when the matter comes up for amendment at dominion-provincial conferences, because I think it would vastly improve the situation to have that included.

I have mentioned the amendments to section 42 that I consider to be important to give it symmetry and to ensure that it is demonstrably a last resort, a logjam-breaking mechanism. That brings me to section 44, which in my opinion should be amended in three respects.

The first thing that gives me trouble is that under ordinary amending procedures, not the referendum, under section 41, the method by which the Parliament of Canada and the provincial legislatures would start dealing with something, as they wouldn't invent it out of whole cloth, would probably be by way of a matter that would come up at a dominion-provincial conference. The premiers, or some of them, and the federal government would agree that the Constitution should be changed in a certain respect, and they would then go back to their parliaments and legislatures to get the change approved.

• (1600)

Well, if the federal government acted quickly and brought in the necessary amending bill in the House of Commons, it is conceivable and possible, under the method drafted here, that it could come to the Senate, that we could deal with it in the chamber and committees in, say, six weeks, and then in another six weeks, if we haven't passed it, the suspensive veto would apply and the Parliament of Canada would have ruled on that at that point. Then it conceivably could be that not one of the provincial legislatures would have dealt with it, and not even one of the provincial legislatures would have entered into debate on the subject. We as a body, which should be reflecting regional interests and provincial concerns, would not have had the advantage of listening to, watching and considering the debates in our respective legislatures on that particular subject before we were already subject to the suspensive veto. I think care should be given to finding a formula that would provide a solution to that particular, and what I consider to be a rather grave, anomaly.

Somebody will argue: How can the provincial legislatures deal with it if the federal parliament has not spoken on it. I do not know that that is a valid argument. It seems to me this is a joint process where, not unlike the United States—although there the federal people do deal with it first but then it goes around state by state over a number of years being approved by the various legislatures—the legislatures could be considering this in conjunction with the Parliament of Canada, and consideration should be given to enabling the members of the Senate to consider the debates in their legislatures.

The next item in that section that should be changed is the three-month period and for two reasons. First, I have always been in support of substantive reform of this chamber, such as Senator Roblin referred to yesterday, including a suspensive veto certainly on normal legislation, but I do not perceive the "sober, second thought" of this chamber being something that should only be addressed to the House of Commons. I believe that sufficient time has to be allowed following our deliberations. Let us say for the sake of argument that a contentious matter is debated for two weeks in the chamber, and is in committee for a month, and then we propose certain amendments or reject the matter in its entirety. It is not good enough that it just go back to the House of Commons which can then pass it over our heads in another few weeks with the whips on,

making no different arguments than they had made before,—although they may pay some attention to our arguments. My concept of a suspensive veto requires a sufficient length of time for the public to take a second look, and bring their opinion through the media to bear on members of Parliament, to bring pressure on them to consider the valid objections we may have had if they had been valid. I do not see how that process can be done adequately in three months.

If we have provisions in our own suggestions for reform of this chamber, I would hope the suspensive veto would be for six months. It would be anomalous for us to have the most important suspensive veto, namely, on constitutional matters, a shorter suspensive veto than that on ordinary bills. I think that should be extended to six months and I feel quite strongly about that.

The remaining thing is that it is important to note that the suspensive veto is not applied to any amendment to the Constitution brought by the referendum under section 42. There is a good reason for that, and that is that a referendum cannot be initiated by the federal government without the consent of the provinces, and we are here as a regional body to give protection to the provinces or the regions, and, therefore, the consent of the Senate as well as the House of Commons must be obtained before you even have the referendum. I think that is impeccable logic and I applaud the government for that. But as Senator Flynn says that is only if the Senate is still here.

I support the principle, as all western democracies that I know of have bicameral parliaments at the senior level in one form or another, that we should in Canada maintain the bicameral system at this level of government. I believe in checks and balances and I believe that an exception should be included in section 44 so that constitutional change by suspensive veto would not apply to this house. In this way the provinces will continue to have the protection of this chamber against change of their Constitution by referenda by the House of Commons alone.

Those are the amendments that I would hope that the members of this chamber in the committee, among other amendments undoubtedly, would strenuously pursue, and subject to seeing what progress the committee is able to make on some or all of those amendments, I will reserve my support of the total package to the final stage of voting, but in this particular instance, I will be voting to send this matter to committee.

• (1610)

[*Translation*]

Hon. Martial Asselin: Honourable senators, I listened with great respect to the remarks made by our colleague, Senator van Roggen. I congratulate him for the openmindedness he has shown in his interpretation of the proposed resolution we have before us. I commend him for saying ahead of time that he is prepared to agree to study certain amendments which he would endorse. When you are on the government side it is not easy to wander away from rigid party lines and to voice one's own personal principles from time to time, as Senator van Roggen did this afternoon.

It is my turn now, honourable senators, to address the house and give my impressions, my opinion, on the measure before us. I do so with a firm conviction because I believe that this legislative measure may transform the political structure of our country.

Honourable senators, as the guardian of the rights and privileges of regions and minorities, our institution must for once speak very loudly, as the current saying goes in Quebec, to safeguard the rights and freedoms which, to my mind, this resolution would restrict or limit. So far some provincial governments have raised objections to this proposed resolution, and of course I would like you to keep that in mind because they represent 50 per cent of Canada's population.

Senator Flynn: Maybe more.

Senator Asselin: Senator Flynn says maybe more.

Senator Flynn: Fifty-three per cent.

Senator Asselin: Fifty-three per cent. We will not fight over 3 per cent. So let us say that over 50 per cent represent the objections made by the people. Those objections are either juridical or political. The danger facing the present Liberal government is that it must meet its objectives. To do that it sets aside the basic rules of law and attempts to follow the easy and attractive path of the action it wants to take by announcing its firm intention to go to England to seek a document which belongs to Canadians.

It is of course the easy way to explain to Canadians that they should endorse this undertaking. But that undertaking would never be challenged if it were carried out within the bounds of legality and with full respect for constitutional conventions which cement this country into a federation. That is why I say that if they want to ignore the juridical basis of our federative system, in my opinion they want to build a new and very fragile system which will sap forever whatever unity is left in this country.

If we want to debate seriously this proposed resolution, we should first of all examine all aspects of its legality. There is no need to do a lot of research into the Privy Council precedents to recognize that the Canadian Federation is either a pact, an agreement, a union, or a contract which provides obligations for both parties. One of the judges of the Supreme Court of Canada whom we have always respected in Quebec—he was my professor in constitutional law, and perhaps also the professor of Senator Lamontagne and Senator Flynn, as well as many others who went to Laval University—published in the Quebec Bar Review of 1943 a very interesting essay on the whole matter of federal-provincial relations in which he quoted rulings of the Privy Council, especially the ruling in the case of A.G. for Queensland (Australia) v. Colonial Sugar Refining Co., in which the court said, in speaking about the Canadian Constitution:

[*English*]

> —it . . . must be accepted as a treaty of union among the then provinces.

[*Translation*]

He also referred to this union in the case of Bonanza Creek Gold Mining v. The King, on page 579, and in the Labour Conventions. This phrase is also used in the following:

> —the interprovincial compact to which the British North America Act gives effect.

Furthermore:

[*English*]

> The scheme of the act passed in 1867 was thus, not to weld the provinces into one, nor to subordinate provincial governments to a central authority, but to establish a central government in which these provinces should be represented, entrusted with exclusive authority only in affairs in which they had a common interest. Subject to this, each province was to retain its independence and autonomy and to be directly under the Crown as its head.

[*Translation*]

In fact, honourable senators, the Privy Council has always aimed at maintaining intact the basic principle of the Quebec resolutions, which is to create, not a central government with unlimited powers, but rather a federal union in which the provinces remain autonomous within their own jurisdiction. This is why the claim of the federal government that it is the sole direct representative of the King has always been rejected.

If we read carefully the notes of Mr. Justice Louis-Philippe Pigeon, we must conclude that the Canadian Federation is clearly a contract binding the federal and provincial governments. If such is the case, I wonder by what right the federal government can act alone without the consent of the provinces? If it has been legally established that the Canadian Federation is based on a contract among its various components, how can this federal government legally justify its decision to patriate unilaterally the Canadian Constitution?

Since the beginning of this debate at no time have we heard those who advocate this unilateral action, raise the legal question. On the contrary, it has been said that it was only a political decision. It is an easier argument to support. They all relied on a simplistic argument to the effect that because of the lack of consensus between the provinces during the provincial-federal conferences, the federal government was justified to act in this way because there seemed to be a consensus of opinion among the Canadian people with regard to such unilateral action. It was said that the Canadian people were in favour of bringing back our Constitution from Britain. Obviously this is an easier argument, a more simplistic one to put forward. That is why the government uses it to support its political decision.

For those who carefully followed the discussion between the federal government and the provinces last summer and during the month of September at the First Ministers' Conference, it was easy to see the scenario planned by the federal government so that the meetings and discussions between the federal government and the provinces would end up in failure. Besides, as Senator Flynn said the other day in his speech, the leaks from some Privy Council memorandum revealed a total lack of responsibility on the part of the federal government which planned ahead of time that these consultations between the two levels of government were doomed to failure. On that basis it was easier for the central government, later on, to come up with the argument for unilateral patriation. It was said in the other place, and my honourable colleagues have also mentioned it here, that basically our party does not object to the patriation of the Canadian Constitution. I believe that the majority of the Canadian provinces would not have objected to it if the Prime Minister had asked them first to patriate the Canadian Constitution and then later to discuss with them an amending formula to the Constitution. This procedure would have been faster and would not have raised any major objection.

In politics as in other areas, some standards of morality should be observed. Furthermore in political matters as in others, you cannot do indirectly what you are forbidden to do directly. This is a rule of law which is often applied in the courts.

But, having failed to come to an agreement with the provinces on the terms of an amending formula, the central government takes a unilateral action to have the government of another country agree to what it was unable to get an agreement upon here in this country. This means that the Prime Minister of Canada, to win his point, will set aside the opinion of governments representing 50 per cent of the Canadian people in order to satisfy his personal ambition and to make his mark in history as the one responsible for the patriation of our Constitution. Never was a better plan put forward to destroy the unity of this country than the one we are considering now. By unilaterally patriating our Constitution with an amending formula already opposed by the majority of the provinces, the central government denies the very basis of the constitutional agreement concerning the necessary participation of the provinces to bring about an amendment in the Constitution dealing with federative matters.

• (1620)

One will remember that in 1965, Mr. Guy Favreau, then Minister of Justice of Canada, published a white paper entitled "Amendment of the Constitution of Canada." I am convinced that Senator Lamontagne contributed to that report.

Senator Lamontagne: You are giving me a lot of credit.

Senator Asselin: This book acknowledges that there are some conventions dealing with constitutional amendment.

> The Parliament of Canada does not bring in an amendment to the Constitution directly dealing with federative relations without having previously taken the advice of the provinces and obtain their consent.

It is on the basis among others of the white paper and that statement on constitutional conventions, that the Supreme Court denied last year, as we know, to the federal Parliament the power to amend the nature of the Senate without the consent of provinces because in so doing it would interfere with federative relations and go beyond its restricted competence to amend the Constitution.

Like the federal government and the Supreme Court of Canada, several authors have acknowledged the existence of such a constitutional convention which requires the agreement of the provinces to alter federative relations.

Among them, there is Mr. Lederman, who is very well known, as a constitutional expert who with reference to the white paper recognized that those conventions make up the Canadian constitutional law on the amendment. In his opinion, we can challenge the validity of the constitutional conventions, if we refer to the Westminster Statute which in its preamble always refers us to the Imperial conferences. Some other authors agree and say that the consent of the provinces is necessary for any constitutional amendment requiring British legislation.

Honourable senators, the authors, as we note, have almost unanimously acknowledged the existence of that convention to which I have just referred. Evidently, some have reservations about its compulsory nature. Some authors are reluctant to recognize the constitutional convention as a rule of law. However, let us point out again that the Supreme Court referred to the constitutional convention when it delivered its judgement on the Senate and that most authors acknowledge its existence.

It is not surprising, therefore, that the government should refuse, before submitting its patriation formula to the British government, to seek the opinion of the Supreme Court on the legitimacy of its action. The Leader of the Official Opposition in the Senate emphasized this in his remarks last Monday. If the government does not doubt the legitimacy of its action, it should act just as it did in the case of the Senate and refer the whole issue to the Supreme Court for an opinion; in case of a positive reply, it could then take the steps it is now contemplating.

But the government side is so anxious to carry out this piece of daring that it is willing to disregard all basic principles of right and justice. It is ready to behave like a colonized government, to overlook such institutions as the Supreme Court of Canada, to go directly to the British Parliament and ask for new legislations which do not reflect the will and desire of many provinces, and therefore of a great many Canadians. To act in this way, the federal government must have decided to build a Canada with a single voice, change the political and institutional framework of this country, change the meaning of the Canadian Federation, and replace this Canadian Federation with a unitary state in which the federal government will slowly and gradually take over the powers of the provinces and establish itself as the supreme state. This is precisely where I come to the argument of Senator van Roggen, and answer it. He asked how it could be said that it would mean the end of Canada, the end of our federation. If the federal government is allowed to act in that way, to go ahead without the consent or assent of the provincces, we will create a new institution in this country. It will no longer be a federation; Canada will simply become a unitary state. That is the danger Senator van Roggen overlooked in his intervention.

Furthermore, the centralizing tendency of the federal government has been obvious for a very long time. The claims and requests of the provinces have always annoyed the federal government. The provinces, according to the federal government, should become mere administrative agencies, acting simply as regional offices, and implementing the instructions of the central government. Now, honourable senators, the provinces, and especially Quebec, are not ready to renounce their obligations, especially those the present Constitution recognizes, without waging a fierce battle.

That is why we are shocked to see the attitude of a large number of Liberal members who sit in the other place and give silent approval to their government and the people of Quebec being thus humiliated publicly by the decisions of the central power. If only, in the last election, the present government and the Liberal members from Quebec had received from the people of that province the specific and clear mandate to act that way, their attitude could hardly be questioned. But, never, in the course of the last election campaign, did the Prime Minister of Canada, the ministers or the Liberal members from Quebec dare bring up the issue of the Constitution. They never revealed to the people of Quebec their intention to act unilaterally with regard to the patriation of the Constitution and its amending formula.

You will therefore understand, honourable senators, that the argument of the government cannot be accepted according to which the mandate they did not seek during the last election campaign last February, was given to them as a result of the referendum held in Quebec in May 1980. Now, even though the Right Hon. Mr. Trudeau told the Quebecers, during the referendum campaign in Quebec, that voting "No" to the referendum would mean that changes would be made in the Canadian Constitution, he never did reveal his intentions concerning the changes he had in mind for the Constitution to satisfy the people of Quebec. I remember that during the referendum campaign I asked the government leader repeatedly to get the government to commit to paper what constitutional changes the Prime Minister of Canada and the ministers had in mind when they told Quebecers, Vote "No," we promise there will be changes. Never, during the referendum campaign, was there any mention of the types of changes that would be made after the referendum to satisfy the aspirations of Quebec. During the campaign, the Prime Minister of Canada also asked the premiers of other provinces to promise Quebecers that they would accept major constitutional changes if Quebecers voted no. But never during the campaign did the Prime Minister of Canada or the provincial premiers say to Quebec that the central government would unilaterally patriate the Constitution should Quebecers vote "No" in the referendum. As I said, not to use unparliamentary language, honourable senators, Quebecers were misled and really fooled.

That is why, given this situation, the Government of Quebec, as well as all the political parties representing Quebecers, indicated their disagreement with and their objection to the central government's approach. Now, if only the Quebec government objected, several senators might be justified in saying: "We will not bother with those objections, they come from a separatist government." But the provincial liberal

leader, Mr. Ryan, also vigorously opposed the unilateral patriation of the Constitution. He has no qualms about saying publicly that the central government's action is unacceptable to the Quebec liberals that he represents. Mr. Ryan, the Leader of the Liberal Party, has just realized that he too was had during the referendum campaign when he asked the Prime Minister's support, he too was fooled because Mr. Trudeau spoke to him of changes but Mr. Ryan expected much broader and deeper changes than those Mr. Trudeau had in mind during the referendum campaign. By acting in this fashion, the Prime Minister of Canada not only misled the Quebec government but he also misled one of his allies in the referendum campaign, Mr. Ryan, the Leader of the Quebec Liberals. It is not surprising today that Quebecers are annoyed at the unilateral patriation proposal. The people of Quebec will take to the streets to show their dissatisfaction, their disapproval of the action that the federal government intends to take.

If we give such an importance to the Quebec referendum, most Quebecers will feel that they have been betrayed by the federal government. Several members have stated it since especially and—I am not inventing anything—Mr. Reed Scowen and Mrs. Chaput-Roland from the Liberal Party who went across Canada with Mr. Pepin to ask Canadians what they thought of constitutional changes. Of course, these people have realized that the promises made have not been kept.

By distorting so obviously the meaning of the referendum outcome to impose an even narrower constitutional frame citizens are being abused. The credibility of people involved in political life and that of the democratic process is being ruined. This behaviour is not only politically but it is also socially dangerous.

● (1630)

Honourable senators, the adding or entrenchment of individual rights and freedoms into the Canadian Constitution is likely to give it a character of immutability in an evolutive sense by preventing it from undergoing a political interpretation since it will be up to the courts to define its scope. We are aware that in other countries, the fact that these rights have been raised before the courts has often contributed to serious troubles and has placed civil authorities in a state where they were unable to repress abuses.

Last night I watched on television the debate between President Carter and Ronald Reagan. There was precisely an exchange over the issue of the entrenchment of the Equal Rights Amendment, namely the entrenchment of women's rights into the Constitution. Mr. Reagan explained why he objected as a matter of principle to this entrenchment for as soon as these laws are included and entrenched into a Constitution they are frozen when it comes to giving them a political interpretation. One has to refer to the courts afterwards to interpret the meaning and the scope of these rights entrenched or included in such a manner.

Let us underline that all provincial assemblies are sovereign in their respective jurisdiction according to the present Constitution. They pass laws in these areas and these laws are subject to the interpretation given by our courts.

[Senator Asselin.]

It would no longer be the case in the future. There would be a general law called the Canadian charter of rights passed unilaterally by the federal Parliament and it would overrule all laws passed by provincial assemblies. All that has been done up to now and all that will be done in the future would have to be in conformity with this act of the federal Parliament as interpreted by the Supreme Court. There we, the people from Quebec, are always in a minority position when it comes to bringing a case to it because we do not have the number of judges we should have to represent us.

You will understand above all that in the case of Quebec, it is an unacceptable proposition and that such a limitation cannot be imposed on the National Assembly of Quebec without its consent.

All the more so because it is difficult to appreciate the full impact of the consequences of those limitations since they depend on future court rulings. A first glance at current legislation in Quebec leads us to believe that many of them might be said to be unconstitutional. For instance, the electoral legislation provides that any citizen must have resided in Quebec for one full year before being eligible to vote. To my mind, that provision just might be contrary to section 3 of the future Charter of Rights. As well, several provisions of the legislation governing the financing of political parties in Quebec might be deemed to go against section 2 of the charter.

Similar uncertainty covers the regulation on placing in the construction industry, a regulation which stemmed from the recommendations of the Cliche commission and which restored a bit of order in that industry. Even in fields within Quebec's jurisdiction, the National Assembly could find itself without full powers or even without any certainty it has every authority to enact legislation reflecting the wishes of the people. The provincial legislators would always have to act within the limits unilaterally set by the federal Parliament or with that sword of Damocles hanging over their heads. It is the perspective of a tragic loss of autonomy for the people of Quebec.

Quebecers of course just will not accept that. The Premier of Quebec expressed the same feeling over the TVA network on October 5, 1980.

But what in my opinion is a serious attack against the cultural security of Quebecers is the inclusion in the charter of linguistic rights of a provision concerning the language of education. Indeed, section 25 of the proposed *Constitution Act, 1980* concerning the Canadian Charter of Rights and Freedoms states, I quote:

> Any law that is inconsistent with the provisions of this charter is . . . inoperative and of no force or effect.

Thus, the moment this charter takes effect, any legislation or regulation in force in Quebec and governing fields to which they quite properly apply will become inapplicable inasmuch as they contradict any one of these new constitutional provisions.

As regards the language of education, the charter of the French language states that instructions shall be given in French in all kindergartens, public primary and secondary

schools, and those under private institutions which have been declared of public interest or qualified for receiving grants. That is section 72.

Section 73 allows for exceptions to that rule. Notwithstanding section 72, the following may be taught in English, at the request of the father and the mother;

> First, any child whose father or mother attended English primary school in Quebec.
>
> Second, any child whose father or mother who, on August 26, 1977, was a resident of Quebec and attended English primary school outside Quebec.
>
> Third, any child who, in his or her last year of school in Quebec before August 26, 1977, was legally attending an English public kindergarten or a primary or secondary school.
>
> Fourth: The younger brothers and sisters referred to in par. *c*

This list of exceptions can be extended by the government, pursuant to sect. 86, sub-par. 1 which I quote:

> The government can enact regulations to extend the application of sect. 73 to persons who can avail themselves of the reciprocal agreement concluded between Quebec and a province.

Now, Quebec cannot be denied such an important decisional power in matters pertaining to language, more particularly in the field of the language of instruction.

In his comments on this proposal, the Right Honourable Mr. Trudeau has suggested that the only result this bill would have would be to substitute the Canadian Clause for what is called the Quebec Clause. This is totally wrong. The effect would be much more pervading. In fact, the regime provided for by section 2 of the charter is such that it would practically give all immigrant children an unrestricted opportunity to attend English schools. Such a system would be so difficult to control and would breed such injustices among immigrant children that it would have to give way to the freedom of choice. We would be back to free choice and the dire conflicts that we have known in Quebec under the now defunct Bills 63 and 22.

It is no surprise that, the other day, Senator Rizzuto voiced major objections to the way immigrants will be treated under the new Charter of Rights.

● (1640)

I emphasize, honourable senators, that Quebec would never have accepted to join Confederation if it had not been given the guarantee that it would retain exclusive jurisdiction over language and more specifically the language of education. Those are essential powers for our cultural security. Let them now try to take those rights away from us. The majority of Quebecers will never stand it, they will strongly react to what is regarded in Quebec as arm twisting by the central government.

Most Quebec newspapers have condemned what they consider as federal trickery, as far as language rights in the Constitution are concerned. They said:

> The great fraud of linguistic rights should be denounced. Hiding behind the Official Languages Act, Mr. Pierre Elliott Trudeau enumerates the great principles and dictates his will.

He has virtue on his side, of course, since he appears to defend minority rights.

But there is a snag, honourable senators, a huge snag. In fact, the federal government struggles to defend the English-speaking people of Quebec. They do not fight for the French-speaking people of Quebec. They do not fight for the French-speaking people from the other provinces. Their proposed Charter of Rights will damage Bill 101, but would change nothing in the other provinces. It would change nothing in the other provinces, honourable senators. This charter would make sordid concessions to Ontario concerning the status of French in that province, and it requires no change, which is worse. As a matter of fact, Ontario which has supported and still supports systematically the federal government all along in the constitutional round would not be affected by the Charter of Rights. Quebec is then confronted with the power of the Ottawa-Toronto axis.

Let us take a closer look at this, honourable senators, to see what it is all about. In the area of linguistic policy, the federal documents propose two changes to begin with. There are no changes in the other provinces other than those proposed or agreed to by their governments. We know the reluctance of Ontario which once again recently denied parents of the Ottawa area their own school board. Yet in the largely francophone Ottawa area, God knows the numbers warrant it.

I read in a paper this morning that Francophones of a part of Saskatchewan, who believed their rights would be further jeopardized by this clause that would be included in the charter of rights by the federal government, have asked that representations be made so that the charter does not apply the way it is drafted.

Let us note that in Quebec Bill 101 does not contain any clause saying "where numbers warrant". The rights of Anglophones apply everywhere in Quebec, and never has a minority been better treated than the English minority in Quebec.

A second change: the British North America Act section 133, which makes bilingualism manadatory only for the Parliaments of Ottawa and Quebec, and now for Manitoba as a result of the Supreme Court decision, would not apply to New Brunswick or Ontario.

You will recall that during the September federal-provincial conference, when the Prime Minister asked Ontario to agree to the provisions of section 133, Mr. Davis coldly replied that he would never let section 133 concern Ontario.

What did the federal Prime Minister say in his closing remarks at the constitutional conference? I guess he gave in on section 133 just to make Ontario agree with the constitutional changes he was getting ready to propose.

I think that the people of Quebec are not going to accept this either, because the Francophones in Ontario will pay too high a price for these constitutional changes.

The Machiavellian plan of the federal government to buy the conscience of the New Democratic Party is not acceptable either. No one realized that everything had been planned in advance, that Mr. Trudeau was making a statement on television, and immediately afterwards Mr. Broadbent endorsed in principle the changes proposed by the federal Prime Minister. In return, of course, the New Democratic Party asked for concessions in the natural resources field and particularly for non-renewable resources as a condition for its support of the government party. And we learned last week how the leader of the New Democratic Party has been had since he accepted from the federal government an offer which was only what now exists in the Constitution, the recognition of provincial ownership of natural resources. However, the federal government did not renounce his veto when it was required in the interest of Canadians. How many Canadians were laughing when Mr. Broadbent appeared before the Canadian public to celebrate his victory upon receiving that confirmation from the federal government and expressed the support of his party to the constitutional changes proposed by the present government.

So, we have now in the House of Commons a new political party that might be called the Democratic Liberal Party and we know that a considerable number of Liberals are feeling perfectly comfortable sleeping in the same bed with the socialists.

Honourable senators, Canada must make important constitutional changes. A constitutional renewal is essential to ensure the survival of Canada.

In 1972, when we were sitting on the Joint Committee of the Senate and the House of Commons on the Constitution, Pierre De Bané, who is now Minister of Regional Economic Expansion, and I signed a minority report in which we emphasized the urgency for English Canada to understand the aspirations of Quebec and the importance of giving the Quebec government, which represents in North America the majority of Francophones, the economic, political and cultural instruments needed to encourage the development and self-fulfillment of that Francophone majority in Canada.

The sharing of powers between the federal government and the provinces was an essential element of that constitutional renewal. We said among other things:

> Our third recommendation relates to the distribution of jurisdictions between Ottawa and Quebec.
>
> In most areas, jurisdictions are ill-defined to the extent where they are more and more intermingled. That is the situation prevailing in Canada as well as in other federated countries in the world. It is unavoidable. Indeed, it may have been possible during the last century, when States had relatively simple and few activities, to define clearly the sharing of jurisdictions, this situation is purely intellectual today and cannot in any way correspond to reality.

[Senator Asselin.]

> Modern governments are principals in civilized societies. This trend will increase steadily. From now on, in Canada, the public service represents a third of the gross national product;—and that was in 1977—in 20 years, it will amount to half the GNP. In addition, there is an interdependence and close relationship not only between the policies of the various levels of government but as well within the same level of government, not to mention continental, international and future world policies.
>
> Finally, even if it was possible to conceive a clear division between numerous and complex powers, it would soon be outdated. For all those reasons, rather than trying to enumerate the responsibilities of each level of government—

—and that was our proposal—

> —we would like to put forward a basic principle which is almost always found in all federal constitutions: The central government is empowered to act only in those areas which fall under its jurisdiction. It is the opposite in the present situation. This level of government will essentially have to specialize in balancing of the whole matter. Of course, nothing would prevent the provinces which so desire from delegating some of their powers to the central government.
>
> If this recommendation is rejected, we fear that the Quebec-Ottawa bipolarity will get worse and that conflictual relationship between those two levels of government will decrease the tax return and result in a complete deadlock. That is the essential of our thinking.

That is what we said in 1972. I mentioned these remarks, honourable senators, to tell you that the majority of Quebecers who are against the unilateral patriation of the Constitution are not opposed to a true renewal but they do not want to see their Constitution turn towards such a highly centralizing direction. On the contrary, they want to have a say as regards the essential tools of their economic and cultural development.

• (1650)

Why, for instance, would Ontario own natural resources located under its territory in the Great Lakes and would Quebec be deprived of those which are located under our part of the Gulf of St. Lawrence or Hudson Bay? Why should we lose control over the export of our electricity, now that we have made alone huge efforts and big sacrifices to develop our hydro-electric resources? Why can we not get back our control over the vital sector of communications even though all provinces agree on this point?

I simply want to tell you that all political parties in Quebec agree that we should increase and not decrease the political powers of Quebec and other provinces. The cultural and the economic development of every Quebecer is at stake. We cannot develop Quebec and ensure the welfare of its people if we lack the necessary political tools. It is in this sense that the constitutional matter becomes a bread-and-butter issue, and it is important to realize it.

This constitutional renewal advocated by the vast majority of the Quebec people perhaps does meet the objectives this government has set for itself. This was felt during the discussions at the constitutional conference last September. There were two very clear visions of Canada: one, that of the federal government which considered the matter only from the point of view of the whole of Canada and wanted to establish not a renewed federal system which would have allowed the people of Quebec and of the other provinces to feel comfortable in it, but on the contrary a system more and more centralized and unitarian. Against such inflexible and unreal purpose, those who hold different views are up against difficulties the first one of which of course being any wish by the Quebec people to ascertain the fundamental dual realities of this country.

Honourable senators, I should like to ask you to join me, as a Quebecer, in turning down the proposed resolution under consideration. We must object to it because the purposes advocated by the federal government are not acceptable. It is not the wish of Ottawa to allow the provinces to get more powers. Ottawa rejects the concept by which there are two equal levels of government in Canada: on the one hand, the federal government and on the other hand, the provincial governments. For Ottawa, Quebec is not a separate entity much less the Quebec people, and the central government should hold all the significant levels of economic and political power.

Honourable senators, such a concept is not acceptable in 1980. Because the purpose and the objectives of the Fathers of the Confederation in establishing the Upper House, the Senate, was to protect regional interests and minority interests, I do not think there will be a better opportunity during this historic debate to demonstrate that the senators who sit in this house want to assume their full role. The Senate might still have to make decisions in a last-minute effort to bring the provinces and the federal government together so that they might agree on the fundamental principle of this patriation.

This is the reason why, honourable senators, as a result of the discussions which are taking place here at this time, I should like to table before the Senate an amendment. Its purpose is particularly to make it possible for senators to vote on the important role the Senate should continue to play as the protector of the regions, the protector of the minorities and therefore of the provinces. I now move, seconded by Senator Flynn:

> That further debate on this motion be postponed until the Prime Minister of Canada has met with his provincial counterparts to find out if they would agree to a joint resolution providing only for the patriation of the Constitution and an amending formula similar in principle to those known as the Vancouver or Victoria Formulae.

The Hon. the Speaker: Honourable senators, we are faced with an amendment. Of course there is a main resolution which is for a referral to the committee but although the amendment has just been read, I shall read it again:

> It is moved by Senator Asselin, seconded by Senator Flynn, that further debate on this motion be postponed until the Prime Minister of Canada has met with his provincial counterparts to find out if they would agree to a joint resolution providing only for the patriation of the Constitution and an amending formula similar in principle to those known as the Vancouver or Victoria formulae.

• (1700)

[*English*]

It is moved by the Honourable Senator Asselin, seconded by the Honourable Senator Flynn—

Hon. Senators: Dispense.

[*Translation*]

The Hon. the Speaker: Then honourable senators it is a motion to adjourn the debate. I shall have to ask for the opinion of honourable senators. Those who are in favour—

Senator Flynn: No, no, this motion is debatable.

Senator Guay: No, it is a motion to adjourn.

[*English*]

Senator McIlraith: Honourable senators, there has been an indication from the translator that the comment of the Leader of the Opposition a moment ago was inaudible and the translation could not be delivered in English. Could the Leader of the Opposition repeat it?

Senator Flynn: I said that this motion is debatable.

Senator Frith: The motion to adjourn is not.

Senator Flynn: It is not a motion to adjourn the debate. It is a reasoned motion to adjourn the debate to a specific time.

Senator Frith: Honourable senators, obviously we have some dispute on a matter of order. The motion is that further debate on this motion be postponed, which is a motion to adjourn the debate and we just vote on it. It is not debatable.

Senator Flynn: Where is your authority?

Senator Frith: It is your motion. Let us hear yours.

Senator Flynn: You are objecting to my motion. You are saying it is not debatable.

Senator Frith: I am not objecting to the Leader of the Opposition's motion. I am saying it is a motion to adjourn the debate, and such a motion is voted on immediately.

Senator Flynn: No.

Senator Frith: Yes.

Senator Guay: Question.

[*Translation*]

The Hon. the Speaker: Honourable senators, there certainly are differences of opinion among honourable senators with respect to the thrust of the amendment, as to whether that is an amendment or not. If it is an amendment, it certainly is not debatable. If it is not an amendment, there could be a debate. In relation to this, Bourinot states on page 353:

[*English*]

> —that a motion for the adjournment of the debate is not debatable, nor can it be amended. Obviously, however, such a motion, once moved and recorded is votable and must be put to the Senate.

That is what I have been given to understand.

If honourable senators wish me to look into the problem in greater depth, I will ask that the sitting be suspended and that we reconvene at 8 o'clock, in order that I can render a decision on this matter.

All honourable senators can express their views. I know that some honourable senators are experts in procedure, and therefore I can take their opinions into consideration. According to the advice I have received, this is a motion of adjournment and it should be voted on.

Some Hon. Senators: Agreed.

[*Translation*]

Senator Flynn: My feeling is, Mr. Speaker, that we should make a distinction. What you have just quoted from Bourinot refers merely to a motion to adjourn the debate.

[*English*]

You will note that section 36 makes a distinction between a motion to postpone a debate and a motion to adjourn a debate. This motion is to postpone the debate, and contains a reasoning behind it. The motion is not to adjourn the debate purely and simply, but to postpone the debate until something is done. There is a reason. It is not merely an adjournment per se. We submit to the house that we should discuss whether the reasons behind the motion are valid reasons for postponing the debate. That is the point. The mere motion to adjourn is something that is not debatable; but the motion to postpone, for a given reason, is something that is debatable. It has always been debatable, and I am quite sure that His Honour the Speaker will not be able to find a decision supporting the viewpoint held on the other side.

Senator Guay: Honourable senators, a copy of the motion which I have received says that it is seconded by Senator Roblin. If I heard correctly, Senator Asselin said that his motion was seconded by Senator Flynn.

Senator Flynn: Senator Roblin was not here.

Senator Guay: I know that, but my copy says that it is seconded by Senator Roblin. The second point that I would like to bring to the attention of honourable senators is that the French part says—and I do not have any degree in French:

> Que cette motion soit ajournée.

I would submit that it does not have the same meaning in French.

Senator Flynn: Yes, it does.

Senator McIlraith: Honourable senators, perhaps we could follow the suggestion made by His Honour the Speaker. He indicated that he wanted time to make his ruling. If he does require time to make his ruling, presumably at 8 p.m., perhaps it would be convenient if we continued the debate until 6 p.m. and return at 8 p.m. and at that point the ruling could be given. In that way, we would not lose any time and we would be able to grant His Honour the courtesy which he seeks in order to consider the reasons for his ruling. It seems to me that that is the practice that has been followed in the past.

Senator Flynn: That depends very much on His Honour the Speaker. If His Honour would rather suspend the sitting at this time, I have no objection. If he wishes to continue and to reserve his decision for later, that is up to him.

Senator McIlraith: My point is that I would not wish to see time lost for a debate on this subject. I believe all honourable senators would agree that there is some desire to dispose of this matter in a reasonable time. Surely we could use the next hour to continue our debate while His Honour the Speaker is considering the reasons for his ruling.

Senator Hicks: Honourable senators, I take it that even the Leader of the Opposition agrees that if this were a motion to adjourn the debate, it would be put immediately and voted upon.

Senator Flynn: Purely and simply.

Senator Hicks: Rule 36(2), on page 10 of our rule book, says:

> A motion to adjourn a debate shall be deemed to be a motion to postpone that debate to the day specified—

And it is specified:

> —in the motion, or, if no day is so specified, to the next sitting day.

Surely that is evidence that a motion to adjourn is a motion to postpone, and the Leader of the Opposition—as much as I honour his views and his parliamentary expertise—is trying to make a distinction where none exists.

Senator Flynn: If it were merely the postponement to a given day, I would say that I would wish to adjourn the debate until tomorrow or until next week, without any argument attached to it, and it would be supported.

Senator Asselin: It is not debatable.

Senator Frith: Honourable senators, there are two observations that I would like to make. First, with regard to the suggestion of Senator McIlraith, the difficulty in continuing the debate is that there is, to a dangerous degree, in my opinion, an implication that this is not a motion to adjourn.

● (1710)

If it is a motion to adjourn, you don't go on with the debate; you put the motion, and I urge the Speaker to make a ruling now on a very clear question. If there is any doubt, after what Senator Hicks has said, as to what this motion's intent is, and what has to be decided, look at the French version. As Senator Guay has said, it is: "Que cette motion soit ajournée." That is the word. If there is any dispute as to what the words mean, that's the word. It says, "ajournée."

Senator Guay: You give me the translation of the word "postponement."

Senator Frith: If we continue with the debate we are implying that for some reason this is not a motion to adjourn. I think it is clearly a motion to adjourn and should be put now, and I ask His Honour the Speaker to so rule.

Senator McIlraith: May I make a correction here? The Speaker made his ruling. He requested an opportunity to give reasons for his ruling.

Senator Frith: I understand that, but I am suggesting that there are good reasons for him to rule right now.

Senator McIlraith: He did.

Senator Frith: No, he did not. He asked for time to make the ruling. I am suggesting that there is perfectly clear evidence for him to give his ruling now, and I ask him to do so.

Senator Muir: Honourable senators—

Senator Flynn: Are you giving orders to the Speaker now?

Senator Frith: What is asked is not an order.

The Hon. the Speaker: Order.

Senator McIlraith: —in view of the fact that the Chair was kind enough to recognize me, I wish the other senators would extend the same courtesy. I would draw the Speaker's attention to rule 36(1) which states:

> —a motion shall not be received unless it is a motion to amend the question—

And certainly, honourable senators, the amendment meets those specifications. It amends the question before the chamber and, therefore, I submit with the greatest of respect that it is in order under rule 36(1).

Senator Smith: Honourable senators, may I make a very brief comment on this matter? It seems to me that this is not the equivalent of a motion to adjourn at all. Its nearest relative in parliamentary procedures is a motion to hoist consideration to a future date. That is a debatable motion, and has been debated on many occasions at great length. This is certainly not a motion to adjourn, I submit, but a motion to take into consideration at a future date, just as a six months' hoist motion.

The Hon. the Speaker: I am not the one who drafted this resolution but the words have to mean something in French and even in English; "Je propose, secondé par . . . ., que le débat de cette motion soit ajourné"—that the debate on this motion be postponed, adjourned.

[*Translation*]

Is the debate adjourned to a specific date? It is adjourned to some hypothetical events which the opposition feels might happen in the future. Now, a motion for adjournment should either specify a date or imply that the debate is adjourned to the next sitting. Provided it is a motion for adjournment. Naturally, if it is not, then we are confronted with another type of problem.

Senator Flynn: If the Deputy Leader of the Government cannot discuss what is in the motion, then, of course, I understand. But clearly, if Your Honour puts the question, then the Senate must decide whether it agrees with the reasons given. I suggest, Your Honour, that the question be taken under advisement until 8 o'clock. In the meantime, the debate can continue. And perhaps the motion can be changed to meet the objections formulated by the Deputy Leader of the Government.

[*English*]

Senator Frith: Does that mean that you are withdrawing this motion?

Senator Flynn: No.

Senator Frith: Well, then let us have a ruling as to whether it is to adjourn and vote on it, and you can bring some other motions at 8 o'clock if you wish.

Senator Flynn: I suggest that His Honour the Speaker can take it under advisement. Do you not agree that he can do that?

Senator Frith: Yes, he can as long as we all understand clearly that that is entirely without prejudice to his possible decision that it is a motion to adjourn and, therefore, must be put immediately. The difficulty with this procedural question is that, according to the rules, if it is a motion to adjourn it ought to be put immediately. If we continue with the debate, I want to be sure there is no question that that does not mean it is in any way with prejudice to his final decision on it.

Senator Roblin: Honourable senators, how can my honourable friend say that, if His Honour takes the matter under advisement, it is without prejudice to whatever decision he makes? That is either a self-evident fact or an insult to the Chair. I don't know which, but I prefer to think it is a self-evident fact.

His Honour the Speaker has the right to take it under advisement and naturally when he does so he is free to make any decision he likes, and the question of prejudice does not arise. I would suggest, with all humility, that, if His Honour so decides, he can very well take it under advisement, and when that happens we usually proceed to the next item of business on the order paper. That would save any embarrassment or any problem arising from his decision later on. It has been the custom in every legislative assembly I have been in for the Speaker to take the question under advisement, and when he does we proceed to the next item of business.

Senator Thériault: Honourable senators, I contend that Senator Roblin is completely out of joint with parliamentary procedure.

I suggest, Your Honour, that you have two choices. Either you make a ruling and we vote on it, or, if you decide that you need time, then the sitting has to be postponed until you make your ruling because we cannot go on debating the main motion—the motion that is before the Senate now—as long as a decision has not been made on the amendment. I suggest, Your Honour, that you have two choices—either you put the

amendment to a vote now, or you suspend the sitting until you are prepared to make a ruling.

Some Hon. Senators: Agreed.

[*Translation*]

Senator Tremblay: Honourable senators, I address the Chair for the following reason: the way you expressed yourself earlier, Mr. Speaker, you seemed to attach some significance to the expression used in the French translation. Indeed, I believe there is an error in the translation. Just in case this discrepancy might have some influence when you take the matter under advisement, may I point out that were we to be overly strict when we find in our texts differences or discrepancies between the English and the French versions we could not even discuss the proposed resolution before us because I noted several discrepancies, not only bad translations but bad translations which alter the substance of things.

So, if I may, I would say simply that the word "reporté" should have been used in French as the equivalent of the English word "postponed". I would also suggest that we refrain from dwelling over this slight difference in the first version of the two versions of the resolution, that we adopt the same understanding attitude which we are wont to take when we spot similar discrepancies between the French and English versions, even in the bills that come before us.

Senator Asselin: Mr. Speaker, if I may, I am the sponsor of the amendment which is now before the house and it is quite possible that I made an error in translation when I used the word "ajourné". So, if honourable senators agree, I will amend it by saying that the debate on this motion is "reporté" instead of "ajourné". That is if I have the consent of the house.

The Hon. the Speaker: That would require unanimous consent of the House.

Senator Asselin: Yes, I am seeking consent.

The Hon. the Speaker: Is there unanimous consent to amend the resolution?

Some Hon. Senators: No.

The Hon. the Speaker: So it cannot be amended.

Honourable senators, if this were a routine debate I would make an immediate ruling. But, given the importance of this debate, I would prefer that in future this incident not be recalled as having been an excuse or a way to shift the debate or again to steer it in a direction which normally no one would want it to have.

So I will call it six o'clock and render a full ruling this evening at eight o'clock at the opening of the sitting.

Some Hon. Senators: Agreed.

The Senate adjourned during pleasure.

[*English*]

At 8 p.m. the sitting was resumed.

[Senator Thériault.]

THE CONSTITUTION

MOTION IN AMENDMENT—SPEAKER'S RULING ON POINT OF ORDER

The Hon. the Speaker: I thank the honourable senators who have given me a chance to look into the problem which was posed to me.

When the sitting was suspended at 6 o'clock I endeavoured to deliberate on the motion in amendment moved by Senator Asselin and on the point of order raised thereon. The arguments that were put forward had to do with whether the motion is a motion to adjourn the debate, which is not a debatable motion, or whether it is a reasoned amendment. I thank honourable senators for the views that they expressed.

The motion in amendment by Senator Asselin reads as follows:

> I move, seconded by Senator Flynn, that further debate on this motion be postponed until the Prime Minister of Canada has met with his provincial counterparts to find out if they would agree to a joint resolution providing only for the patriation of the Constitution and an amending formula, similar in principle to those known as the Vancouver or Victoria formulae.

The proposition contained in the amendment is that the Prime Minister of Canada meet with his provincial counterparts to find out if they would agree to a joint resolution providing only for the patriation of the Constitution and an amending formula. After giving considerable study to the matter I have come to the conclusion that the proposed amendment is out of order for the following reason: It is not an amendment but a brand new proposal which is a substantive motion that requires one day's notice pursuant to rule 45(1)(h). In fact it is foreign to the proposition contained in the main motion. *Beauchesne's Parliamentary Rules and Forms*, Fifth Edition, citation 437, at page 155, reads as follows:

> 437. (1) An amendment setting forth a proposition dealing with a matter which is foreign to the proposition involved in the main motion is not relevant and cannot be moved.
>
> (2) An amendment may not raise a new question which can only be considered as a distinct motion after proper notice.

The Honourable Senator Flynn argued that the proposed amendment is a reasoned amendment. The proposed amendment is not a reasoned amendment because a reasoned amendment is used to postpone the putting of the question on the second or third reading of a bill exclusively. When a reasoned amendment is moved to postpone the putting of a question on the second reading of a bill it must be to oppose the principle of a bill. This proposed amendment cannot be used to oppose the principle of the bill because no bill is concerned in the debate. *Beauchesne*, Fifth Edition, citation 434(2) page 154, reads as follows:

> 434. (2) reasoned amendments may only be applied against readings of bills.

Therefore, honourable senators, I declare the motion out of order, and now the debate can be resumed on the main motion.

Senator Flynn: Your Honour, I do not intend to discuss your decision but I think that normally your conclusion should have been that it is a simple motion to adjourn the debate and if that were the case the motion would be put without debate. However, if this is not the case I would respectfully appeal your ruling.

The Hon. the Speaker: The honourable senator is appealing the ruling?

Senator Flynn: Yes.

The Hon. the Speaker: Call in the senators.

• (2030)

Honourable senators, the question now is: Shall the Speaker's ruling be sustained?

The ruling of His Honour the Speaker was sustained on the following division:

YEAS

THE HONOURABLE SENATORS

Adams	Lamontagne
Anderson	Lapointe
Barrow	Leblanc
Bell	McElman
Bird	McGrand
Bosa	McIlraith
Connolly	Molgat
Cottreau	Olson
Frith	Perrault
Giguère	Petten
Godfrey	Riley
Graham	Rowe
Guay	Steuart
Haidasz	Thériault
Hastings	van Roggen
Hicks	Wood—33.
Lafond	

NAYS

THE HONOURABLE SENATORS

Asselin	Muir
Beaubien	Murray
Choquette	Nurgitz
Cook	Phillips
Donahoe	Roblin
Doody	Sherwood
Flynn	Smith
Fournier	Tremblay
Macdonald	Walker
Marshall	Yuzyk—20.

The Hon. the Speaker: I declare the Speaker's ruling sustained.

Senator Asselin: Honourable senators—

Senator Frith: On a point of order, I think the honourable senator has already spoken on the motion.

Senator Asselin: I have not. Are you raising a point of order?

Senator Frith: Yes. You made a motion, which was either for an amendment or for an adjournment. According to my reading of the rules you cannot speak again.

Senator Flynn: But he has not finished his speech.

Senator Frith: He made a motion and sat down. He clearly finished his speech.

The Hon. the Speaker: If his motion had been accepted he could not have spoken to it, but it has been defeated.

• (2040)

Senator Frith: When do we determine that he has finished his speech?

[*Translation*]

The Hon. the Speaker: There is no motion.

[*English*]

Senator Frith: I will accept that ruling.

[*Translation*]

Senator Asselin: Honourable senators, when the Speaker adjourned the debate, I was explaining to the Senate what role we should play to avoid the disintegration of Canadian unity if we accepted the resolution before us as drafted. I added that I joined in the remarks that my honourable friend Senator van Roggen made before me that if through this proposed resolution we want to prevent the government from acting alone to change the present structures of the country—

[*English*]

Senator van Roggen: On a point of order, we are not getting any translation.

Senator Flynn: Well, we could adjourn until tomorrow.

Senator Asselin: We are getting a translation now.

[*Translation*]

I was saying that I share the concern of Senator van Roggen about the possibility that some clauses of the proposed resolution could endanger Canadian unity. Senator van Roggen said that this could not be. However, Senator van Roggen referred to section 42 of the proposed resolution, which will allow the federal government, under certain circumstances and certain conditions, to go directly to the people to get a mandate on a constitutional issue by going over the head of the provinces, and I say that Senator van Roggen should realize that, by acting in this way, the federal government will change the existing political structure of our country.

I fully agree with Senator van Roggen that at the committee stage, the Senate representatives will have to be able to

propose amendments to rectify this situation, which I believe would be extremely dangerous as this provision now stands.

I also have the impression that all the senators recognize that the Senate has played in the past, and still plays in my opinion, an important role in the Canadian political structure. If I follow the reasoning of Senator van Roggen, I must say that he is quite right to wonder about the wording of section 44.

Some might say that there is no danger because this section will never be used. The Canadian government cannot possibly use it to change the structures of the Senate or to abolish the Senate. However, I believe that if we accept that the wording of section 44 be included in our statutes, in my opinion, and many others interpret it in this way, the Canadian government would be able, under the provisions of section 44, to propose amendments to the Canadian Constitution with the unanimous consent of the House of Commons if the suspensive veto of the Senate has expired, which would mean that the House of Commons could accept constitutional changes, and if the Senate, after 90 days, has not kept its suspensive veto and does not support the consensus expressed by the House of Commons, the House of Commons would then be able to pass this amendment or this bill, and it would have the force of law in the country and the proposals made by the Senate would be rejected.

The Senate has played an important role in the history of our country. I had the opportunity recently to talk with secondary school students of my area. I was telling them that the Senate has had committees on poverty, the age of retirement, sciences and child at risk. I was showing to these young people that the Senate had a role to play concerning the minorities. These studies on poverty, the age of retirement or the child at risk were aimed at these minority groups. The Senate has examined the lot of these groups to find solutions to their problems.

I take this opportunity to congratulate Senator McGrand on the excellent work accomplished by the committee entitled "Child at risk". I have read the report of Senator McGrand. I must say that the young people and the mothers of Canada are extremely grateful for this in-depth study.

Honourable senators, what role should we play in this debate? I have the impression that we must agree to put aside any spirit of political partisanry. I believe that we must try together to find the means that will allow all the parties involved to meet and talk to each other.

I have the impression that in spite of the efforts made by certain provincial premiers—and I am not laying the blame only on the Prime Minister of Canada—I think that the provincial premiers must also share part of the blame for a number of decisions which affect federal-provincial relations. But, in my opinion, the Senate as such can be expected to play a leading role in the current discussions.

We represent regions. We represent minorities. Recently I had an opportunity to read the speeches made by the Fathers of Confederation when they decided to create this institution. Even if it has been said that the Senate was not created to look after the interests of the provinces, the Fathers of Confederation had divided the country into senatorial divisions and, of course, these divisions included the provinces. I would suggest that we had thus received from the Fathers of Confederation the mandate to speak for provincial interests. Now then, just what are those provincial interests? What are the interests of the country? With a view to avoiding everything that has been said about Canadian unity I think we should make every effort to urge the Prime Minister of Canada and the provincial premiers, before we adopt the proposed resolution we have under consideration, to meet again to find a *modus vivendi*.

MOTION IN AMENDMENT

During the past month and to this day the parties have said everything they had to say about federal-provincial relations. At times the Prime Minister was very hard. For their part the provincial premiers answered right back and we know what they said in the circumstances. My impression is that we should have a moratorium and that is what I suggest to you this evening. I think that is the objective we must seek during the few hours we have remaining to debate this resolution. For that reason, not wanting to annoy the government but wanting to ask you to help us define the role and the work of the Senate during the few hours we have left to discuss this project, I therefore move the following amendment:

> I move, seconded by Senator Roblin, that the motion be amended as follows:
>
> Strike all the words after Senate in the first line up to the last paragraph exclusively and replace them by the following:
>
> "will unite with the House of Commons in the appointment of a Special Joint Committee to consider and report upon the document entitled: "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada" published by the Government on October 2, 1980 after the Prime Minister of Canada has met with his provincial counterparts to find out if they would agree to a Joint Address providing only the patriation of the Constitution and an amending formula similar in principle to those known as the Vancouver or Victoria formulae."

● (2050)

[*English*]

In English, I move, seconded by Senator Roblin, that the motion be amended as follows:

> Strike all the words after Senate in the first line up to the last paragraph exclusively and replace them by the following:
>
> "will unite with the House of Commons in the appointment of a Special Joint Committee to consider and report upon the document entitled: "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada" published by the Government on October 2, 1980 after the Prime

Minister of Canada has met with his provincial counterparts to find out if they would agree to a joint Address providing only the patriation of the Constitution and an amending formula similar in principle to those known as the Vancouver or Victoria formulae."

[*Translation*]

Honourable senators, it is not to embarrass the government that I introduce this motion. It is simply to ask you whether you might have a better solution to bring back the parties to the conference table. I feel that it is our duty to do so. It is in a non-partisan spirit that I move this motion.

Senator Molgat: Would the honourable senator allow a question?

Senator Asselin: Yes.

Senator Molgat: In his very eloquent speech, the honourable senator alluded to the responsibility of the Senate towards the provinces. However is it the opinion of the honourable senator that this responsibility should be towards the governments of those provinces or rather towards the people of those provinces?

Senator Flynn: Towards the Constitution of those provinces.

Senator Asselin: There is no mention of people in the constitution. It is the provincial governments which have been appointed to represent the people of the provinces. Of course, if I want to get in touch with the people of Quebec I will go to their duly elected government because it is this government which represents the people of Quebec. The same goes for the province of Ontario.

There are several groups among the people of course, such as the minorities, which should be helped. I said earlier that it is the responsibility of the Senate to help the minorities which are found in the provinces. But if I wanted to get in touch with a province, I would first go to its duly elected government.

Senator Molgat: I have another question. Therefore, my honourable colleague feels that he is the representative of the Quebec provincial government and not of the Quebec people. This is your position, isn't it?

Senator Asselin: I have never said that. I said that every senator who sits here, represents the Canadian Parliament since the Senate is a branch of that Parliament. But that does not stop us from trying to achieve the objectives set for us by the Fathers of Confederation in making us the Upper House, which were to protect and preserve the rights of the minorities in the provinces and in the regions.

Senator Molgat: Yes, but once more I want to ask you if you consider yourself as a representative of the Quebec government or the Quebec people?

Senator Flynn: Of the Quebec legislature, unanimously.

Senator Molgat: Very well, you are a representative of the Quebec legislature. That is very good. We understand your position because this is your position.

Senator Asselin: We never said that. That is not the answer I gave.

Senator Molgat: You said so.

Senator Flynn: If I said so, you understood nothing.

[*English*]

Senator van Roggen: Honourable senators, I have a question to address to the last speaker, if he will accept one other question. I will not comment on the subject of my feeling about representing British Columbia. That does not mean I take my instructions from the Government of British Columbia. I do not.

During your remarks, senator, in the early part of your address as I wrote them down, you said, "How can the government justify its decision to patriate the Constitution unilaterally?" As I understand the position of your party, its objection to this resolution is that it has gone too far; that it should not have included the Charter of Rights and the referendum provision. But you do support the unilateral patriation of the Constitution with an amending formula.

Some Hon. Senators: No, no.

Senator Murray: No. Read the amendment he just moved.

Senator van Roggen: I am not talking about his amendment. I am wondering if he is supporting his own party's position or not. That is my question.

Senator Flynn: That is your interpretation, and you can keep it, if you want.

Senator van Roggen: Well, it was what Senator Balfour, only two days ago in this chamber, said your position was.

An Hon. Senator: We didn't say that.

Senator Flynn: We did not say we should go against the wishes of the province.

Senator van Roggen: Well, the word "unilateral" is the word I am addressing myself to, and my understanding of your party's position is that you would agree to the unilateral patriation of the Constitution with an amending formula.

Some Hon. Senators: No.

Senator Flynn: No.

Senator van Roggen: Is that not correct?

Senator Flynn: No.

Senator van Roggen: Well, I am glad to hear that, because, certainly, the newspapers must have been misquoting your leader.

[*Translation*]

Senator Asselin: I would say this to my honourable friend, Senator van Roggen, when I started my speech this afternoon, I explained to him that legally, as its authors decided, which no one contradicts, the Canadian federation is a contract between the federal government and the provinces, and a contract entails obligations. I was discussing the matter from a legal point of view this afternoon. I said that because obligations are involved, obligations on the part of the federal government as well as that of the provinces, the federal

government must assume its obligations towards the provinces and vice versa.

I said that the federal government, in acting unilaterally, without the consent of the provinces, would commit a breach of the contract between the two parties. The federal government would not be respecting its obligations. That is why, from a legal point of view, I was opposing a unilateral patriation.

[*English*]

Senator Frith: Honourable senators, on a point of order. In my respectful submission, the amendment we are looking at is clearly not a motion to adjourn, as the previous one was, or as I thought it was, but—

Senator Murray: His Honour the Speaker perceived that.

Senator Frith: —the motion is precisely an amendment of the type that was ruled on by His Honour as being out of order under citation 437, at page 155 of Beauchesne's *Parliamentary Rules and Forms*, Fifth Edition. I suppose this could be called a reasoned amendment, but, in any event, it is exactly what His Honour ruled was out of order, when we reassembled at eight o'clock, namely:

> An amendment setting forth a proposition dealing with a matter which is foreign to the proposition involved in the main motion is not relevant and cannot be moved.

That is citation 437.(1), and if that were not enough, citation 437.(2) says:

> An amendment may not raise a new question which can only be considered as a distinct motion after proper notice.

In my respectful submission, therefore, this motion has, in effect, already been ruled out of order, and my authority for that is the ruling His Honour the Speaker gave when we reassembled at eight o'clock.

Senator Flynn: I don't know if the reason given by Senator Frith is valid, but it is quite obvious that he does not understand what His Honour's ruling was, because what His Honour said had nothing to do with that. It was a motion to adjourn and His Honour said we should have given one day's notice. At any rate, I do not agree with that ruling.

• (2100)

In this case the proposal is to join now with the House of Commons, and we say we will join with them later on when a certain event will have taken place, and that a message be sent to that house to that effect. I cannot see that there is anything irregular there. It is obvious that the Deputy Leader of the Government, stubborn as a mule, has decided—

Senator McIlraith: Order. Order.

Senator Flynn: I said "stubborn as a mule." You do not think so? What expression would you suggest?

Senator McIlraith: I do not like language attacking an honourable senator personally when arguing a proposition of law and procedure in the Senate.

Some Hon. Senators: Hear, hear.

[Senator Asselin.]

Senator Flynn: I grant you I may have allowed myself to get a little carried away. There goes the clapping machine on the other side. When we see continuous objections on questions of procedure to avoid having a proper debate of the motion before the house, it's no surprise one gets a little over-excited. However, I will withdraw my remark.

Some Hon. Senators: Hear, hear.

Senator Guay: I compliment the honourable senator—

Senator Flynn: I would invite Senator Guay not to get into the fray.

Senator Guay: I was complimenting you for withdrawing your remark.

Senator Flynn: With all due respect, I must say that I am always afraid when Senator Guay compliments me.

There is no common measure between this amendment and the previous one. This amendment is to the motion which is before us. The other house invites us to join with them, and we say, "We will join with you when a certain event has taken place." That is all there is to it.

Senator Frith: Honourable senators, I have nothing to add. Those are the two points of view. We should have a ruling.

Senator Roblin: Honourable senators, perhaps I may be allowed to offer a comment on the point of order raised before His Honour the Speaker takes the matter under consideration. I should like to deal with the substance of the objection raised by the Deputy Leader of the Government. He read the section on which he relies, which is section 437.(1):

> An amendment setting forth a proposition dealing with a matter which is foreign to the proposition involved in the main motion is not relevant and cannot be moved.

So I suppose the issue is whether the words that have been used in the amendment are "foreign to the main motion."

I suggest, Mr. Speaker, that they are not. They are clearly consonant with the main motion, but they involve a condition; and surely if amendments cannot be moved which offer to support a main motion under conditions, then I do not know what amendments can be used for.

It seems to me a very elementary question of parliamentary procedure that the amendment that has been moved is indeed correct. It does not contradict the main motion; it does not negative the main motion; it is not a new question in that it subsumes the main motion in any way. It is relevant to the main motion; it is a condition attached to the main motion; and it satisfies every rule I know of with respect to the propriety of an amendment to a motion such as the one we are considering here.

So I hope, sir, that you might take those observations under consideration when you rule on the matter.

Senator Bosa: Honourable senators, may I volunteer a brief opinion. Senator Roblin addressed himself to an entirely different matter. There is a rule of the Senate, namely, rule 28, which deals directly with the matter under discussion. That rule reads as follows:

> A senator shall not speak more than once to any question or other matter before the Senate except in explanation of a material part of his speech in which he may have been misunderstood, and then he shall not introduce new matter.

I suggest, honourable senators, that Senator Asselin has introduced new matter in this particular instance.

Senator Asselin: No, no.

[*Translation*]

With your leave, Your Honour.

Senator Lamontagne: Two amendments in the same speech.

Senator Asselin: I will ask you my honourable colleague, Senator Bosa, to notice that I spoke only once and that it was the continuation of my speech; perhaps he was not here this afternoon.

Senator Guay: I was.

Senator Asselin: You were not here when His Honour the Speaker adjourned the debate. But when he adjourned the debate I still had the floor.

Senator Lamontagne: Do you have a third amendment to present for the third part of your speech?

[*English*]

The Hon. the Speaker: Honourable senators, in my view, this issue has been decided before.

• (2110)

The motion in amendment made before 6 o'clock was declared out of order and as a result Senator Asselin had the right to complete his speech on the main motion, and this is what he did. On your point that Senator Asselin had introduced new matter, this has to be decided in the light of his new motion in amendment.

Insofar as the second motion in amendment is concerned, I reject it for the same reason given when the first motion in amendment was declared unacceptable. In the present motion in amendment the proposition is that the main motion be restricted to patriation and the amending formula. That means that you are trying to achieve what you were attempting to accomplish in the first motion in amendment.

My first ruling applies exactly in the same way to the present motion in amendment. Therefore, I declare this motion in amendment out of order.

If any honourable senator wishes to appeal, he is free to do so.

Senator Flynn: We certainly will appeal, with all due respect, Your Honour, because there is a distinct difference between the two motions. I mean, if you don't see the difference—

The Hon. the Speaker: Yes, I see the difference very well.

Senator Flynn: Yet you say it was the same?

The Hon. the Speaker: I see now you are adding the House of Commons to the procedure.

Senator Flynn: Not at all.

The Hon. the Speaker: Yes, and the Prime Minister will meet with the provinces, but I tell you that it is a motion of the same nature as the first one even if it is different. It is of the same nature and I have to say that it is not in order.

Senator Flynn: With great respect, we will have to appeal because your ruling means that we cannot make any amendments to the motion.

Senator Frith: Question.

Senator Flynn: Appeal.

The Hon. the Speaker: Are you appealing?

Senator Flynn: Yes.

The Hon. the Speaker: Call in the senators.

Senator Frith: We don't need to call in the senators.

The Hon. the Speaker: Call in the senators.

Senator Frith: Let's have the question. What do we need to call the senators in for?

Honourable senators, just so it is clear, because, of course, the only record we have is what is said, we can have a vote on this now if we wish. We saw how long it took—

Senator Flynn: It will take longer this time.

Senator Frith: —for the senators on the other side to come and, as the leader said, he proposes to see that it takes longer this time. I just want to be sure that it is on the record that we are ready to have a vote on the appeal now and that he is not, and we can let the record show—

Senator Flynn: Order.

Senator Frith: —how long it took him—

Senator Flynn: Order.

Senator Frith: —to get his side back.

Senator Flynn: Order.

The Hon. the Speaker: A point of order is raised.

Senator Frith: Honourable senators—

Senator Flynn: You stubborn mule.

Senator Frith: Who is talking about being stubborn?

The Hon. the Speaker: It is my decision that is appealed, and because my decision is appealed I call in the senators.

Honourable senators, the question now is: Shall the Speaker's last ruling be sustained?

The ruling of His Honour the Speaker was sustained on the following division:

YEAS

THE HONOURABLE SENATORS

Adams	Bird
Anderson	Bosa
Barrow	Connolly

Cottreau	McElman
Frith	McGrand
Giguère	McIlraith
Godfrey	Molgat
Graham	Olson
Guay	Perrault
Haidasz	Petten
Hastings	Riley
Hicks	Rowe
Lafond	Steuart
Lamontagne	Thériault
Lapointe	van Roggen
Leblanc	Wood—32.

NAYS

THE HONOURABLE SENATORS

Asselin	Muir
Bélisle	Murray
Bell	Nurgitz
Choquette	Phillips
Donahoe	Roblin
Doody	Sherwood
Flynn	Smith
Fournier	Tremblay
Macdonald	Walker
Macquarrie	Yuzyk—21.
Marshall	

[*Translation*]

The Hon. the Speaker: The Speaker's decision having been sustained, the debate will proceed.

● (2220)

[*English*]

The Senate resumed the debate on the motion of the Honourable Senator Perrault:

> That the Senate do unite with the House of Commons in the appointment of a Special Joint Committee to consider and report upon the document entitled: "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada" published by the Government on October 2, 1980, and to recommend in their report whether or not such an Address, with such amendments as the Committee considers necessary, should be presented by both Houses of Parliament to Her Majesty the Queen;
>
> That ten Members of the Senate, to be designated at a later date, act on behalf of the Senate as members of the Special Joint Committee;
>
> That the Committee have power to appoint from among its members such subcommittees as may be deemed advisable and necessary and to delegate to such subcommittees all or any of their powers except the power to report directly to the Senate;
>
> That the Committee have power to sit during sittings and adjournments of the Senate;
>
> That the Committee have power to send for persons, papers and records, and to examine witnesses and to print such papers and evidence from day to day as may be ordered by the Committee;
>
> That the Committee submit their report not later than December 9, 1980;
>
> That the quorum of the Committee be twelve members, whenever a vote, resolution or other decision is taken, so long as both Houses are represented and that the Joint Chairmen be authorized to hold meetings, to receive evidence and authorize the printing thereof, when six members are present so long as both Houses are represented; and that a Message be sent to the House of Commons to inform that House accordingly.—(*Honourable Senator van Roggen*).

Hon. Dalia Wood: Honourable senators, there is not one of us who is not affected emotionally by these impending decisions now before us. Each of us wants to see them settled; hopefully, procedures are the only points remaining to ease this ominous apprehension.

Honourable senators, this morning I received this letter from Christina Pringi, my 10-year-old granddaughter. It is dated October 24 and in part it says:

> —I heard on the radio today that in the House of Commons there was such an uproar that it almost ended in a fist fight. I really don't think that all this should happen just because of the Constitution. Quebec, and four other provinces want to go to court, too. I think that the only province really in for the Constitution is Ontario. Actually, I really don't even know what a Constitution is.

Do I have some obligation other than as a soothing grandmother, who is talking to the grandchildren of today, assuring them that there will be peace in the valley and that they will inherit the land? Are we the greatest communicators or the worst? I would like to be able to promise all the youth of Canada that its Senate will work to enshrine their acquired rights, as we represent the people from every part of our great nation.

May self-serving interest be negotiated and not imposed. May political partisanship have its opportunities for expression. May regional interest be expressed and, hopefully, in the context that the whole must be larger than its parts—otherwise, these regions will ultimately become countries where self-serving interest will most certainly prevail, as it sometimes does now in this crucial debate.

His Honour and I are both native Quebecers. We both attended school there, and there the similarity ends insofar as our respective versions of history were learnt. The political leaders of our country have never come to grips with the self-serving interest of our institutions which, for one reason or

another, have and still are working diligently to keep us on a collision course.

The great "example" is the 500-year disparity in the settlement dates by the Europeans as was taught in our day. This difference is of little consequence to Newfoundlanders, as either version favours their province as the first site explored. Let us never forget that living Father of Confederation, Joey Smallwood, and all his workers, who swung the referendum in favour of being a constituent part of Canada, be it either 500 or 1,000 years after they were recorded in modern history.

● (2230)

In any event, and history notwithstanding, we all saw the first human set foot on the moon, but it will be many years before geography books show the moon as part of the United States.

I submit that Canada and its history belong to present-day Canadians, as our forefathers are not now the least bit interested. Is it not then someone's responsibility to adjust the packaging, since that need has been so effectively enunciated in the mid-twentieth century, as it was in the mid-nineteenth and mid-eighteenth?

The Treaty of Paris was signed by France, England, Spain and Portugal. Canadians were not consulted and should therefore not dwell on events of the Plains of Abraham. In spite of its ending the Seven Years' War in Europe, the acquisition of Canada by Britain would have been meaningless, since the American colonists had plans of their own, as proven some ten years later when Ben Franklin occupied Montreal. The reaction and attitude of the Canadian colonists of that time, I feel, can best be summarized by a quotation of Alfred DeCelles when he described the remarkable feat of Joseph Papineau the elder, who would carry dispatches to Governor Carleton, from Montreal to Quebec, when the country on both sides of the St. Lawrence was swarming with bands of Americans, his dispatches hidden in the hollow of his walking stick, travelling by night, the trip occupying ten days.

In 1775, the people of Canada made a choice. They opted to defend their rights obtained under the Quebec Act of 1774 (the Magna Charta of French Canadian people). As a consequence, Canada became a separate entity in British North America. This entity continues to grow, adding statutes and rights, giving more, but removing nothing, and this, honourable senators, is the spirit of entrenchment. It was won for all of us in the mid-eighteenth century on behalf of a people and not a region. Incidentally, the vote in Westminster in 1774 was 105 to 26.

Again, in the War of 1812, Canadians of Lower Canada expressed their gratitude, loyalty and courage.

By the mid-nineteenth century, Canada was being populated by peoples of many lands, the vast majority of whom came to build a new life just as present day arrivals do and certainly included in these are my own parents. It was then possible to speak in terms of English-speaking and French-speaking Canadians, who united in a common cause which was against the Family Compact and its abuses of colonial rule. History indeed has shown many joint ventures, but teachers and manipulators of history use such events to divide what should never be set asunder, namely, our common history.

We read in a letter dated December 7, 1829, by Alexander Mackenzie to John Nelson, a member of the Lower Canada Assembly, of his proposals for a union, warning that disunity among ourselves will end up only in making us conquered states. That was 150 years ago. In this same letter he refers to "Cabotia" as the name of this proposed federation. So, to my Roman senators, Bosa and Rizzuto, I say there is still hope for us.

It took about ten years of debate between Reformists and Tories before all hell broke loose in 1837. There, elements of Upper and Lower Canada decided to fight the "Coercion Bill", and we had our Boston Tea Party, subsequently whitewashed in history as a riot by a bunch of drunks from Montgomery's Tavern on Yonge Street, and Les Patriotes were just traitors from Lower Canada led by Louis Joseph Papineau.

This war of independence was vicious and short lived. Mackenzie and Papineau were the fathers of a new constitutional Canada. The reformists had obtained the Act of Union of 1841 and Responsible Government in 1847. Lord Elgin was stoned for enacting it.

The cost of this freedom in terms of lives, deprivation and human sufferings, when you relate it to the total population of that time, around one million, were staggering—32 dead on the scaffold, hundreds in battle, more hundreds exiled, and 1,700 charged with treason.

We never hear of a mother of Confederation, but I will submit the name of Elizabeth Lount, the widow of Samuel Lount, who was hanged with Peter Matthews on April 2, 1838. She is quoted as saying, "Canada will do justice to his memory. Canadians cannot remain long in bondage. They will be free."

● (2240)

It is recorded in that period that 325 bills passed in the lower house were rejected by the upper house. Yet elections continued to be held as a façade of self-rule. The debate continued in the Imperial Parliament and I quote Glenelg, a colonial minister:

> In the administration of Canadian affairs, a sufficient practical responsibility already existed without the introduction of any hazardous schemes.

That was Mackenzie's declaration of independence.

Our history, in its attempts to downplay our struggles for independence, taught French-speaking Quebecers that it was a struggle against the English people, while English-speaking Quebecers were reminded of seditious acts and general law breaking. What a dreadful pity—while both premises are self-serving, they are nevertheless deliberately false. French and English Canadian reformers were fighting together, sometimes from the same outposts. Both wanted responsible government, and they succeeded in obtaining it for us. This is also entrenchment. Papineau campaigned vigorously in Upper

Canada as did Mackenzie in Lower Canada. We can still do it together.

Our new Constitution has to be people- not government-oriented, and certainly not railway-oriented as our territorial sovereignty is now internationally established. While we may change our political jurisdictions and boundaries by the means established, no one part of our great country can be peddled or bartered under the guise of autonomy in self-serving attempts to make any one part stronger than the whole.

The two cornerstones of our constitutional history, in my view, are the Quebec Act of 1774 and the Responsible Government Act of 1847. All other proclamations, great as they were, had to be built on these two. Confederation was an update adding some legislatures and their territories, while making provisions for others. It was also an update progressing with statutes of the day.

Insofar as tomorrow was concerned, provisions were made to meet our petition in Westminster. Confederation also served to institute and legalize expanding roles of government. Greater symbolism was later added by the Statutes of Westminster in 1931—another progressive compromise, or was it? As I understand it, a topic of the post-World War I Conference of 1921 was to reorganize the Empire. A plan was drafted in 1926; became a British statute in 1930; and received dominion ratification within seven years. It is an empire Constitution. It served to repudiate the Colonial Validity Act of 1865, which the B.N.A. Act must have overlooked. This little known act, when adopted, extended colonial freedom by making any colonial law a valid one, unless British legislation overruled it. An unfortunate oversight in the statute is that in disclaiming sovereignty over Canada, it failed to supply a means of our own for amending our Constitution as was enjoyed by Australia at that time. We can only amend our Constitution by reverting to the Colonial Laws Validity Act of 1865.

Honourable senators, a lot of air, water and verbiage has passed us since that time, but let us admit for a moment that we are on square one. In the meantime, we must recognize with respect and gratitude the people of Westminster, both yesterday's and today's. I could think of a lot worse places for Canadians to constantly delay their adolescence. We have profited in many ways from our associations and linkages. The traditions will remain. They gave us either a walking ticket or sovereignty in 1931, and we cannot seem to get used to belonging to ourselves.

There is a wrangle among provincial legislatures and, in some cases, between some legislatures and Parliament itself. The urgency is due to the potential for calamity as some of the ever-growing provincial bureaucracies speak with ominous overtones. We must urge Canadians to compromise on their polarized feelings on language rights in the Constitution. Organizations which will oppose and obstruct this entrenchment are usually a self-serving, chauvinistic minority interest. Let us again remind ourselves of our common history which is our, already entrenched, common heritage.

[Senator Wood.]

• (2250)

All federal political parties adopted the Official Languages Act, and while it may be illegal by Quebec Statutes, that will change. While only one province at this time has language legislation mitigating against the use of English, other provinces could enact similar legislation mitigating against the use of French. Only entrenchment can avert this, because I need not remind you, honourable senators, that it would be game over.

On the other hand, we may find encouragement by reading the resolution of the 220,000-strong Canadian Teachers Federation, who urge and advocate entrenching guarantees for official language rights. Also, and close to my heart, they endorse the concept of parental right to choose the language of education. This document is dated October 14, 1980. It reminded me of my more radical and energetic days when I placarded and picketed for the teaching of French in early school years. In this respect, I feel that we should opt for freedom of choice in the language of education.

Restrictive legislation among provinces does, and will continue to, create hardships for Canadians, and only the Parliament of this country should intervene and mediate. Mobility of labour and capital must be reinstituted and entrenched.

Honourable senators, in the mid-19th century, the Canadian initiative was in the British Parliament. While they received representations from Alexander Mackenzie and Bonaventure Viger, and favourably reacted accordingly, they were also thwarted by the Upper House and the Family Compact in the Canadas. The people, nevertheless, paid the price. Let us now, in this Upper House, make the people a non-partisan approach to laying and cementing our third cornerstone. We all come from provinces, and most grew up under some municipal form of government—let us get them into the act, because, as so often is the case, towns and industries with their peoples are the sidelined victims of procrastination, which is the thief of time.

By a technicality of 1931, we became a sovereign state. We were not seeking independence as such; we were just told to get lost. Perhaps we should also concern ourselves with a sense of dignity.

It is even ludicrous, after 200 years of progressive statutes written in eloquence, blood, misunderstanding and present day turmoil, that we remain today, as ever, the only sovereign nation which has to ask another nation for permission to amend its laws and raison d'être. This is not dignity, either at home or abroad.

The irony of our situation is that several provinces wish to maintain this state of indignity, not because they are loyal to Westminster, but because they do not wish to compromise their pseudo-sovereignty with Canada.

We cannot remain a nation with split citizenship. While it is quite normal to be Montrealers, Torontonians, Trifluvians, Vancouverites, Gaspesians or even Bluenosers and Islanders, there need not be any other qualifier to our citizenship. Citizenship has to mean more than a permit to travel abroad;

more than a perforation in a passport. Internally, the concept of citizenship is becoming more and more meaningless: mobility is restricted; property rights hampered; preferential employment practices restrict more Canadians daily; concept of a single citizenship is now meaningless.

We must, therefore, together support entrenchment of laws that would assure that all Canadians be guaranteed the right to buy a home, a farm or form a business anywhere in Canada and raise and educate their families in the language of their choice. These elements, which we took for granted, must now be enshrined so that the rights of people of Canada may never be used as pawns in bargaining for provincial powers.

We now have every human right available in the world, that is until we need them. Let us entrench them and carve them in our pre-Cambrian shield.

Senator Donahoe: Honourable senators, I move the adjournment of the debate.

Senator Frith: No.

Senator Perrault: No.

The Hon. the Speaker: It is moved by Senator Donahoe, seconded by Senator Sherwood, that the debate on the motion be adjourned until the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion the "nays" have it.

And two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

The Hon. the Speaker: Honourable senators, it was moved and seconded that the debate on the motion be adjourned until the next sitting of the Senate.

Senator Flynn: I regret, Your Honour. The motion was to adjourn the debate.

The Hon. the Speaker: Yes. To adjourn the debate until the next sitting of the Senate. I thought I read it correctly.

Senator Flynn: I am sorry. I thought you said that the motion was that the Senate do now adjourn.

The Hon. the Speaker: Will those in favour of the motion please rise?

YEAS

THE HONOURABLE SENATORS

Asselin	Donahoe
Choquette	Doody
Flynn	Nurgitz
Fournier	Phillips
Macdonald	Roblin
Macquarrie	Sherwood
Marshall	Smith
Muir	Tremblay
Murray	Walker—18.

NAYS

THE HONOURABLE SENATORS

Adams	Lapointe
Anderson	Leblanc
Barrow	McElman
Bird	McGrand
Bosa	McIlraith
Connolly	Molgat
Cottreau	Olson
Frith	Perrault
Giguère	Petten
Godfrey	Riley
Graham	Rowe
Guay	Steuart
Hastings	Thériault
Lafond	van Roggen
Lamontagne	Wood—30.

• (2350)

The Hon. the Speaker: I declare the motion defeated. The debate is resumed.

Senator Frith: Honourable senators, unless I misunderstand, I think that with the defeat of the adjournment motion the honourable senator loses his turn. However, since it is Senator Donahoe, and because we are all anxious to hear the distinguished former Attorney General of Nova Scotia, I withdraw that.

Senator Olson: Out of generosity.

Senator Perrault: We are a little more generous on this side.

Senator Roblin: Mr. Speaker, I am a stickler for propriety. Is it suggested that the honourable senator needs leave to speak?

Senator Perrault: Yes he does.

Senator Roblin: Section 304(2), which may be the section my friend is thinking of, does not seem to me to involve the question of order that my honourable friend opposite raised. If, having moved the amendment, one had been precluded from speaking—whether it carried or fell—what would happen to debate in this house? I myself moved the adjournment of this debate the other day and that didn't prevent me from speaking on it when it came before us. The question of losing the vote has nothing to do with it, in my opinion. There is no statement in this section about losing or winning a vote. In any case, the

question referred to is obviously the adjournment question; not the question of the debate.

● (0010)

I do not think leave is required. I should like my honourable friend to go ahead.

Senator Asselin: Do you want to use closure?

Senator Flynn: There is no decision yet, I hope. If he withdraws his objection, I would not want the Speaker to say, "With leave." We do not want leave. We want simply to do what we have a right to do.

Senator Olson: In this situation you require leave.

Senator Flynn: No, we don't.

Senator Perrault: Yes, you do.

Senator Flynn: No.

Senator Donahoe: Honourable senators, when I returned to my apartment yesterday I turned on the radio—

An Hon. Senator: You may never get back again.

Senator Donahoe: —and I heard that the Prime Minister of this country was out addressing western Canadians.

Some Hon. Senators: Hear, hear.

Senator Donahoe: He was saying to them, "Don't you dare bring emotion to bear on your consideration of the Constitution of this country. The Constitution of this country must be considered in cold, relentless logic. You may not bring sentiment to it". I thought to myself, what kind of a cold fish could get up to discuss the Constitution of this country in the circumstances that exist before us here this evening and not be moved, not feel emotion, not express himself in emotional terms. Because a man expresses himself in emotional terms, it does not in any way follow that he cannot bring to the consideration of the subject at hand—

Senator Thériault: Honourable senators, I rise on a point of order. Is the honourable senator quoting verbatim what the Prime Minister said in Saskatchewan?

Senator Flynn: That is not a point of order.

Senator Thériault: It is if he is quoting something.

Senator Asselin: No, it is not. Go ahead, Senator Donahoe.

Senator Donahoe: I thought it was perfectly clear that what I was saying was what I heard—

Senator Olson: Senator Thériault has a perfect right to ask the source of what the honourable senator is saying. He has the right to ask if it is a direct quotation, or if it is the senator's opinion.

Senator Flynn: He should have listened. Senator Donahoe said that he heard him on television last night.

An Hon. Senator: On radio.

Senator Thériault: Honourable senators, I need no lesson from the Leader of the Opposition in the Senate. I rose on a point of order and I stated my point of order. I am concerned when an honourable senator presumably quotes wrongly what the Prime Minister of this country has said.

[Senator Roblin.]

Senator Asselin: That is your opinion.

Senator Donahoe: Honourable senators, if the honourable senator is concerned about knowing my source, I can tell him that my source was a radio broadcast.

Senator Olson: He wanted to know if it was a quote.

Senator Donahoe: I did not say I was quoting verbatim the words used by the Prime Minister.

Some Hon. Senators: Oh, oh.

Senator Donahoe: I do say that I was quoting with great exactitude the thought being expressed by the Prime Minister. There is no question about what he meant. He said that sentiment had no place in the consideration of the Constitution, but that it should be guided by pure logic.

Senator Thériault: That is not right.

Senator Olson: That is your interpretation of what he said.

Senator Roblin: He is entitled to it.

Senator Asselin: Yes, he is.

Senator Olson: He should not state it as a fact.

Senator Donahoe: Well, it may be my interpretation, but that is exactly what the words used by the Prime Minister conveyed to my mind.

Senator Flynn: I heard them myself.

Senator Thériault: He said—

Senator Walker: Quiet, sonny boy.

Senator Donahoe: I say, as I said before, that it occurred to me that it would have to be a pretty cold fish that would approach the matter in that way.

● (0020)

I said further—and I repeat—that being emotional and bringing emotion to the consideration of these great problems does not in any way detract from the fact that you may also bring logic, reason and intelligence to your consideration in arriving at your decisions as to what is right and what is wrong.

We listened this evening to some addresses in respect of the motion before us. I have always thought that the people of Upper Canada, if I may use that phrase, considered that Nova Scotia and New Brunswick were mere appendages to them; that in some way or another—

An Hon. Senator: No way.

Senator Flynn: You are waking up.

Senator Donahoe: I thought that tonight I had some confirmation of that. I listened to Senator Wood as she addressed us here a little earlier, and we had a great lesson in the constitutional history of Upper Canada, of Quebec and Ontario. She pointed out certain of the constitutional statutes which she said marked the highlights of that constitutional history. Having

named them, she then came to the statute of 1867, the British North America Act.

I made a note at the time of what she said. It was that Confederation was an "updating of the constitutional rights of the Upper Canadians, and all it did," she said, "was to add a couple of provinces, with the promise of more to come."

Senator Olson: That is a very bad interpretation of what she said.

Senator Asselin: You may make your own speech later on.

Senator Olson: When I made a speech, you guys were interjecting every two minutes.

Senator Flynn: Why don't you go to bed.

Senator Steuart: If you would let us adjourn, we would.

Senator Olson: Yes, I would like to go to bed.

Senator Donahoe: I do not mind the honourable senator questioning my interpretation. In fact, it wasn't an interpretation at all. It was merely a repeating of the statement made by the Honourable Senator Wood. She said it. I did not say it, and I did not interpret it at all. All she said was that Confederation was an updating of the constitutional situation in Upper Canada and all it did was add a couple of provinces, with the promise of more.

Senator Olson: She said a lot more than that.

Senator Donahoe: Oh, I didn't say that she didn't say other things; but she certainly did say what I have said she said.

Senator McElman: How can you expect a proper interpretation from a party that cannot count?

Senator Donahoe: I am not interpreting it; you are interpreting it. You seem to think that it means something other than what she said.

Senator McElman: If a party cannot count to 120, how can you expect it to interpret?

Senator Donahoe: We in Nova Scotia always believed that Canada came into being because Upper and Lower Canada—or, if you prefer, Ontario and Quebec—were unable to govern themselves without arriving at a perpetual state of deadlock—

Senator Flynn: That is right.

Senator Donahoe: —and because Sir John A. Macdonald had a vision of a nation from sea to sea in which his province and the Province of Lower Canada would be predominant partners. That could only be made possible if some of the other colonies could be persuaded to join with Upper and Lower Canada. The nation which Sir John A. Macdonald envisaged was to be governed under the parliamentary system—the system that was developed over centuries in Great Britain. That was a deliberate choice by Sir John A. Macdonald and by the Fathers of Confederation, because they had before them the vision of the republican system adopted in the United States and they saw that it was in imminent danger of breaking apart by reason of the issue of slavery and the Civil War.

Representatives of the maritime provinces were, at the time, meeting in Charlottetown. They were meeting there to consider a Maritime union and the men from the Canadas joined them in Charlottetown, came in and said, "Why don't you look farther afield? Why be content with a small local union when we offer you the opportunity to become part of a great union which can form a nation?" And so the negotiations began. They were long and they were earnest.

● (0030)

At a certain point the delegates met in Quebec. They sat there and they considered what form this nation which we are discussing should take, and in the course of time they passed what are now known as the Quebec resolutions. And there wasn't anybody in on the formation and passing of those resolutions except representatives of the four colonies or four provinces, Upper Canada, Lower Canada, Nova Scotia and New Brunswick. There were no representatives of the British Crown involved; there was nobody except Canadians, as they were to become, involved in the passing of those resolutions.

Then in due course they took themselves to London. There they met and they sat and considered those Quebec resolutions and they refined them and polished them and put them into final shape.

Senator Flynn: Order.

Senator Muir: Honourable senators, if we are going to have some order in this chamber, could not Senator Hicks and Senator Olson have their meeting or their Liberal caucus outside this chamber? He has done enough heckling already of Senator Donahoe. Could they not remove themselves from the chamber to have their meeting?

Senator Donahoe: Honourable senators, at the request of those delegates the proposed British North America Act was put before the British Parliament, and as a result of its passing in 1867 Canada came into being as a Confederation. The powers of government under that act were divided between the nation and the provinces and Canada was born.

Canada clearly was the result of the agreement of the governments of four provinces to yield part of their sovereignty to a central government, and to create a confederation nation.

I would just like to say, in view of the fact that in these proposals now before us there is the suggestion that a referendum is an appropriate machinery to use in the framing and forming of a Constitution, that if there had been the use of a referendum in 1867, there never would have been a Canada because the people of Nova Scotia, at the earliest opportunity, repudiated the leaders who took them into Confederation and the new leaders made strenuous efforts to persuade the government in London to let Nova Scotia withdraw, but without success.

Senator Hicks: And New Brunswickers felt the same way.

● (0040)

Senator Donahoe: I suspect that is probably true. In glancing over the British North America Act the other evening, I saw mention of section 89, and in its place it said that section

89 was repealed. Section 89, when you look for it, was a section which said, in effect, that in Ontario, Quebec and Nova Scotia writs of election were to be issued for the first election of members of the Legislative Assembly, in such form and by such persons as the Lieutenant Governors of those provinces thought fit, and addressed to the returning officer, and so on, and that the election should be held at the same time and at the same places as the election for a member to serve in the House of Commons of Canada for that electoral district.

So that is what happened. That is why the section is no longer there. It was done. The section was *functus*. It had performed its purpose and, being redundant, was repealed. And I don't think they consulted all the provinces to repeal it. It was clearly a case where consultation with the provinces was unnecessary, if you were going to amend the British North America Act by repealing a section of that nature.

So they had those elections. I would like to tell the members of this chamber that in my wife's family there has been cherished ever since that time an actual election banner which was used and displayed in the election of 1867. It was used in the constituency of Halifax. In those days there were two federal members to be elected for the constituency and three local members to be elected to the legislature. Those five men advertised together, because the elections were being held on the same day. That banner invites the people to vote for the Liberal anti-confederate candidates.

Why that banner has been in my wife's family, and why it has been treasured, is that on it is the name of one of the two men who were candidates, and who was the first member for the constituency, Patrick Power; and Patrick Power was my wife's great-grandfather. And among the three names of the three men who were running for the legislature was the name of Henry Balcom, and Henry Balcom was my great-grandfather.

Now, these were reasonable men. They were men who judged that, from their personal point of view, confederation would not be to their advantage and so they were against confederation. But they were, and continued to be, when their efforts to withdraw failed, good Canadians. They believed, or came to believe, that what had taken place was the formation of a nation with great potentialities and great capabilities.

They brought sentiment to bear in their attitude towards that confederation and they brought logic to bear on it, too. So Canada, the product of negotiation and agreement between Canadians, embarked on more than a century of growth and development under the form of government selected for it by the Fathers of Confederation.

● (0050)

I shall not try to review the entire constitutional history of this country. Step by step the strings of colonial control were loosened, until, with the passing of the Statute of Westminster, Canada became an independent autonomous nation. The sole legislative tie that was retained was retained at the request of the provinces of Canada—which was that amendment to the British North America Act was still to be made in the Parliament at Westminster.

It is true that Britain abdicated its power to initiate such changes, and it was clear that such changes would only be made at Canada's request. The question now is: How was that request to be made? It is pretty well understood that the B.N.A. Act will be amended only by a Joint Address of the House of Commons and the Senate, and it remains to be decided whether the consent of the provinces is a requisite.

We are now told that the consent of the provinces is not required. We are told that the Parliament of Canada can move on a unilateral basis to address the Queen or the Parliament at Westminster with a request that the British North America Act be amended.

We are also told that the British North America Act is the Constitution of Canada. We talk about repatriating the Constitution. What we mean is: bringing the British North America Act under the jurisdiction of the Canadian Parliament.

I have in my hand a book that I value. It is entitled *The Amendment of the Constitution of Canada*, and in gold letters on the front at the bottom I read "Honourable Guy Favreau, Minister of Justice, February, 1965." If honourable senators open the book and look on the flyleaf they will find that it is autographed by the person who gave it to me—not by the author. It reads: "With best wishes, L. B. Pearson." That book was given to me by the late Lester Pearson. It dealt with the Constitution of Canada and the proposals that were put forward in that year to amend it. It contains what has come to be known as the Fulton-Favreau Formula.

In my view, there is much of merit in this book, that applies to the consideration that we are now giving to the amendment of the Constitution. With the permission of honourable senators, I propose to read some sections from it.

The first quotation is from the very first chapter. It comprises approximately one page, and it begins by saying:

> A constitution may be defined as the body of fundamental principles, laws and conventions by which a country is governed. These may be formally expressed, as in the case of the United States where the word Constitution refers to a specific document; or they may include both written and unwritten laws as well as conventions, as in the case in United Kingdom. The Canadian Constitution is neither one type nor the other. It is a combination of both. There is a written document, the British North America Act of 1867 which resembles the American Constitution in that it united separate British North American colonies and established for the new country a federal system of government. This document, however, did not set out in detail all the constitutional rules and conventions applicable to the new federal and provincial governments. It established executive and legislative institutions with the understanding, as stated in the preamble, that the Constitution of Canada was to be "similar in principle to that of the United Kingdom". The reasons for this course—

And I am still reading.

> —appear to have been that the system of responsible government as practised in the United Kingdom had been well established and accepted in the British North American colonies by 1867, and included many conventions and practices that were difficult to define in a statute.
>
> Thus, in Canada the Constitution consists in part of written material and in part of conventions or customs. The written material includes both United Kingdom and Canadian statutes, the latter including such enactments as the Succession to the Throne Act, the Senate and the House of Commons Act, the Canada Elections Act and the House of Commons Act. The more important of the applicable United Kingdom statutes form a series, known as the British North America Acts. In addition to these formal laws, there is a wide range of constitutional usages and conventions that are inherent in the system of parliamentary government this country inherited from the United Kingdom.
>
> The principal document in the Constitution of Canada, however, is the British North America Act in 1867. This act and its amendments are collectively known as the British North America Acts, 1867 to 1964.

Now, that is a most interesting exposition of the nature of the Constitution of Canada. As I propose to go on and demonstrate from further quotations from this book, some of those conventions that form part of our Constitution related to the necessity of having conference, consultation and consent from the provinces in order to proceed with the joint resolution of the House of Commons and of the Senate to ask that the British North America Act be amended.

If one listens today to the Prime Minister of this country, one would believe that no such convention ever existed, or if it existed, it may have been binding on L. B. Pearson, it may have been binding on previous prime ministers, but it is not binding on Pierre Elliott Trudeau. The very man who is saying that that convention does not exist or has no binding force is himself a living example of the fact that he is a convention—the position which he occupies is a convention. If you look at the British North America Act, you won't find any reference to a prime minister. You won't find any reference to the parliamentary system of cabinet government and cabinet responsibility, but these things are all part of the way in which we are governed. They are all part of our system. They are conventions which have come down to us, and they have a binding and a real force as part of the Constitution of this country.

On page 4 of this book—and I am not going to read all of this—there is a history of the amendments to the British North America Act. I do not want to take up your time with them, but there have been in fact no fewer than 22 such amendments, or, at least, that was the number that had been effected at the time of the writing of this book.

On page 10 there follows a review of the circumstances that surrounded the passing of those 22 amendments, and I am going to read a little bit from that part of the book. It says:

> The procedures for amending a constitution are normally a fundamental part of the laws and conventions by which a country is governed. This is particularly true if the Constitution is embodied in a formal document, as is the case in such federal states as Australia, the United States and Switzerland. In these countries, the amending process forms an important part of their constitutional law.
>
> In this respect, Canada has been in a unique constitutional position. Not only did the British North America Act not provide for its amendment by Canadian legislative authority, except to the extent outlined at the beginning of this chapter, but it also left Canada without any clearly defined procedure for securing constitutional amendments from the British Parliament. As a result, procedures have varied from time to time, with recurring controversies and doubts over the conditions under which various provisions of the Constitution should be amended.
>
> Certain rules and principles relating to amending procedures have nevertheless developed over the years. They have emerged from the practices and procedures employed in securing various amendments to the British North America Act since 1867. Though not constitutionally binding in any strict sense, they have come to be recognized and accepted in practice as part of the amendment process in Canada.
>
> In order to trace and describe the manner in which these rules and principles have developed,—

There here follows a description of those various acts which the authors say have made a contribution to the development of constitutional practice. I am not going to read all of these. I will jump to the conclusions that are made after each of them has been examined. The book says, at page 15:

> *The first general principle* that emerges in the foregoing resumé is that although an enactment by the United Kingdom is necessary to amend the British North America Act, such action is taken only upon formal request from Canada. No Act of the United Kingdom Parliament affecting Canada is therefore passed unless it is requested and consented to by Canada. Conversely, every amendment requested by Canada in the past has been enacted.

• (0120)

> *The second general principle* is that the sanction of Parliament is required for a request to the British Parliament for an amendment to the British North America Act. This principle was established early in the history of Canada's constitutional amendments, and has not been violated since 1895. The procedure invariably is to seek amendments by a joint Address of the Canadian House of Commons and Senate to the Crown.

> *The third general principle* is that no amendment to Canada's Constitution will be made by the British Parliament merely upon the request of a Canadian province.

This goes on to say that a number of such attempts were made but none was ever successful. I would hope that strict attention would be paid to the fourth general principle because it is a most important one. It says:

> *The fourth general principle* is that the Canadian Parliament will not request an amendment directly affecting federal-provincial relationships without prior consultation and agreement with the provinces. This principle did not emerge as early as others but, since 1907, and particularly since 1930, has gained increasing recognition and acceptance. The nature and the degree of provincial participation in the amending process, however, have not lent themselves to easy definition.
>
> There have been five instances—in 1907, 1940, 1951, 1960, and 1964—of federal consultation with all provinces on matters of direct concern to all of them. There has been only one instance up to the present time in which an amendment was sought after consultation with only those provinces directly affected by it. This was the amendment of 1930, which transferred to the western provinces natural resources that had been under the control of the federal government since their admission to Confederation.

I do not want to be led astray, but those are the same natural resources which belonged to the federal government and of which Nova Scotia as a partner in Confederation had a share but for which it never received any compensation when those resources were transferred to the western provinces. However, that is an aside and I didn't really mean to make that point at the moment, but I could not resist drawing it to your attention on the way past.

Senator Hicks: Lucky for the western provinces in 1930.

Senator Donahoe: The text goes on to say:

> There have been ten instances [in 1871, 1875, 1886, 1895, 1915, 1916, 1943, 1946, 1949 and 1949(2)] of amendments to the Constitution without prior consultation with the provinces—

Listen carefully, honourable senators, to this:

> —on matters that the federal government considered were of exclusive federal concern.

We now know, of course, that by a later amendment those matters have been brought back to Canada. Those are matters on which the Parliament of Westminster can no longer legislate. They can be legislated directly by the Parliament of Canada because they relate only to matters of direct and exclusive federal concern and there is no valid reason for requiring the consent of the provinces in that context.

The text goes on to say:

> In the last four of these, one or two provinces protested that federal-provincial consultations should have taken place prior to action by Parliament.

[Senator Donahoe.]

But, having protested, that was the end of it.

> Under the 1964 amending formula, the requirements for provincial consultation and consent are for the first time clearly defined.

Under the 1980 Trudeau proposition, the requirements for provincial consultation and consent are not only not clearly defined, they are totally eliminated and disregarded.

• (0130)

Honourable senators, I say to you that such a procedure is unconstitutional and improper. I have no doubt whatsoever that if the legality of such a unilateral procedure were put before the courts, the courts would say such a procedure is beyond the proper competence of the federal Parliament, that the requirement for consultation and consent has become embedded in our Constitution, that it is a convention of our Constitution, that it is a part of our Constitution and that it must be followed and cannot be ignored.

What I wrote here I have not said quite the same way. What I wrote here is this: I am compelled to say that under the 1980 Trudeau procedure this entire body of accepted constitutional practice is kicked aside and rejected.

Senator Perrault: Who wrote that?

Senator Donahoe: I wrote that.

Senator Perrault: You are quoting yourself.

Senator Donahoe: If my honourable friend had been paying attention and had not been busying himself with writing something, he would have heard that I said I had written this. Those are the words I applied to it, but I used other words. I shall repeat it in case my honourable friend does not understand.

Senator Asselin: Repeat it.

Senator Donahoe: I am compelled to say that under the 1980 Trudeau procedure this entire body of accepted constitutional practice is kicked aside and rejected and, still worse, not only is the procedure going forward unilaterally, but the active dissent of provinces comprising whole regions of Canada is being mocked at and ignored.

Honourable senators, to my mind, no one yet, including Mr. Trudeau, has produced any persuasive or convincing reason for this constitutional package and why it is required, or why it is required on a timetable so restricted that it requires the use of closure in the House of Commons, although the Prime Minister began by saying that he hoped every member would have his say on the proposals. Having brought the matter forward and invited everyone to have his say, he then invoked the guillotine and saw to it that the opportunity for discussion was taken away from the floor of the House of Commons, taken away at a time when more supporters of the government had spoken to it, more time had been consumed by supporters of the government than had been consumed by the opposition, and when a very high percentage of the members of the opposition were, by use of the guillotine, deprived of the opportunity of expressing their points of view.

When the Deputy Leader of the Government rose in the Senate tonight and said that I might not have had the right to have the floor on a technicality, I was mightily relieved that he said he would not adopt the attitude which was adopted in the House of Commons, that he would not invoke what would have been, in effect, a personal closure. I do not know whether he had that right, but I do not, in any way, concede the point the deputy leader was making. However, I appreciate the generosity of spirit which led him to say that I should be permitted to have my say. I only wish that the generosity of spirit shown by the deputy leader in this chamber had been shown by the Leader of the Government in the House of Commons to those who sit on the other side of that house.

• (0140)

Senator Frith: Honourable senators, I rise on a point of order. First, I thank the honourable senator for what he has said. However, I suppose if I am to accept this compliment of being generous, I should tell him what the basis was for my point of order—

Senator Flynn: No; no; no.

Senator Frith: I will just put it on the record. At page 346 of *Bourinot*—

Senator Flynn: Order! Order!

Senator Frith: Honourable senators, I am standing on a point of order—

Senator Flynn: You cannot interrupt at this point.

Senator Frith: I am standing on a point of order, and I am entitled to make that point of order.

Senator Flynn: No, it is not a point of order.

Senator Frith: Well, let me make it before we decide that.

Senator Donahoe: We are in no hurry.

Senator Flynn: Well, if you want to discuss that, we will have a discussion.

Senator Frith: At page 346, *Bourinot* states as follows:

If a member should move the adjournment of debate—

Senator Flynn: All right, if you are going to listen to him, listen; you will listen to me afterwards.

Senator Asselin: His Honour the Speaker is on his feet.

The Hon. the Speaker: Honourable senator, you agreed at the beginning that Senator Donahoe should speak. I know the point you want to raise, but I do not think it is proper at this stage, in that you agreed to continue the debate.

Senator Donahoe: I thank His Honour the Speaker for his ruling, because it would have been very embarrassing for me to oppose the right of the honourable senator to speak when I was just fresh from congratulating him on having given that right to me.

To my mind, no one has produced any persuasive reason why the package was required and why it was required on a timetable so restricted that it required closure in the other place. The Prime Minister first held himself out to be prepared to give the greatest opportunity for discussion and then, in a relatively brief time, invoked closure, thereby cutting off the rights of those who sought to discharge their duty.

Senator Olson: After 13 days. That must be in the record, too.

Senator Murray: Thus speaks a great parliamentarian. Thirteen days of debate!

Senator Asselin: On so important a matter. Shame!

Senator Olson: Only to refer it to committee.

Senator Donahoe: When I hear the term of 13 days being raised as though it were a consequential period of time, I am reminded of the latin maxim that I learned in law school, *de minimis non curat lex*, meaning the law takes no regard of trifles. In the light of the importance of the material that was under discussion, 13 days was a trifle. I cannot, by any stretch of the imagination, nor could any fair-minded person, concede that an adequate opportunity for discussion was made available in the other chamber.

Some Hon. Senators: Shame!

Senator Olson: Would 53 years be adequate time?

Senator Donahoe: Why, may I ask, does the package require the device of reference to a committee in a manner that bids fair to circumvent the right of members of the House of Commons and of the Senate to debate and vote upon amendments to the proposal? Why must it be handled in a way that bids fair to secure a Joint Address of both houses without those houses ever having been permitted to address themselves directly to the question as to whether they wish such an Address with that content? I do not know why, and no one has yet given me any valid reason why that course should be followed.

I can see Senator Olson shaking his head. I know that we are assured that we will have full opportunity for debate. But we can get no assurance that the Address to Her Majesty the Queen will ever be the subject of a direct vote.

When Nova Scotia got representative government in 1758, the first of the British dominions to secure that right, the legislature was formed, and the legislature met and it debated the problems of the province, and it debated them *ad nauseam*. But the decisions were made by the Executive Council. Then in 1848 we got responsible government, and the legislature made the decision. But it appears to me that what is going on here is an effort to reduce Parliament to the status of a debating society, while the effective decisions are made elsewhere.

Well, the honourable senator can shake his head all he likes, but that is the way it appears to me, and I am not at all sure that it does not appear like that to any reasonable, fair-minded person who addresses himself to the question.

Honourable senators, the Canadian public is being sold a gold brick. It is in danger of being the victim of a con job, sold

to it with all the finesse of a master con artist. Why do I speak of a con job? Let us look at the reasons for proceeding as we are proceeding.

First, we are told that efforts to bring Canada's Constitution totally under Canadian control have been going on for 53 years.

Senator Perrault: That is right.

Senator Donahoe: I am glad to hear the Leader of the Government say that that is right, because he said yesterday that it was 57 years.

Senator Perrault: Well, it feels like 57.

Senator Donahoe: Well, that is nit-picking, I suppose, but the fact remains that 53 years is the accepted term. That is what we are told. But, of course, that is a statement entirely without foundation. In fact the Constitution that we are being asked to bring under Canadian control is not the Constitution we have lived under and developed for 113 years. It is a new and different Constitution devised by Mr. Trudeau, presented for the first time only a few short weeks ago and it is a Constitution which undermines the constitutional philosophy upon which this country, our Canada, was founded and which has served it so well.

We are told that we must entrench a bill of rights. It is presented to us as though by entrenching a bill of rights we would somehow have more and better rights than we now enjoy, and the fact that in the process we are transferring legislative power to an appointed court from an elected Parliament, and an elected Parliament moreover which has an appointed regional representative upper house, that point is ignored or played down or treated as if of no importance. Finally the whole procedure is the essence of hypocrisy. It is put forward by Mr. Trudeau who has proclaimed from the house tops that it is demeaning, that it is inconsistent with our dignity as a nation, that it derogates from our sovereignty, that it is a remnant of colonialism, that Westminster should be called upon to legislate in respect of the Canadian Constitution. Don't tell me he does not say these things, because I have heard them repeated in this very chamber in this very debate by some of those who support him here.

Having established the need for patriation and attempting to justify it with such an argument, what does he then do? You know what he does. He seeks to use the instrumentality of Westminster to place this country in the humiliating position of a colony, the position that we had thought was so far behind us in the past. And he wants to do that, not to bring back our Constitution to be dealt with in Canada by Canadians, but to destroy the basis on which the country was founded, to point it in the direction of a unitary state, to inject into our Constitution the type of codified law in which Mr. Trudeau received his legal training, and then to return this new Constitution to us full of new powers, which, in some instances, the Supreme Court has said are beyond the powers of the Canadian Parliament in the present state of the Constitution, but authority for which he will seek and hopes to secure in this enlightened, emancipated age—from, of all places, th legislature of another power.

Do you wonder that I say it is the height of hypocrisy? I say, "Shame!" There is only one proper course, and that is one that I am sure has not been attempted because Mr. Trudeau knows that it can succeed, and, if it succeeds, it will stand in the way of his achieving his ends. That way is to transfer the B.N.A. Act to Canada with an amending formula that will permit, without delay, the embarkation upon a process of reform of the Constitution under the new formula, a formula which will relieve us from what Mr. Trudeau has called "the chains of unanimity," and give us an amended Constitution made in Canada by Canadians.

Senator Perrault: Hear, hear.

Senator Donahoe: Giving due respect—"Hear, hear!"? It is unbelievable that a sentiment of that kind could be greeted by a "Hear, hear!" from the gentleman who said those words. Unbelievable! When he is going to insist that these things that I have said ought not to be permitted will take place. He will insist not that Canadians make our new Constitution but that legislators in the Parliament at Westminster do so, and only then, when they have changed the philosophy under which our nation was formed and under which it is governed, only then will Canadians be considered fit to deal with their own affairs.

Senator Flynn: Hear, hear.

Senator Donahoe: What we need—

Senator Perrault: Do you have a problem? Do you need a doctor?

Senator Flynn: I have a problem with you.

Senator Perrault: Do you need a doctor?

Senator Flynn: You certainly need one yourself.

Senator Donahoe: What we need is an amended Constitution, one that will—

Senator Perrault: It sounds like a cattle auction.

Senator Donahoe: One that will give due respect to the needs and aspirations of all Canadians, and one that is arrived at in a truly democratic and Canadian way.

I will not go into the details of the referendum proposals or the details of the entrenched Bill of Rights or the details of the various things that are provided. Those have been thoroughly dealt with already and will be dealt with, I am sure, in even greater detail as time goes on.

But I do want to say that I had occasion to look at the *Minutes of the Proceedings of the Senate*, No. 50, dated the 27th of October, 1980. When I look in there, I find that on that day:

> A Message was brought from the House of Commons by their Clerk in the following words:—

The message concerned a resolution that had been passed in the House of Commons to establish a special joint committee:

—to consider and report upon the document entitled "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada"—

It goes on to say:

That 15 Members of the House of Commons to be designated no later than three sitting days after the adoption of this motion be members on the part of this House of the Special Joint Committee—

After that resolution was received, the resolution that we are now debating was put before this chamber. As does the other, it proposes that there be a special joint committee and that the Senate unite with the House of Commons to set up such a committee. It goes on to say:

That ten Members of the Senate, to be designated at a later date, act on behalf of the Senate as members of the Special Joint Committee—

Why 10? Why not 15?

Some Hon. Senators: Hear, hear.

Senator Donahoe: Are we not a chamber equal in legislative authority with the House of Commons? Oh, I know that we are an appointed body. I am well aware of that fact. I also know that we are part of the Constitution of this country, and I know that as part of the Constitution of this country we have certain legal and legislative rights. As of now, those rights are equal to and concurrent with the rights of the House of Commons.

There are some limitations upon us. We cannot initiate money bills. But apart from that we have as much authority over legislation as does the House of Commons.

Here we are being asked to consider the most momentous, the most important, the most decisive piece of legislation that has come before the Parliament of Canada in my lifetime. We are being asked to consider it in a committee which is to be representative of this house and of the other place; yet we are being asked to accept a secondary position in the formation of that committee and to have only 10 representatives on it where the other place shall have 15.

Oh, I know that there are more members of Parliament than there are senators. But we are a constitutional body as they are. We have equal and concurrent power, and we should have equal representation on that committee.

Some Hon. Senators: Hear, hear.

MOTION IN AMENDMENT

Senator Donahoe: Therefore, honourable senators, I move, seconded by Senator Murray, that the motion be amended by deleting the second paragraph thereof, and substituting the following therefor:

That 15 Members of the Senate, to be designated at a later date, act on behalf of the Senate as members of the Special Joint Committee;

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Donahoe, seconded by the Honourable Senator Murray, that the motion be amended by deleting the second paragraph thereof, and substituting the following therefor:

That 15 members of the Senate, to be designated at a later date, act on behalf of the Senate as members of the Special Joint Committee.

Is it your pleasure honourable senators, to adopt that motion?

Some Hon. Senators: Nay.

Some Hon. Senators: Yea.

The Hon. the Speaker: Those who say—

Senator Flynn: I assume that Your Honour is not saying that this motion is not debatable?

The Hon. the Speaker: I haven't said anything about that.

Senator Fournier: Your Honour, I move the adjournment of this debate.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Fournier, seconded by the Honourable Senator Murray, that the debate on the motion in amendment be adjourned until the next sitting of the Senate.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Nay.

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

Motion of Senator Fournier negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Asselin	Muir
Choquette	Murray
Donahoe	Nurgitz
Doody	Phillips
Flynn	Roblin
Fournier	Sherwood
Macdonald	Smith
Macquarrie	Tremblay—17.
Marshall	

NAYS

THE HONOURABLE SENATORS

Adams	Lamontagne
Anderson	Lapointe
Barrow	Leblanc
Bird	McElman
Bosa	McIlraith
Connolly	Molgat
Cottreau	Olson
Frith	Perrault
Giguère	Petten
Godfrey	Riley
Graham	Rowe
Guay	Steuart
Hastings	Thériault
Hicks	van Roggen
Lafond	Wood—30.

The Hon. the Speaker: I declare the motion defeated.

THE HONOURABLE JOHN J. CONNOLLY, P.C.

BIRTHDAY FELICITATIONS

Hon. Paul C. Lafond: Honourable senators, may I rise on a question of privilege? Notwithstanding what date is shown on the calendar at the Clerk's Table, my watch calendar indicates that it is now October 31, and I am quite sure that all honourable senators will want to join me in wishing the senior senator present, the Honourable Senator John J. Connolly, many happy returns.

Hon. Senators: Hear, hear.

Hon. John J. Connolly: Honourable senators, I thank you all. I just want to make a short announcement. A year from today I will not be eligible to enter this chamber again.

Hon. Jacques Flynn (Leader of the Opposition): If the honorable senator votes against this resolution, it will take a year before it is dealt with. In any event, I am not looking forward to the day when he is no longer one of us. We, on this side, will miss a man of his understanding and learning.

[*Translation*]

BUSINESS OF THE SENATE

Hon. Jacques Flynn (Leader of the Opposition): Mr. Speaker, I do not know how we should call you in French. Personally I think it should be "monsieur le Président". In any case I must point out to you that we have gone past midnight and that according to our rules nothing applies after midnight. Our rules apply exclusively to sittings of the Senate beginning at 2 p.m. each day. We have tried to adjourn to two o'clock tomorrow. I cannot find anything in our rules which applies after midnight. Unless a vote had been called, of course, then the division ought to take place. But there is nothing in our rules which allows us to sit at this hour. I find that altogether irregular. Since it is past midnight, I think that the Speaker has to say that the Senate will sit tomorrow at two o'clock.

[The Hon. the Speaker.]

Senator Choquette: Today at two o'clock.

[*English*]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I do not believe there is anything to support the proposition that we cannot continue to sit. There are certainly precedents for that.

Senator Flynn: On agreement.

Senator Frith: I think the question is whether we want to continue sitting, not whether we have the right to continue sitting; but I take it the honourable senator has raised a point of order, so I suppose we will have to have another ruling, another series of bells and another long delay waiting for the return of the Whip on the other side, just as we have on everything else. However, I guess we have to go through this as long as they want to keep doing it.

Senator Roblin: Perhaps we might cut short some of the lengthy procedure referred to by the honourable senator if he would give us some indication of what the intention of the government is with regard to the adjournment of the house.

Senator Frith: The original intention, as I explained—

Senator Murray: Who is the house leader over there? We just had a question answered by the Minister of State for Economic Development. Now you are answering one.

Senator Guay: Stand up when you speak.

Senator Flynn: You, too.

[*Translation*]

Senator Guay: Honourable senators, I should like to say to the Leader of the Opposition that I noticed tonight, and I kept track of this, that I have already been blamed for talking too much. But I can assure you that he is the champion, and then some. He often used the word "Speaker" because he was not too sure. He called you "la présidence" and something else. I should say to him that he would be an excellent Speaker because he speaks all the time and does not say anything.

Senator Flynn: You are breaking my heart. I am going to cry.

[*English*]

Senator Phillips: To say that he says nothing is a reflection on his Honour the Speaker.

Senator Guay: That is fine. Keep on talking.

Senator Frith: In answer to the question that was put to me by the Deputy Leader of the Opposition, our intention is to try and complete the program that I had thought was the subject of an agreement.

Senator Perrault: There was an agreement.

Senator Flynn: You had better not say that again.

Senator Frith: We know, however, that that view is not shared. I had thought there was an agreement, as I say, that we would finish the debate on this matter by the end of this week.

Senator Guay: You should have known better.

Senator Frith: Our intention is to sit as long as honourable senators want to speak on this motion—until the end of this week, at least.

Senator Roblin: I must say that my friend leaves me a little bit confused, because if, as he says, we are going to sit until all members who want to speak have spoken without any intermission, we may be here for some time. We have been engaged in our duties now since 2 o'clock this afternoon, and it would only be reasonable that at this stage we should go to bed. We will be back here tomorrow and we will have another day to go at it. It seems to me that it would be quite reasonable to terminate our proceedings tonight and resume them tomorrow at 2 o'clock.

Senator Frith: Honourable senators, perhaps I could ask the Leader of the Opposition the same question he asked me, and that is: What are his party's intentions with respect to the debate?

First, is it his intention to finish the debate on this motion by the end of this week; secondly, if we are going to cease our sitting tonight, in other words, adjourn the debate—and I guess it is our turn to adjourn it—will we sit tomorrow morning at 10 o'clock and try to get the job done. I must say that I find it difficult to understand any suggestion that we have done enough work, and if we want to get the job done and give everyone a chance to talk we should not meet tomorrow morning at 10 o'clock.

If we want to give everyone a chance to speak and finish up the debate by the end of the week, I do not understand why we would not sit tomorrow morning.

Senator Roblin: I think it is a question of a reasonable expectation of a day's work from people. After all, we are expected to have our wits about us. We are here discussing important business and I think it unreasonable to carry on beyond the point where the human anatomy begins to fail.

We have been at this debate for a long time today and, if we follow the same procedure tomorrow—and I suspect we will—we will be at it for a very long time tomorrow. It seems to me that it is reasonable to expect people to give up the debate shortly, I would say right now, and resume it at 2 o'clock tomorrow. I am sure we are going to have a very long day tomorrow.

Senator Perrault: Let us go on right now.

Senator Roblin: There is the possibility of sitting on Saturday. I am not quite sure how that is going to turn out. Let us be frank about it—there are limits to what we can do and if we are pressed beyond what is a reasonable expectation from the physical point of view I do not think it is fair to take that attitude. The government has its program. We have made it perfectly clear that we do not intend to try to hold that program up indefinitely, even if we could.

We have made a suggestion that we ought to quit at a certain time, which would be right after the opening on Monday, but we have had a negative response to this suggestion. We know very well that we are going to have to finish up this week if that is the government's determination. They have the numbers and they have the capacity to see that that is done. If they are determined to finish this week, then I guess they will have their way.

I think we have had enough for today and we could all honourably call this off and go home and start again tomorrow.

Some Hon. Senators: At 10 o'clock.

Senator Roblin: No, at 2 o'clock.

Senator Flynn: I should like a ruling from the Speaker as to the propriety of sitting after 12 o'clock. There is nothing in our rules, and I suggest that it is only with leave that we can sit after midnight. The rules provide for the sitting on a sitting day, and a "sitting day" is over by 35 minutes now. There is no provision for sitting at this time.

We sit at 2 o'clock on a given day. Today we can sit only at 2 o'clock, that is what is provided in the rules.

The Hon. the Speaker: I know there has been a precedent and the Senate has sat beyond 12 o'clock. Can you provide me with some other authority? I will not be the one to detain you.

Senator Flynn: It was only with agreement that the Senate sat after 12 o'clock.

Senator Perrault: No, it was not.

Some Hon. Senators: No.

Senator Flynn: It is only by agreement. I have been here for 18 years.

Senator McIlraith: No, no.

Senator Flynn: All right, Senator McIlraith, you tell me when.

Senator McIlraith: I will give you the authority.

Senator Flynn: I was not here then.

Senator McIlraith: You asked me a question and I am trying to answer it.

Senator Flynn: You answer it.

Senator McIlraith: I will answer it in accordance with the established practice that has always been sought to be followed in this chamber and in the other place. I will answer your questions.

Senator Flynn: They will applaud you in advance even if you are going to be wrong.

Senator McIlraith: I thank you for your courtesy in allowing me to answer your question. I wish you could restrain your feelings in order to observe the ordinary decencies of debate.

Senator Flynn: There is something other than decency of debate. There is decency of behaviour on the part of the majority here.

Senator McIlraith: I do not accept the principle that—

Senator Flynn: I do accept that. You accept to follow the Leader of the Government.

Senator Hicks: Order, order!

Senator McIlraith: I accept and seek to conduct myself properly and honourably in this chamber, and I expect others to do the same.

Some Hon. Senators: Hear, hear.

Senator McIlraith: The question asked me is one that I shall seek to answer, if I can.

Senator Flynn: Try your best.

Senator McIlraith: That is what I propose to do. Rule 1 of the *Rules of the Senate* states:

> 1. In all cases not provided for in these rules, the customs, usages, forms and proceedings of either House of the Parliament of Canada shall, so far as is practicable, be followed in the Senate or in any committee thereof.

The practice well established and regularly and frequently used in the House of Commons is that when a sitting begins on a day—and the most recent example is last week where the question was put on this very matter that is before us, it was put between the hours of one and two a.m. on Friday—the date remains the same as the day on which the sitting started, namely, Thursday, October 23. If honourable senators will look at the practice and the dozens and dozens of precedents there, they will find that the proceedings are always carried under that date. You will see that right in House of Commons *Hansard* of October 23.

Senator Flynn: Come on!

Senator McIlraith: The proceedings are dated Thursday, October 23.

Senator Flynn: Do you mean the *House of Commons Debates*?

Senator McIlraith: Yes.

Senator Flynn: Those are not our rules.

Senator McIlraith: Just a minute. Let me make my statement. Perhaps I am right, perhaps I am wrong, but I think I have the right to put the proposition in answer to the question you asked me. Of that I am sure. We will find that in the margin of the debates of the other place the hours are stated. You will find that, for instance, on page 4051 of *Hansard* of the House of Commons for Thursday, October 23, 1980, that the time indicated is 0110, which means 10 minutes after 1 on Friday morning.

Senator Flynn: What does that prove?

Senator McIlraith: I have sat in the other place until daylight, yet the proceedings were carried from the day before. That is the custom and useage of the House of Commons. As provided for in Rule 1 of the *Rules of the Senate*, that is the rule which governs here, clearly. I am sure there are enough former members of the House of Commons who could repeat instance after instance after instance of days on which we sat continuously without any motion to sit continuously or anything else, but just by an extension of the time with a motion only to dispense with the adjournment at 10 o'clock under their rules. That is the authority for the proposition, and it is very clear. There are many, many precedents for it. I myself was through many of those over my 33 years in the other place.

Senator Choquette: That's why you sound so tired.

Senator McIlraith: If my honourable friends opposite feel it is appropriate that we adjourn at this hour, which they suggest, and quite properly so, I do not see why they withhold the right to sit at a reasonable hour tomorrow morning, which I would consider to be 10 o'clock. I invite them to consider what conclusion will be drawn from that in terms of whether they are wishing to get on with the debate on this very important subject and put their views before the Senate, or whether there is some other reason behind their lack of consent in this regard.

Senator Frith: Honourable senators, I wonder if I might make a brief comment on that. I will neither be long nor provocative.

The point made by Senator Roblin that we have worked hard today and have much more to do tomorrow prompts me to suggest that perhaps we should talk in terms of meeting at 11 o'clock tomorrow and sit from 11 o'clock to 1 p.m., and then come back at 2 o'clock.

I am trying to strike some kind of blend, bearing in mind Senator Roblin's point that we are tired and we still have lots of work to do and the desire to get a good early start at it.

Senator Roblin: I thank my honourable friend. I think he is trying to arrive at a reasonable position here, and I will see what I can do to help him.

It is obvious that some of our tempers are getting a little short, which is only to be expected. Certainly, we do not want that situation to be exacerbated. I would suggest that we continue the debate now until 1 a.m. and then meet again at 1 p.m.

Senator Flynn: Might I inquire of the deputy leader how many members on the other side have indicated a desire to speak, and may I, at the same time, remind the deputy leader that our suggestion to have the vote on Monday is to allow as many senators as possible to be here for the vote.

Senator Olson: They could be here now.

Senator Flynn: That is right, but I think our attendance on this side is better than on your side.

You have to be reasonable in these things. I have not yet had explained to me what the difference is between holding the vote on Saturday, as desired by the deputy leader, and having it on Monday evening.

We were prepared to give an undertaking that the vote would take place at a given hour, as is done in the other place, thereby allowing members to be there at the proper time and to register their votes. To my mind, it is important to have as full representation as possible when it comes to the vote on this particular motion.

Over the course of the debate today there have been objections to many of our amendments. In the normal course of events, they would have been voted down in no time. We would not have lost as much time as we did with the division bells, and so on.

I know that you have the numbers; I know that you have the strength. But just give in a little bit and try to be reasonable. That is all we are asking.

Senator Roblin: Could I suggest that we accept the proposition that we meet at 11 o'clock, provided we rise at 12 and then come back again at 2. How would that suit the situation?

Senator Frith: I think that is reasonable, and we should leave it at that. I do not think I should make any other comment or indeed that anybody should make any further comment tonight. But where does the debate stand at the moment? We have a motion to adjourn the debate on the amendment?

Senator Flynn: The motion in amendment presented by Senator Donahoe is before the house. So I think you just have to move, with leave, that the house do adjourn until tomorrow morning. As I say, you have to move with leave and we will give you leave. But you have to revert to Notices of Motions.

ADJOURNMENT

Leave having been given to revert to Notices of Motion:

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until tomorrow, Friday, October 31, 1980, at 11 o'clock in the forenoon.

I should put on the record that we are going to sit only until 12 o'clock and then rise and come back at 2 o'clock.

Senator Roblin: That is a reasonable arrangement, and I thank my honourable friend for his co-operation.

Motion agreed to.

THE CONSTITUTION

MOTION TO APPOINT SPECIAL JOINT COMMITTEE—MOTION IN AMENDMENT—DEBATE CONTINUED

The Senate resumed the debate on the motion of the Honourable Senator Perrault:

That the Senate do unite with the House of Commons in the appointment of a Special Joint Committee to consider and report upon the document entitled "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada" published by the Government on October 2, 1980, and to recommend in their report whether or not such an Address, with such amendments as the Committee considers necessary, should be presented by both Houses of Parliament to Her Majesty the Queen;

That ten Members of the Senate, to be designated at a later date, act on behalf of the Senate as members of the Special Joint Committee;

That the Committee have power to appoint from among its members such subcommittees as may be deemed advisable and necessary and to delegate to such subcommittees all or any of their powers except the power to report directly to the Senate;

That the Committee have power to sit during sittings and adjournments of the Senate;

That the Committee have power to send for persons, papers and records, and to examine witnesses and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee submit their report not later than December 9, 1980.

That the quorum of the Committee be twelve members, whenever a vote, resolution or other decision is taken, so long as both Houses are represented and that the Joint Chairmen be authorized to hold meetings, to receive evidence and authorize the printing thereof, when six members are present so long as both Houses are represented; and

That a Message be sent to the House of Commons to inform that House accordingly; and

On the motion in amendment thereto of the Honourable Senator Donahoe, seconded by the Honourable Senator Murray, that the motion be amended by deleting the second paragraph thereof and substituting the following therefor:

"That fifteen Members of the Senate, to be designated at a later date, act on behalf of the Senate as members of the Special Joint Committee;".

On motion of Senator Phillips, debate adjourned.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Friday, October 31, 1980

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Canadian Film Development Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1980, pursuant to section 20 of the *Canadian Film Development Corporation Act*, Chapter C-8, R.S.C., 1970.

QUESTION PERIOD

[*English*]

ENERGY

NEGOTIATIONS BETWEEN FEDERAL GOVERNMENT AND GOVERNMENT OF ALBERTA

Hon. R. James Balfour: Honourable senators, I have a question for the Minister of State for Economic Development. Is the minister able to indicate to the Senate if new negotiations are contemplated between either Mr. Lalonde and Mr. Leitch, or alternatively between the Prime Minister and Premier Lougheed, in connection with the energy policy of the federal government to which the western provinces are so clearly opposed?

• (1105)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, yes, the federal government is considering today what form the negotiations will take, and, indeed, when the negotiations can resume on an energy package. Of course, this is in compliance with the statement of the Minister of Energy and with the statement of the Minister of Finance when he delivered his budget—namely, that we are not only anxious to resume negotiations in a real way but if the negotiations reach an agreement requiring some modification of the budgetary proposals, that will be done.

I am sure the honourable senator realizes that several times in his public address last night Premier Lougheed also called for further negotiations, and that, if they were to culminate in an agreement, he would withdraw from the action he contemplates recommending to the legislature.

It would appear, therefore, that in the negotiations both sides are indicating that they want to reach agreement on all these points. It is certainly hoped that that can be worked out in the next few days.

OIL SHORTAGES—PRECAUTIONARY MEASURES

Hon. R. James Balfour: Honourable senators, I have a supplementary question for the same minister. Does the government intend to attempt to negotiate the purchase of additional stocks of offshore oil as a precautionary measure to guard against any temporary shortages which might result from the proposed cutbacks in Alberta production which were announced by Premier Lougheed yesterday?

Hon H. A. Olson (Minister of State for Economic Development): Honourable senators, it would be premature to reach that decision, or indeed to announce that negotiations are underway, because in the first place the restrictions on or cutbacks in production, which appear to amount to 5 per cent after 90 days' notice, would not take effect until 90 days from now, in any event, according to what Premier Lougheed has said.

In addition to that, the inventories of oil in Canada are at a high level. Therefore, it would appear that it is not an immediate, urgent problem. Moreover, as I said a few minutes ago, the Premier of Alberta has indicated that, if there was any shortage which would deny sufficient supplies to Canadians anywhere in the market that they serve, he would lift the restrictions to accommodate that shortage.

• (1110)

Senator Balfour: A further supplementary for the honourable the minister: I am sure he observed that over the past two days the value of energy stocks on the Toronto Stock Exchange has declined by approximately $5.6 billion from their listed value prior to the budget announcement. Despite the assurances of the minister responsible for economic development, in response to questions last Wednesday that the policies enunciated in the budget would stimulate energy exploration, it would appear that the former shareholders of those companies disagree with him.

Would the minister indicate if the government had anticipated that the stock market would decline so precipitously in the aftermath of the budget, and could he tell us if the government is reconsidering some of its measures so that investment in energy will be dissuaded from leaving Canada, so that energy self-sufficiency can again be added to the list of national priorities?

Senator Olson: Honourable senators, to answer the last part of the question first, the determination of the government, as a

high priority, to reach self-sufficiency on crude oil production has not changed. It was, it is and will be a high priority for all of this decade to get to that position as rapidly as it is physically and financially possible.

As to the other part of the question, to anticipate what might happen one way or the other in the stock market, I expect that whenever there is a new policy, whether it is in the energy field or any other major sector of the economy—or even in the area of monetary and finance—the market reacts sometimes one way, sometimes another way, until it settles down on the basis of a better understanding of what is in the totality of the package.

We have already acknowledged that it is a large and, I suppose, a comprehensive and even complex national energy package. The indications are that a number of investors—not only on this side of the border but also on the other side—are not fully informed as to what the consequences might be, and perhaps they are overreacting. That is not the first time that has happened, and it certainly will not be the last, until they fully understand what the changes are and, indeed, do an assessment of what the consequences may be over time.

I do not withdraw from the statement I made the other day that inside the component parts of that package are many enriched incentives for Canadian-owned and controlled companies. I believe the market may take a completely different attitude after it has studied those component parts and fully understand what they mean.

OIL—UNCONVENTIONAL SOURCES—PROVINCIAL ROYALTIES

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I also address a question on the oil situation to the Minister of State for Economic Development? I gathered from the statement by the Premier of Alberta last night that he will again be looking at certain of the projected plants in respect of unconventional sources of oil. I believe he said that he would be looking at the question of provincial royalties in respect to them.

Is my honourable friend able to tell us which of the projected unconventional oil projects are affected by that statement?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, no, I cannot state that specifically, but I would expect that there are two tar sands processing plants. One is commonly known as Alsands. There is another proposal that is well known but which I do not believe has reached the stage of a formal commitment to go ahead—one that is supported by Petro-Canada, Nova, an Alberta Corporation, and several other interested parties.

• (1115)

I expect also—I stand to be corrected on this, because I do not know for sure—that perhaps the Esso resources plant, or project, at Cold Lake may be held in abeyance.

I have to say that we, as the federal government, are dismayed that Alberta has decided to hold in abeyance decisions on these oil sands projects, because some of the offers that have been made public, including one of $38 per barrel, plus escalation, appear to us to be attractive. We believe that the program is such that it would have made these projects economically viable. I therefore hope that the provincial government will reconsider this, and that that might be one aspect of the package we could agree on and get started on without interruption until these projects come on stream, because in our opinion they hold the greatest potential for supplying the deficiency in the Canadian oil supply, bringing us to self-sufficiency some time in this decade.

Senator Roblin: I am rather surprised to hear the minister say he is dismayed, because surely when he and his colleagues were calculating the effects of their moves in the oil and natural gas business they paid some attention to the position placed on the record by the Government of Alberta as to their possible reaction to the sort of policy my honourable friends are pursuing. I should have expected that the least they would have done was to have taken that into account in their calculations. So where the dismay comes in, I do not know.

I would ask my honourable friend, however, when he gets the information as to which of these plants are in question, he might give the house a statement as to the quantity of oil that is expected to be produced by each, so that we may have some way of assessing its impact on the goal of self-sufficiency by the end of this decade.

Senator Olson: Well, honourable senators, some of that information is available now. The Cold Lake plant, with the enhanced steam injection technology that it was proposed to use there, is projected to produce about 140,000 barrels a day when it comes on stream, if it comes on stream, in 1986 and 1987. I think the oil sands plant is another of about the same size in terms of output. There are also several in the Lloydminster area on both sides of the provincial border that could come on stream within the next three to five years, and of course escalate over time to perhaps 75,000 to 100,000 barrels a day.

The potential of the pilot project in Peace River, where there is already about $80 million invested in not only research but experimentation to find out how those sands would respond to heat injection technology, is not known at this point. Certainly the size of that project, although there is a huge deposit, is not even projected by the company involved. They know how much they can get from each one of the components of the pilot project, but how many would go into production is something that has yet to be determined.

In any event, it is anticipated that the major portion of the deficit we have now, and of the amount we have to make up in view of the decline in the conventional oil flow, would come from these synthetic oil plants, and that is why I say we are dismayed. We believe that these projects should be a high priority for both governments. We believe also that we have already demonstrated that the construction of these projects should get under way so that they are brought on in time to make up for these deficits.

• (1120)

Senator Roblin: I was rather surprised to hear my honourable friend say that he has already demonstrated his interest,

because up until the time of the budget the big hold-up regarding all those plants was knowing what the price was going to be and what the federal government's policy was going to be. Now we know its policy, although it comes at a very late stage in the day, and we find it results in this confrontation.

I hope my friend will do more than express his dismay in this matter and get busy negotiating with the Province of Alberta to do something about it. After all, the Premier of Alberta did invite renewed negotiations quite recently, and I would like to know from my honourable friend when he expects to take him up on it.

Senator Olson: Honourable senators, one statement which I made, and which is not a new one, seems to have gone right by my honourable friend, and that is that the federal government indicated several weeks ago, and, indeed affirmed in the budget, that it was willing to accept a high price, starting in 1980, of $38 per barrel for the synthetic crude that comes out of all those plants. Up until less than a month ago that price was in excess of the projected requirements to take care of the capital investment and the operational costs of those projects.

I think it is grossly unfair for my honourable friend to suggest that we have not made known that we are not only vitally interested in promoting those plants but also that we have taken some positive steps to make sure that there is sufficient incentive to go ahead and make the investments.

Senator Roblin: If the $38 a barrel which was previously offered to these companies is adequate, why is my honourable friend now offering $38 plus the inflationary mark-up?

Senator Olson: No, that is wrong. The offer has always been $38 plus escalation based on the inflationary factor.

Senator Roblin: Then why has nothing happened?

Senator Olson: Because the Alberta government has indicated that it will hold these plants in abeyance until such time as all the other parts of the energy package are complete. That, in my view, is the part that we are dismayed at. We think we can negotiate on many other things, but, if we can agree on that one item, it seems to me that it would be good for Alberta and for Canada to get ahead with negotiations.

Senator Roblin: That leads me to the question I raised earlier to which I did not get an answer: When will the minister be meeting with the Province of Alberta?

Senator Olson: As soon as we have those dates settled. Obviously, that is another matter that has to be agreed to by Alberta, since we hope they will come to the meeting. I will let the honourable senator know.

CROWN CORPORATIONS—APPLICATION OF PETROLEUM AND GAS REVENUE TAX

Hon. D. G. Steuart: Honourable senators, I direct my question to the Minister of State for Economic Development. It is in regard to the new petroleum and gas revenue tax which will be set at the rate of 8 per cent on net operating revenue. The national energy program suggested that this will be charged to private companies and public sector business enterprises that derive income from oil and gas production. Will this tax apply to crown corporations such as PetroCan and SaskOil?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I believe that is a correct interpretation, although I will refer the question to the Department of Finance and to the Department of Energy, Mines and Resources to obtain a more detailed and precise answer.

Senator Steuart: As a supplementary, at the same time could the minister inquire whether the department has had a legal opinion in respect to the legality of the federal government's position, since the Premier of Saskatchewan has indicated that if this tax is imposed on crown corporations he will go to court?

Senator Olson: I will include that as part of the question which I took as notice. I think my honourable friend realizes that the federal government does not believe that there was anything illegal in the budget.

Senator Roblin: May I ask a supplementary question on this matter of taxation of crown corporations? The budget proposes, as I understand it, that the federal government will tax, or attempt to tax, provincial crown corporations. Would the federal government be willing to have the provinces tax federal crown corporations?

• (1125)

Senator Olson: I always get a little nervous when I get into these legal arguments, because I have never professed to have the great knowledge, for example, of the Deputy Leader of the Opposition in these matters, but there is one point that ought to be taken into account here. I am not sure that it is a tax on crown corporations or the profits of crown corporations. I think it is a throughput tax on gas and oil, and whether a crown corporation or a private company handles that throughput seems to raise a slightly different question than has been raised here.

Senator Roblin: I suggest to my honourable friend that sales tax is also a throughput tax, and that is a tax which is not charged by one government against another. Further, I suggest to my honourable friend that I am not really asking a legal question but a policy question. Would it be the policy of the federal government to accept taxation of federal crown corporations and similar bodies by provinces?

Senator Olson: I can answer that question because it is asked in general terms, but your earlier question was more specific—that is, the proposed 8 per cent tax on the throughput of gas and oil, even though it was handled by a crown corporation. I will get an answer to that question.

Senator Roblin: I thank my honourable friend, and I hope he will also get an answer to the general proposition I put to him, which I think is a matter of government policy that ought to be explicated in the house.

PROPOSED TAX ON NATURAL GAS—FEDERAL REVENUE

Hon. Duff Roblin: Turning to another topic, but directing this question to the same minister, it is estimated that the new

natural gas tax will bring into the federal treasury $1,300 million in 1981-82, if that is the correct figure. My question to the minister is; What portion of this amount will come from the tax on gas exports, and what portion from the tax on gas that is consumed domestically? I presume that calculation is available to the Minister of Finance.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I presume it is too, but, of course, it would have to be based on the ratio of historical volume. Certainly, the tax is intended to apply to all gas in Canada, and it will be levied at the distributor level across the country. On the amount of that gas going through the distributors' hands, whether it is destined for Canadian or export consumption, the tax will be levied at the same rate. So the amount in the export would, of course, be the ratio of the totality that goes into the export market, but I will get the precise figures.

ENERTECH CANADA LTD.—MARKETING OF ENERGY-RELATED EQUIPMENT

Hon. Nathan Nurgitz: Honourable senators, I have a question of a non-legal nature for the Minister of State for Economic Development. Yesterday in Winnipeg the Honourable Lloyd Axworthy announced the formation of a new crown corporation, I believe, Enertech Canada Ltd., and listed—I confess to you, Mr. Minister, that I have not seen the release, but I have seen a newspaper account—as one of its functions the marketing of certain energy equipment to be used either in connection with renewable energy or in conservation technology. Can the minister indicate to us, if it has been established, whether this new crown corporation will be marketing products which are currently sold anywhere in Canada by private Canadian business?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will take that question as notice, inasmuch as neither one of us has seen the details. It would be well to have a look at that, and then get the answer from the minister responsible for PetroCan and Enertech.

Senator Asselin: Was it not decided in cabinet?

Senator Olson: Well, there are a lot of things decided in cabinet, but my honourable friend knows even better than I do, because his government observed the practice more stringently than we do, that one minister does not make announcements on behalf of another minister.

• (1130)

Senator Asselin: You don't know what is going on in the cabinet.

TRANSPORT

AIR CANADA—TARIFFS BETWEEN MAJOR CANADIAN CITIES

Hon. Jack Marshall: Honourable senators, I have a question for the Minister of State for Economic Development or for the Leader of the Government. The question relates to a question I had on the order paper regarding increases in Air Canada fares. I was astounded to learn that over the past 10 years the fare from Ottawa to Toronto has gone up 300 per cent; the fare from Ottawa to Montreal has gone up 400 per cent; and the fare between Ottawa and St. John's, Newfoundland, has gone up 100 per cent.

I wonder if the Leader of the Government could investigate these exorbitant increases. Air Canada brags about making money, so it appears that it just taxes the Canadian taxpayer when it likes. It just increases its fares any time it likes. This is a ridiculous situation and should be investigated. Could the leader look into this on an urgent basis?

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice. I am sure Senator Marshall is aware that all prices and schedules are approved by the Air Transport Committee of the Canadian Transport Commission. The fares are not made up by Parliament or the federal cabinet. However, as I said, the information will be obtained.

[*Translation*]

PUBLIC WORKS

GROS CACOUNA, QUEBEC—HARBOUR IMPROVEMENTS

Hon. Martial Asselin: Honourable senators, I have a question for the Minister of State for Economic Development.

Since 1962, in my area in Quebec, that is Gros Cacouna, near Rivière-du-Loup, every four years the Liberal candidate gets elected as the member of Parliament for Kamouraska-Rivière-du-Loup by promising that the federal government will spend more money to develop the port of Gros Cacouna, and because of that, since then, the federal government has invested over $30 million in a port which is not being used.

The extension of a gas pipeline from Quebec to the maritimes is now being considered. The building of facilities for a liquified gas port is also being considered. Will the government build this port in Gros Cacouna to get a return on its investments made with the taxpayers' money and which, as I said earlier, amounts to $30 million since 1962?

[*English*]

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am sure that Senator Asselin would not expect me to agree that great amounts of money have been invested in a port that has no use. I do not think he would feel very comfortable going into a community and telling people that, either.

Senator Asselin: I have already done that.

Senator Olson: Perhaps he has. Perhaps that is why his candidates cannot be elected. In any event, as far as the substance of the question is concerned, and without the opinion expressed as to whether it will be used for some other purpose described in the question, I shall make some inquiries.

[*Translation*]

Senator Asselin: I have a supplementary. Can the minister obtain further information? Have the officials of his department met with their Quebec counterparts to inquire into the

possibility of extending the pipeline, inasmuch, of course, as the Quebec environment and agricultural zoning regulations allow it?

[*English*]

Senator Olson: Honourable senators, I am sure that the officials from Environment Canada and, indeed, the Department of Energy, Mines and Resources have this kind of consultation, although I do not know who is involved or the dates. If I understand my friend correctly, he asked if officials from my department have been in there, and I think I can safely say that they have not. The officials of my department do not get into the business of looking into matters like that. The departments responsible do it.

• (1135)

[*Translation*]

Senator Asselin: Well, as the establishment of that liquefied gas port in Gros Cacouna harbour is a very important issue for Quebec, could the minister assure us that within a week he will make a ministerial statement concerning the establishment of the methanol harbour of Gros Cacouna?

[*English*]

Senator Olson: I shall make inquiries about that.

SCIENCE AND TECHNOLOGY

NUCLEAR FUSION RESEARCH

Hon. Paul Yuzyk: Honourable senators, my question is for the Leader of the Government in the Senate. On October 6 last, the government leader provided a delayed reply to a question that I had asked on July 15 concerning Canada's participation in nuclear fusion research. I decided to wait until after the budget before drawing to the attention of the Senate some of the alarming admissions contained in that response. I did so in the hope that the budget would provide scientific allocations of government moneys to ensure Canadian participation in this most critical and worthwhile international venture.

Seeing no such indication, I would draw to the attention of the Leader of the Government the following quotations from his response—and I quote first from page 801 of *Hansard* of October 6:

> Although it is not possible now to estimate realistically the costs of fusion power systems, whether imported in toto or with significant contributions by Canadian industry, the impact of total dependence on foreign technology can be assessed.
>
> Failure to mount a minimal program of fusion R/D sufficient to secure access to a significant portion of fusion technology developed in other countries would probably mean Canada would eventually have to import fusion reactor systems with only limited participation by Canadian industry, mainly in low technology areas. The resultant inability of Canadian industry to contribute significantly to the high-technology content of fusion power systems could greatly increase the overall costs to Canada of acquiring fusion power systems. It will be possible to make realistic estimates of those increased costs once the engineering concepts of future fusion power systems are more fully established.
>
> If Canada does not participate to a significant extent in fusion research our access to the detailed knowledge of fusion technology developments in other countries will become increasingly restricted. Work on fusion in other countries is already moving from the research phase to the engineering phase and the knowledge related to engineering and technological developments is tending to be restricted to the various national programs of fusion development or to those countries who collaborate in major international programs on fusion developments.

I want to underline the next part of that response—and this is important:

> In the last two years there have been several instances where Canada's ability to access the fusion developments in other countries, and our representation on international organizations concerned with fusion R/D, has been limited because of the absence of a Canadian program of fusion R/D which is seen to be of significance on an international scale.
>
> Indications have been received by officials of the National Research Council, from representatives of the U.S. and Japanese governments and from the International Energy Agency, that Canadian participation in research on fusion would be welcomed. Some small collaborative research programs are in place now and the opportunities for larger collaborative programs in specific research areas have been discussed. The possibilities of pursuing these larger collaborative opportunities are dependent on a decision by Canada to support a national program of fusion R/D.

• (1140)

I hope that honourable senators have understood why I had to read what I have read. My question is this: Would the government leader assure us, given the frank acknowledgment of the importance but yet the lack of a Canadian commitment to fusion research embodied in that response, that we can expect an early and affirmative commitment on the part of this government to renew Canada's full status in this important international scientific community.

Senator Marshall: Honourable senators, before the leader replies to that question, I missed some of it and I wonder if Senator Yuzyk would repeat it.

Senator Yuzyk: I think I will allow you to read it on page 801 of *Hansard*.

Hon. Raymond J. Perrault (Leader of the Government): All honourable senators know Senator Yuzyk well enough to know that he would be pleased to read again any sections which were not audible to some honourable senators.

Early in his remarks Senator Yuzyk said that he was disappointed that reference to fusion research was not contained in the budget speech. I know that Senator Yuzyk, based upon his long experience in Parliament, is aware that a Speech from the Throne or a budget presentation cannot hope to cover all areas of significance and importance to the Canadian people. However, the question will be taken as notice. But I do want to provide the assurance that Canada is very much committed to nuclear research.

All honourable senators are aware that we must find energy alternatives in this country. That challenge faces the entire world, and Canada is very much involved. Hopefully, a more complete response can be provided.

Senator Yuzyk: We are very much interested in the reply, and I hope that we will receive it a little sooner than the reply I received to the question I put on July 15.

Senator Perrault: It may not be necessary to provide a reply as long as the one quoted by Senator Yuzyk.

Senator Yuzyk: It may have to be, because I think it is a very important matter.

POST OFFICE

THE BUDGET—INCREASED LEVIES

Hon. Heath Macquarrie: Honourables senators, I should like to ask a question based upon the still proliferating fall-out from Tuesday's budget. I was very distressed to hear the suggestions that in an extension of the user-pay policy combined with the development of the crown corporation policy for the Post Office, that instead of deficits we would have exorbitant levies on the users of the Post Office. Some of our leading economists have suggested that the price of the 17-cent stamp will go up to 51 cents in 1981. It's a shocking thing to have to pay three times more for a stamp, whereas if you are in the business of racing pigeons you can get the harness in now without customs tariff. I would like to have the Leader of the Government answer as to whether or not the people of Canada are headed for such a licking as they are going to get in that stamp price boost.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, we are determined to stamp out deficits. One of the objectives the government has in its move towards the establishment of a crown corporation is not necessarily to foist exorbitant increases on the Canadian people, but rather to attempt to make the postal services in this country substantially more efficient. That does not necessarily mean that achieving greater levels of efficiency will necessitate what the honourable senator has described, in his very descriptive language, as very exorbitant increases.

Senator Macquarrie: I thank the minister and I commend him. That is pretty sharp, that "stamp out" business, after a long night. I am glad I directed my question to him rather than to the Minister of State for Economic Development, who tripped all over his javelin when he was jousting with Senator Asselin a few moments ago.

Can we get the assurance that the people of Canada are not in fact headed for a real heist in the "stamp tax" of 1981.

Senator Perrault: The honourable senator is quite correct, of course, that there has been an upward spiral in postal costs not only in Canada but in many other countries. The government is determined to attempt to provide quality postal services at a moderate cost to Canadians. I know that that is an objective that the honourable senator supports fully.

Senator Phillips: May I ask a supplementary question? I observe the ardent support given by the Leader of the Government in the Senate for the budget measures providing for certain benefits for pigeons. Does this indicate that the Honourable Leader of the Government intends to fly the coop?

Senator Perrault: There is no such possibility, honourable senators, and I trust that the honourable senator is not suggesting or inferring in any way that the budget presented the other evening is entirely for the birds.

Senator Flynn: Not entirely?

Senator Perrault: I meant to say that this great budget is designed to alleviate many problems and to assist many initiatives, programs, and worthwhile endeavours in this country, and it is not confined to the concerns cited by Senator Phillips. I am not aware of the details of any new racing pigeon regulations, but certainly I shall refer to them in the budget papers.

ENERGY

THE BUDGET—TAX ON HEATING OIL

Hon. C. William Doody: Honourable senators, the budget potentially raises the distinct possibility that home heating fuel will increase by up to 75 cents a gallon by 1983. This is a very serious matter because it places an enormous burden on the backs of the very poor and the very old. I prefer not to get an answer at this time in terms of the 18-cents-a-gallon tax projected for gasoline, because most of the people I am talking about don't own eight-cylinder motor cars. They have little space heaters in their kitchens, and they are trying to keep alive in the small coves and hamlets through a long, cold winter. I wonder if there is any anticipation of finding some relief for these people.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, Senator Doody will already be aware that one of the first actions this government took was to increase the guaranteed income supplement. That was done last spring. We did that in such a way that it did not add to the deficit, and there were some taxes introduced to pay for that. I think the honourable senator would agree that action has been taken in advance with respect to the substance of the question he asked.

• (1150)

Senator Doody: I appreciate the answer, honourable sir, but the statistical fact of the matter is that almost 40 per cent of that $35 has already been chewed up in increases in the cost of

fuel. Surely they are not all that much ahead in terms of the GIS as it now stands. Something more substantial, surely, has to be done.

It is highly dramatic to give a $35 increase in the GIS, but it is a great deal more insidious to take it back again through a budgetary tax on home heating oil. Perhaps the minister could address himself to that.

Senator Olson: Honourable senators, it is a well-known fact, an accepted fact across this country, that the government that is in office now has given much higher priority to its social conscience requirements than the government that was in there temporarily for a few months.

Senator Doody: May I suggest that the government that is in power now should have a much more tender social conscience: You keep rising to defend it, and do so in terms of the budget of the previous administration. Surely the honourable minister and his colleagues have been in office long enough now to stand on their own feet and to stand on their own statistics, their own programs, their own ambitions. They should not really keep running back to the Crosbie budget for justification of their own modes and manners.

THE BUDGET—PROVISIONS RESPECTING OIL AND NATURAL GAS—EFFECT ON OFFSHORE DEVELOPMENT

Hon. C. William Doody: Would the Minister of State for Economic Development be kind enough to give me some information on the proposed Canada oil and gas act in relation to offshore development? My calculations up to now indicate to me that under this new system the federal government's increase through the crown corporation in the Hibernia project can come to almost 44 per cent of the holdings of that operation. Can the minister indicate what plans, if any, have been made to compensate the private investors who put their hundreds of millions of dollars into these shares in anticipation of receiving a return on them for that high risk money? And it is very high risk money.

Hon. H. A. Olson (Minister of State for Economic Development): Yes, honourable senators, I will give an undertaking to obtain a more detailed and technical reply to that. My honourable friend should not forget, however, that there is a significant investment in that, both in terms of tax expenditures by the federal Treasury and in terms of Petro-Canada.

Senator Doody: I appreciate the fact that Petro-Canada has a very large involvement now. I was wondering, to use the word that the minister uses from time to time, what the totality of their investment might be as we go further down the road.

Senator Olson: That information is available to you.

Senator Doody: Will it also involve the potential of the 44 per cent ownership? I am interested in the total amount of money that they will have invested.

Senator Olson: I have already taken that part of the question as notice.

[Senator Doody.]

Senator Doody: Thank you. Another facet to that situation, which should perhaps be explored, is that as we approach now the 43¾ per cent mark of federal involvement in the Hibernia project, it seems to me that the federal government is coming close to obtaining control of that offshore development through another route, rather than through the negotiation stage or even through the court stage.

Has the Government of Canada consulted with the Government of Newfoundland in opening up this new avenue of federal control? It seems to me that, if this has not been done, it will set further back the unfortunate situation we have there now in terms of confusion in ownership versus the investors.

Senator Olson: Yes, I think so. I will get a more detailed reply, but I think there were extensive negotiations going on for a number of years and perhaps even more intensively during the past few months, leading up to what would, hopefully, have been an agreement on constitutional change. That is taking place between the federal government and the Government of Newfoundland. I think my honourable friend realizes, too, that at the initiation of some parties involved in that debate or the negotiations were also taken to the media. Perhaps that serves some useful purpose, but we don't believe it does. We think we should negotiate it directly.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, last evening, or actually this morning, we agreed that we would adjourn at twelve and reassemble at two o'clock. I would suggest, if we want to follow that agreement strictly, that we adjourn during pleasure now to reassemble at the call of the bell at approximately two o'clock this afternoon. However, if you would prefer to finish the Question Period now, the ministers are in the house and will stay.

That was our understanding. I want to make it clear that we intend to honour it. What is the opposition's wish?

Senator Marshall: Let the ministers go to lunch.

Hon. Jacques Flynn (Leader of the Opposition): I think we might as well proceed as we said we would. Before we adjourn for lunch, however, may I ask the Leader of the Government if he would consider seriously the possibility of having the Senate sit this afternoon until six o'clock and then adjourn until Monday, either at ten o'clock in the morning, if he wishes, or at two o'clock in the afternoon. The vote could then be taken Monday night before ten o'clock. That would provide for a more orderly debate and for more senators to be present when the final vote is taken.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators—

Senator Flynn: May I suggest that the leader think about it during lunch. I would want him to take that suggestion under advisement.

Senator Perrault: Honourable senators, all constructive options will be considered. However, I think most senators would agree that the debate has been proceeding in a very orderly way and some excellent speeches have been proceeding in a very orderly way and some excellent speeches have been made. There will be many opportunities for honourable senators to debate during the balance of the day.

At this time, the option discussed by the Leader of the Opposition is not under active consideration at this time by the government.

Senator Flynn: Is now or is not?

Senator Frith: Honourable senators, I suggest that we adjourn during pleasure to reassemble at the call of the bell at approximately two o'clock this afternoon.

The Senate adjourned during pleasure.

At 2.40 p.m. the sitting was resumed.

BUSINESS OF THE SENATE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I think we should await the arrival of the Leader of the Government. I believe he has some interesting information to give the house.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the Leader of the Government will be arriving in a few moments. In the meantime, perhaps honourable senators might wish to continue the debate or resume the Question Period.

Senator Flynn: I suggest that we await the arrival of the leader, unless the minister would like us to continue the Question Period.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, during the luncheon hour there have been a number of meetings and conversations with respect to the most appropriate manner for the Senate to consider, debate and to dispose of the motion before us. Those conversations have involved the two house leaders—the Leader of the Government and the Leader of the Opposition—and I should like to make a statement about an agreement achieved at those meetings.

It has been agreed that the Senate shall meet at the usual time of 2 p.m. on Monday afternoon and that a vote on the motion shall take place no later than 9 o'clock in the evening.

Insofar as today's sitting is concerned, it has been agreed that should honourable senators wish to participate in the debate, that opportunity will exist until 6 o'clock this evening, and, of course, in the case of the Monday sitting, until the vote on Monday.

It has been further agreed that the matter of the selection of senators to serve on the joint committee to consider the Constitution shall be discussed at such time as agreed upon by the Senate, including the possibility that the motion to appoint the senators may be dealt with following disposition by the Senate of the present motion on Monday evening.

Senator Flynn: Honourable senators, I wish to confirm the agreement outlined by the Leader of the Government. I would even add something that he did not mention. We are prepared to forego the remainder of the Question Period today, and also on Monday, so that the only order of the day that would be dealt with until the vote is taken on Monday would be the motion respecting the Constitution proposal.

Senator Connolly: Honourable senators, may I ask a question of the Leader of the Opposition? It has always been my understanding that it has been up to the two parties to decide on the appointment of senators to serve on any joint committee. I am not talking about the overall number, but the method of selection from both sides of the house. I have understood that this has been decided by the respective parties. Is there to be a departure from that procedure?

Senator Flynn: No.

Senator Connolly: I do not object, if there is any reason for it. Is the usual practice to be followed?

Senator Perrault: The usual procedure will be followed. May I take the opportunity to note, as well, that the Leader of the Opposition and the Leader of the Government discussed the matter of substitutions on the joint committee that may be established. It has been agreed that for this committee, the rights of substitution that prevail in the other place, under their standing order 65(4)(b), would apply to Senate members of the committee. Of course, that will only become operative should the Senate decide to vote in favour of the motion before us.

• (1445)

Senator Smith: Perhaps the leader would not mind telling us the substance of that order he mentioned.

Hon. Royce Frith (Deputy Leader of the Government): May I answer the question?

Senator Smith: Of course.

Senator Frith: The appropriate House of Commons rule deals with the power of substitution in committees that exist in the other place, but not here. We will be dealing with a joint committee, and the members of the other place will have that right of substitution. The suggestion was made by Senator Flynn, and we readily agreed to it. I think it is a very valuable and useful one in the circumstances. Incidentally, we are not saying that this House of Commons rule is going to apply to us. It is simply the principle involved that will apply. The rule is as follows:

> (b) Changes in the membership of any standing, joint or special committee may be effected by a notification thereof, signed by the Member acting as the Chief Government Whip, being filed with the Clerk of the House who shall cause the same to be printed in the *Votes and Proceedings* of the House of that sitting, or of the next sitting thereafter, as the case may be.

As you see, in practice it goes through the Whips. It seemed to us that if the other house had those rights for this committee the Senate should have them also.

Senator Lafond: The Senate is beginning to see the light. Hallelujah.

Senator Perrault: Honourable senators, I wanted to say that I think all of us appreciate the opportunity to decide in this amicable way the procedures to be followed. So, we can look forward to a 6 o'clock adjournment this evening, and a resumption at 2 o'clock on Monday afternoon.

The Hon. the Speaker: So is it agreed, honourable senators, that the question be put on the motion of the Honourable Senator Perrault no later than nine o'clock p.m. on Monday next, and that the motion to appoint the senators to serve on the special joint committee be adopted before the adjournment of the Senate on that day or such other time agreed upon by the Senate?

Hon. Senators: Agreed.

QUESTION PERIOD

[*English*]

TRANSPORT

NEW AIR TERMINAL AT WHITEHORSE

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to reply to a question asked by Senator Lucier, during Question Period on October 22, concerning the start of construction on the air terminal in Whitehorse.

I regret that I am unable to provide the honourable senator with a specific date for the start of construction at the Whitehorse air terminal. Transport Canada is in the process of developing design plans following consultations with the air lines using the terminal, and a further meeting with the airlines is expected in two or three weeks. Following that, there will have to be negotiations on rental rates charged to airlines, and Treasury Board approval of proposed expenditures. Only then will the department be in a position to look at a schedule for construction.

I have several other delayed answers, but I will forego giving them for now.

THE CONSTITUTION

MOTION TO APPOINT SPECIAL JOINT COMMITTEE MOTION IN AMENDMENT - DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Perrault, P.C., seconded by the Honourable Senator Frith:

[Senator Frith.]

That the Senate do unite with the House of Commons in the appointment of a Special Joint Committee to consider and report upon the document entitled "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada" published by the Government on October 2, 1980, and to recommend in their report whether or not such an Address, with such amendments as the Committee considers necessary, should be presented by both Houses of Parliament to Her Majesty the Queen;

That ten Members of the Senate, to be designated at a later date, act on behalf of the Senate as members of the Special Joint Committee;

That the Committee have power to appoint from among its members such subcommittees as may be deemed advisable and necessary and to delegate to such subcommittees all or any of their powers except the power to report directly to the Senate;

That the Committee have power to sit during sittings and adjournments of the Senate;

That the Committee have power to send for persons, papers and records, and to examine witnesses and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee submit their report not later than December 9, 1980;

That the quorum of the Committee be twelve members, whenever a vote, resolution or other decision is taken, so long as both Houses are represented and that the Joint Chairmen be authorized to hold meetings, to receive evidence and authorize the printing thereof, when six members are present so long as both Houses are represented; and

That a Message be sent to the House of Commons to inform that House accordingly; and

On the motion in amendment thereto of the Honourable Senator Donahoe, seconded by the Honourable Senator Murray, that the motion be amended by deleting the second paragraph thereof and substituting the following therefor:

"That fifteen Members of the Senate, to be designated at a later date, act on behalf of the Senate as members of the Special Joint Committee".—(*Honourable Senator Phillips*).

Hon. Orville H. Phillips: Honourable senators, during the lunch hour I prepared remarks to be made on the amendment. They were, as usual, I assure you, gems of wisdom, from hearing which I am sure honourable senators opposite would have profited greatly. However, in this new found spirit of co-operation, I will forego those remarks. Later I will speak on the main motion and this will allow us to dispose of the amendment which, by the way, I think, is an excellent one.

• (1450)

MOTION IN AMENDMENT NEGATIVED

The Hon. the Speaker: An amendment is moved by the Honourable Senator Donahoe, seconded by the Honourable Senator Murray, that the motion be amended by deleting the second paragraph thereof and substituting the following therefor:

> That fifteen Members of the Senate, to be designated at a later date, act on behalf of the Senate as members of the Special Joint Committee;

Honourable senators, what is your desire?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

Senator Flynn: On division.

The Hon. the Speaker: Would those in favour please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Would those opposed please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion the "nays" have it. I declare the motion in amendment defeated.

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, I have never appreciated the support of a leader in a parliamentary assembly as much as I do now. I would not have known in the maze of the exchanges at what specific moment I should intervene in the debate on the motion now under consideration. At any rate, thanks to my leader, I think that I am really on the right track now and I will have to keep going as best I can.

Following the constitutional conference in September, that conference which will perhaps be known in history as the conference of visions and mirages, I imagine that we all made forecasts.

It is perhaps safe to assume that some were concerned about the steps which the premiers might take. However, most of us were interested in the direction taken by the Prime Minister of Canada after consultation with his cabinet colleagues, as was proper, and the members of his caucus, as was necessary, and as he had said he would do during the last meeting of the conference.

Senator Flynn: Consultation or information?

Senator Tremblay: When I said "as was proper and as was necessary" I thought I was making the relevant distinctions as far as both institutions are concerned.

What would the Prime Minister and his government do? After thinking it over and recovering his equanimity following the disillusions of the conference, would Mr. Trudeau accept the invitation made by Premier Lyon, as chairman of the premiers' conference, to carry on negotiations? Would he refuse to do so? Would he conclude that there was nothing more to achieve through either? And there remained only one avenue, that of a unilateral application from Ottawa to Great Britain?

• (1500)

Personally, against the advice of many, I had hoped up to the very last minute of the evening of Thursday October 2 that Mr. Trudeau would accept the invitation of the chairman of the premiers' conference to keep the negotiations going.

Knowing, however, that the Prime Minister had indicated on various occasions in the past that he would act unilaterally, I had not dismissed that possibility, no matter how unacceptable it seemed.

That is the reason why, on October 2, I was not surprised to learn that he had made up his mind to proceed in this way and to move in the House a resolution to that effect.

However, what would be the gist of this unilateral action proposed to Parliament? On this point, I must confess that I was amazed by the extensive changes which the resolution proposed to the Canadian federation and our present Constitution. I could never have imagined that the Prime Minister would go quite so far.

Not only is the patriation scheme a daring show of strength against the provinces, because of its unilateral nature, but it is truly a coup d'état through the changes it will bring about in our federal system. At the same time, its purpose is to bring about substantial changes in the present sharing of jurisdiction. I intend today to deal with these three aspects.

First of all, I will deal with the sectorial changes which are included in the government's project. Then, I will deal with the radical changes it is likely to bring in our federal system. Finally, I will deal with the implications, both for the present and the future, of this proposed unilateral action.

As far as the substantial changes which are provided for in the Constitutional Act 1980 are concerned, it may be a little too early to talk about significant changes in Parts II and III. Some honourable senators, including Senator Argue, have emphasized the fact that Part II would enshrine the principle of equalization payments, thereby giving it a sort of constitutional warranty, while it is nothing now but a current practice. I looked up equalization in Section 31, and I only found mention of it in the title of Part II. That part of the proposed resolution deserves reading. Part II is entitled: "Equalization and Regional Disparities".

The only section contained under Part II reads as follows:

> 31. (1) Without altering the legislative authority of Parliament or of the provincial legislatures, or the rights of any of them with respect to the exercise of their legislative authority. Parliament and the legislatures, together with the government of Canada and the provincial governments, are committed to
>
> (*a*) promoting equal opportunities for the well-being of Canadians;

(*b*) furthering economic development to reduce disparity in opportunities; and

(*c*) providing essential public services of reasonable quality to all Canadians.

One cannot but agree with those generous and pure intentions. However, under subsection (2), where one should or expects to find equalization clearly introduced and explained, its intentions set forth, one reads:

(2) Parliament and the government of Canada are committed to taking such measures as are appropriate to ensure that provinces are able to provide the public services referred to in paragraph (1)(*c*)—

which I have just read . . .

—without imposing an undue burden of provincial taxation.

Senator Frith: "The essential public services".

Senator Asselin: You say "essential"?

Senator Tremblay: Did you forget a word?

Senator Frith: "Essential public services". You forgot the word "essential".

Senator Tremblay: Does it really matter in the context of the remarks I am making? Of course, if I have skipped it unconsciously, I thank you for reminding me of the word I did not skip intentionally. You will see, as I go along that it was not deliberate.

Senator Frith: If we are paying attention on this side, it is only to reassure you.

Senator Tremblay: I am very moved by the very careful attention which is paid to me.

Senator Asselin: It is to their advantage.

Senator Tremblay: Furthermore, I am not blaming anybody. I hope I will be as thorough in the analysis I will try to make.

A mention of equalization in that paragraph was expected. But no! Equalization is characterized by annual payments which tend to transform equalization into provincial revenue. The reason for equalization is given but not the essential requirement. It is presented only under a negative aspect, namely to avoid an undue burden of provincial taxation. Perhaps it refers to equalization payments which would enable provinces to avoid an undue taxation burden. But why not say it directly? It is in that sense that equalization payments should have been referred to.

I know that someone might object that a constitutional text should not include calculation techniques. The expression "equalization payments of provincial revenue" does not call upon technique but on the very principle and on the fundamental requirement defining equalization.

It is in that sense that, as I said earlier, I found the word equalization only in the title of Part II. I tried to find it in the text but I did not.

We see virtually the same thing, perhaps in a more meaningful way, when we try to find the substance in Part III, dealing pompously with constitutional conferences. If section 32 read like this:

a constitutional conference composed of the Prime Minister of Canada and the first ministers of the provinces shall be convened by the Prime Minister of Canada at least once in every year unless, in any year, a majority of those composing the conference decide that it shall not be held.

the proposed Constitution would create a new federative institution which could be very significant. But no, the section begins like this:

Until Part V comes into force—

The constitutional conferences will therefore be held over a period of two, maybe four years—which is really very short—depending on the events which may occur during that period. Ironically enough, they will cease to exist under the terms of the Constitution itself as soon as an amending formula is established or as soon as it is possible to start the true and final global reform of the Constitution. I confess that I do not understand the logic or the rationale involved here.

But the proposal contains other parts which do have some substance. For instance, the part about the Charter of Fundamental Rights and Liberties.

That is obviously the pièce de résistance of the proposal in terms of constitutional changes. The Charter does indeed fundamentally change the Constitution. It changes it to the extent that it substantially affects the exercise of power by the two levels of government and even the division of power. I do not wish, at this point, to analyze the merits of the Charter in terms of what it does and does not contain. It has come to my mind however that ever since the publication of the proposal, several commentators have indicated those omissions. Would the preamble to this document be, to quote a political leader from Quebec, merely a first draft?

Among the changes, we must also note, of course, the changes made to the Senate's powers in terms of constitutional amendments, that is section 44. Senator Flynn and several other colleagues, not only on this side but also on the government side, have forcefully expressed their objection to this change.

● (1510)

Despite the peremptory statements made by some government spokesmen to the effect that the changes do not affect the system as such, that the government's proposal is aimed mainly at patriating the Constitution and severing our colonial ties with Great Britain, that the proposed changes do not affect the relationship between the two levels of government nor the balance of their respective powers but concern only the rights and freedoms of the people, the proposal does indeed contain substantial changes such as those I have just mentioned. It also contains even more radical changes for our federal system, of which I will speak later.

I want to indicate that the fact that this is done at this time and under the guise of patriation, under the pretext of severing our colonial ties, constitutes—as this has been indicated several times by the Leader of the Official Opposition in the House

of Commons and by the deputy leader of our party in this place, Senator Roblin—a shameless exploitation of those very colonial ties. For all Canadians such an endeavour in London to solve problems which concern Canadians exclusively and which they can very well solve themselves here in this country, within their own institutions, is deeply humiliating.

Some Hon. Senators: Hear, hear.

Senator Tremblay: But, for our counterparts in the Parliament of Westminster, that endeavour on our part is, to my mind, improper.

How can anyone indeed imagine that the British Parliament would consider as a simple formality the adoption of the bill proposed to them? Honourable senators, the proposed endeavour will put the British Parliament in an embarrassing situation, to say the least. It will even put them in a sort of dilemma. On the one hand, they maintain the attitude they have always adopted toward an Address from the Parliament of Canada asking them to amend the BNA Act and they continue to endorse the proposition automatically, assuming that the proposition has gone through necessary stages in Canada and reflects a general consensus. Under those conditions action taken by the British Parliament is a pure formality imposed by certain provisions of the Statute of Westminster. As a matter of fact, those provisions were written into the statute at the request of the Parliament of Canada in 1931.

On the other hand, fully aware of the extent of the changes they are being urged to endorse and knowing full well that such changes are deeply controversial and disputed in Canada, the British parliamentarians will readily see that they are being asked to solve difficulties which could not be resolved in Canada in spite of many attempts and many intergovernmental meetings to achieve that among Canadians.

We Canadian parliamentarians would thus be putting our British colleagues in such an embarrassing and unprecedented position, in a way we would be forcing upon them responsibilities which ought to be ours. That is why I say it would be an outright impropriety, to put it mildly, an impropriety that I for one would refuse to have anything to do with. It is not done.

Some Hon. Senators: Hear, hear.

Senator Tremblay: I am not pleading legal arguments. This is an issue of interparliamentary propriety between sovereign countries.

I now come to the changes which the full slate of amending procedures contained in the bill would introduce in our federative regime. In my opinion, it is tantamount to a coup d'état. What we have before us is indeed a full slate of amending procedures. They fall into two categories: interim procedures and permanent procedures.

First we have the interim procedures which can be found in Part IV of the bill. I will not dwell on these interim procedures precisely because they are transitory. I cannot gloss over some provisions regarding the proposals that may be made by the provinces during the two years following the adoption of the bill regarding the amending procedure.

Under section 38, the provinces will be able to submit their own formula and it will be possible to substitute it for the one contained in section 41 following a referendum.

What I want to underline in that respect is that it will take eight provinces representating 80 per cent of the people for a provincial proposal to be allowed to stand against, if I may say so, the federal proposal, which will not necessarily be the one provided under section 41 in its present form which allows for change. Anyway, there would be two formulae: a provincial formula put forth by eight provinces representing 80 per cent of the people and, on the other hand, a federal formula.

Yet, the national referendum which would choose between these two proposals would only require a simple majority of voters without reference to the distribution of the majority among the areas of the country, or anything else.

This seems to me to be some kind of incongruity, to say the least. One would think that the requirements of interprovincial democracy came before those of the federal democracy.

I would now like to deal with the ongoing procedures, regardless of this paradox, of this incongruity. With regard to ongoing procedures, the proposed resolution contains four of them.

First, there is the formula presented under section 41 but I will not read it to you. Yet I must stress a fact which incidentally has to do with an exchange which took place quite recently involving Senator Frith, when he insisted that between paragraph (a) and paragraph (b) there is a connection reflected by the word "and" in the English version. I did not find the word "et" in the French version. At this stage in the consideration of such a project there may very well be some discrepancy as happened the other night. I venture to draw this point to the attention of the Senate because, if we are to place the whole emphasis on the word "and" in paragraph (b) of the English version, as Senator Frith seems to do, then I think it is absolutely essential that the word "et" appear in the French version, especially in a proposed resolution introduced for the first time—it is an excellent initiative and I am very happy that for the first time a French version of the Constitution will be as official as the English version. One should particularly avoid priding oneself too much, as I have heard the Prime Minister do, when he stressed that he was tabling the proposal in both English and French. One should have at least checked beforehand whether both versions were really identical and made sure also that purely from a language point of view there were no small irritating mistakes. For instance, in the French version, the third paragraph says there must be "au moins deux des provinces de l'Ouest, dont la population confondue représente". What does "population confondue" mean? I checked the English version and saw that it was only the "combined population". I am just saying that in passing.

There is, then, the formula in section 41. We know what it is. Secondly, there is the section 42 formula. Must we go over the text again, after all that has been said? Enough said.

Thirdly, there is the formula proposed in section 43 which, in general, is less important than the others because it concerns

amendments that will be made to the Constitution of some provinces only, but which will not apply to all provinces.

Let me draw attention to the formula contained in section 47, because something really surprised me. I saw why it had not surprised anybody. It is because it has a very innocent beginning.

> The procedures prescribed by sections 41, 42 or 43 do not apply to an amendment to the Constitution of Canada.

There are other provisions in the Constitution for amending one part or the other. Provisions enumerated elsewhere will apply. So the section looks very innocent, but let us go on.

> The procedure prescribed by Section 41 or 42 shall nevertheless be used to amend any provision for amending the Constitution, including this section;

In other words, we can use either section 41 or section 42 to change the amending formula. This formula which will not be applied before a two year period, might make it possible for the provinces to come to an agreement, that is the eight provinces which represent 80 per cent of the people, provides an alternative to the present wording of section 41. This is a formula which could finally be accepted by referendum. Section 42 could be changed by going over the head of the provinces, once more, by referendum.

● (1520)

With this multitude of formulae a question comes to mind. What does this package mean for our federative system? On the one hand, there are formulae which go along with the system, such as the one set out in section 41. This is also the case of the formula set out in section 43.

On the other hand, there are those which alter the very substance of our federative system, this is the case, I think, of that in section 42 as well as that in section 47 as long as section 47 allows the Canadian Parliament to use either section 41 or section 42.

How can anyone state that the procedure provided in section 42 can change our federative system? It seems obvious to me because our federative system, as all other systems of a similar kind, is characterized by two levels of government, equally sovereign.

Besides, the formula in section 42, by the use of a referendum, initiated and authorized by only one of these two levels of government, in fact does away with other levels of government with regard to a matter as important as an amendment to the Constitution of our country, including amendments concerning the sharing of powers, that is precisely the sharing of sovereignty between the two levels of government. The formula in section 42 can be applied to a limitless number of subjects. I mentioned earlier that it could affect all the subjects mentioned even in the amending formula.

I submit that such a change is a denial of the federative system and that in that respect, it is equivalent to a coup, without war, without violence, but similar nevertheless to a coup because it does alter the very substance of the system. It is also the equivalent of a coup with regard to how it is going to be done, which is through unilateral action of Parliament.

In this context, the unilateral action of Parliament takes on a meaning and a scope absolutely fundamental and quite unheard of. Not only is this unilateral action proposed to us with a view to patriate our Constitution, and all the substantial changes connected with it, which would already be unacceptable, but it is also proposed that this unilateral action of Parliament become a permanent feature as a result of one of the changes proposed in the resolution.

What are the reasons and the grounds given by the government to justify such a far-reaching decision? Fortunately, the Prime Minister himself gave us the answer to this crucial question. If he had not, we would have been left with assumptions, analyses, which are always doubtful, of the intentions, of the real motives, etc. This is the reason why I say that the Prime Minister gave us a clear answer. It is with this answer and with these clues that I shall deal in the third part of my speech.

I believe that, on the whole, the explanations given by the Prime Minister, as we shall see later on, show quite clearly that the decision of the government to institute a mechanism of unilateral action by Parliament for constitutional amendments was essentially based on a new theory of federal-provincial relations within the Canadian federation. A new theory of Canadian federalism.

I shall borrow from the author of this theory, the Prime Minister himself, the name by which it can be called. I shall also borrow from him the description and the definition of this theory.

It was at his press conference of October 10 that Mr. Trudeau outlined this theory in a lot of detail, even though it is not yet complete since it is still being developed and perfected.

The press conference was about to end and the chairman or animator had just said: "Thank you very much, Mr. Prime Minister." The press conference was about to end and not one of the reporters present had asked the Prime Minister about Section 42 of the Canadian Constitution, 1980. I imagine that he was disappointed at the silence of such a group on an issue of this importance. With simplicity, not to say with the casualness which is typical of him, he therefore took the initiative of breaching this question himself.

The quotation that I shall give from his comments is rather long. I hope that you will excuse me for this. However, I wanted to respect both the subtleties of thought and particularities of speech of the author. For this same reason, I took care not to translate these comments which were made in English. I therefore must ask you twice for forgiveness about the way that I shall read this text.

● (1530)

[*English*]

> PRIME MINISTER: There was one question which I was hoping to get which I didn't, which may not be important, but can I ask it myself?

Why are you putting this referendum mechanism in section 42, the one that Mr. Clark attacks so strongly, and Mr. Nystrom, and which Mr. Blakeney, and so on, have been attacking?

[*Translation*]

Comments which everyone has noticed.

[*English*]

I would like to at least give you the rationale of it—

[*Translation*]

The word is used when explaining a theory.

[*English*]

—since I have something of a captive audience—

Senator Flynn: He is used to that.

[*Translation*]

Senator Tremblay: Honourable senators, let us accept and go to the sources.

[*English*]

We need a deadlock-breaking mechanism. It is as simple as that. We know what deadlocks are. We have had one since 1927. The federal government and the provinces have failed to agree unanimously: and therefore nothing could be done.

But even short of unanimity, there can be a deadlock, and I think we have historical proof of that in the past 10 years—

Exactly the years he has been Prime Minister.

—when at least one province—and now certainly two and perhaps three, because I would add Mr. Peckford and Mr. Bennett's provinces to Mr. Bourassa's and Mr. Lévesque's Quebec—

Strange. Two prime ministers for one single province, which gives some insight into the chronological dimension of the theory.

—have said, "If we do not get what we want, we won't let you do anything." And that was the position at this last federal-provincial conference. Mr. Lévesque wanted absolute self-determination to be expressed in some way or another; Mr. Peckford wanted absolutely the offshore; Mr. Bennett wanted absolutely the kind of Senate he was asking for, and so on.

So, provinces can use even an amending formula to blackmail the rest of the country in saying, "No matter that everybody wants it but me—"me in, say, Quebec, or me in Ontario—"I will prevent Canada from moving." So, there can be deadlocks. There have been deadlocks, there are deadlocks. Now, we have, in the present state of the law, the Constitution, one way of getting out of that deadlock, and that is to go to Westminster and say, "You know, for 53 years there has been a deadlock. It has to be broken. Please help us break it."

But when that has been done once, it is done forever. It cannot be done any more. The Constitution is back here. The deadlock will be of our own making, and the deadlock has to be broken here in Canada. We cannot go to the Pope; we cannot go to the Queen; we cannot go to the President of the United States and say, "Help us out of this jam."

Whom do we go to? We go to the people. How in heaven's name can anybody say that that is anti-democratic? How can the New Democratic Party say that, in the ultimate recourse, you should not have recourse to the people to break a deadlock?

And that is the spirit of section 42: Once again, if we could ask God to do it, it would be better. But until God comes in and does it, we have to believe in the sovereign people, and that is what we are saying, essentially.

And that is why we have a deadlock-breaking mechanism.

Thank you very much.

And he left. That was the end of it.

It is a very nice presentation of a new theory—a very live presentation of a new theory—for the federation. It is the theory that I will call from now on the theory of the deadlock-breaking mechanism.

● (1540)

[*Translation*]

I must say again here that Mr. Trudeau did us all a favour, he was direct and straightforward. We know where we stand. It is neither a mistake or an oversight if section 42 has been included in the Constitution Act, 1980. It reflects a concept about the relations between the two levels of government, it expresses a new theory about Canadian federalism, which I just called the deadlock breaking mechanism. Such a new theory is based on the unilateral action of Parliament which this resolution proposes now, in order to patriate the Constitution. This is also the theory which underlines the amending formula contained in section 42, a formula which turns into a permanent feature, the unilateral action of Parliament, without any regard for the provincial legislatures.

It is indeed a general theory on Canadian federalism because the use of the deadlock-breaking mechanism will not stop with the patriation of our Constitution but it will become a permanent and integral feature of our Canadian Constitution from now on. And with this amending formula set out in section 42, the provinces are not invited to give any advice nor to suggest any alternative. With section 41, we agree. With section 42, we do not. Especially because by using section 47, section 42 can be amended and section 41. The general scope of the amendments which even affect the amending formula, this permanent feature of the deadlock-breaking mechanism requires at least an analysis and a brief review of the considerations upon which the Prime Minister based his decision which he deemed justified and necessary.

When dealing with those, my remarks will follow two themes. First, I will analyse the deadlock mechanism and second the results of this deadlock mechanism. There have been deadlocks, there are deadlocks. This is what the Prime Minister said earlier. But in his theory, it is a premise on

which all systems are based. In its clear simplicty, this premise is unquestionable. To justify a deadlock-breaking mechanism there must, of course, be deadlock. This is one of those obvious statements. In Quebec last week the Prime Minister paraphrased another one, when he said with regard to another matter:

> Baptiste is dead; he is dead because he forgot to breathe.

Besides the unquestionable validity of the premise, at least two or three questions are in order: When is there a deadlock? Who decides there is a deadlock? How did this deadlock happen?

In his press conference report, Mr. Trudeau explicitly answers the first question. He might answer the other two but only by implication. In the first question he says that there is a constitutional deadlock when the provincial premiers cannot agree on a federal proposal on which the federal government is dead set, in other words, a proposal which for all practical purposes, as far as it is concerned, is not negotiable. For example, the enshrinement of a charter of rights. The diagnosis is that there is a deadlock and, this way, we must in all logic answer the second question that it is the federal government which decides whether there is a constitutional deadlock or not. That is made very clear indeed in section 42(2).

> A referendum referred to in subsection (1) shall be held where directed by proclamation issued by the Governor General under the Great Seal of Canada authorized by resolutions of the Senate and the House of Commons.

Here we can see emerging another theory of federalism, which the Honourable Jean-Luc Pepin referred to last Tuesday in his speech in the House of Commons, if I may be allowed to quote him. He had just alluded to several theories and added this:

> Mr. Speaker, I suggest that it can still more simply be classified into two schools of thoughts, namely federalism of juridical equality between the two levels of government, to which the Task Force on Canadian Unity generally adhered, and a federalism of juridical seniority of the central government, which this resolution moderately reflects to a certain extent since it claims to be founded on present, previous, former and past agreements with the provinces.

In passing, let us admire the flexibility of interpretation which this series of adjectives allows us in deciding if there are or if there are not present, previous, former and past agreements with the provinces.

> This second school of thought, which I call federalism of juridical seniority, emphasizes, because of its wider, more ultimate and final responsibilities, that the federal government has obligations to Canada as a whole which it alone can meet, in the interest of the common good, especially in cases where there exist apparent deadlocks such as the one we are faced with now on the constitutional issue. That is a highly defensible position which I can appreciate for what it is worth, that is to say, a lot. By the way, people would be wrong to think that the rule of unanimity is an essential corollary of federalism of juridical equality. As a matter of fact, several supporters will accept that it may be limited by the will of the majority or for the sake of political expediency.
>
> In any event, I for one refuse to become the prisoner of either one of these two schools, though psychologically I prefer the first one.

That of the Pepin-Robarts Task Force. With all due respect for Mr. Pepin I would say that we would become prisoners, and forever, of the "federalism of juridical seniority" should section 42 become part and parcel of the Canadian Constitution.

As a matter of fact, when I listened to the comments of our colleague Senator van Roggen when he spoke in this debate I thought he too was ill at ease about section 42. He has already said he would move amendments to this section on which I will comment later on.

Senator Asselin: Senator Lamontagne as well has misgivings about section 42!

Senator Tremblay: In any event, returning to the theoretician of the deadlock-breaking mechanism and to set myself within his own logic, I think, I should like to voice the following hypothesis: why would there not be any deadlock when all the premiers agree on constitutional proposals to which only the Prime Minister of Canada is obstinately opposed? If the theory of the deadlock-breaking mechanism can be used generally within Canadian federalism without destroying it, it seems to me that this theory should be enlarged so as to take two possibilites into account. First, that the deadlock can come from provincial obstinacy in refusing a federal proposal. Second, that the deadlock can come from the obstinacy of a Prime Minister of Canada in refusing a proposal made by all the provinces.

Since I am not myself the author of the deadlock mechanism theory, I do not feel that I am in a good position to solve the problem so that the theory can be applied fully or can remain coherent. The author himself is certainly better qualified to perfect it and give it its full value as the general theory of the new Canadian federalism. In fact, as I understand it, Senator van Roggen offered yesterday to cooperate with him in this regard when he spoke about some sort of reciprocity which could be introduced in section 42, but I shall speak about this later on. I shall quickly go on to this simple conclusion.

I hope to have shown you that this theoretical hypothesis raises some rather difficult questions if we want it to apply generally as suggested in section 42 of the proposed resolution. It also raises complex issues if we want to apply it to actual situations.

For example, was there a deadlock at the last constitutional conference? Are we now in a deadlock which justifies unilateral action by Parliament? This is what Mr. Trudeau suggests, but this does not prove that such is the case. Apparently, the proof would be in the 53 years that this situation has been

going on. This would be the proof that there is a real deadlock. A deadlock of 53 years can impress the public, and it justifies all types of solutions, the more radical the better. In giving his theory of the deadlock breaking mechanism, the Prime Minister referred to this time factor which governs all the practical applications of the theory. Needless to say, there can be no question of a deadlock in the theoretical sense after only one unsuccessful attempt at intergovernmental discussions. We would need several on the same issues, I imagine. This is what gives weight to the argument concerning the 53 years of supposed failures concerning patriation and an amending formula. We are being told that, for half a century, there were no solutions and only failures and that nothing has happened in the field of patriation or constitutional amendments. What exactly are the facts?

On this point, it is impossible to underestimate or overemphasize the relevance of the interpretation that Senator Flynn has given us of the constitutional amendment made in 1949. This amendment means in fact that since 1949, the Constitution has been patriated and can be amended in Canada in all its aspects which do not affect the exclusive jurisdiction of the provinces. However, I should point out in passing something which concerns the protection given under section 91(1) to the exclusive jurisdiction of the provinces and certain other rights or privileges. I underline what in my opinion would be the effect of section 51 of the Constitution Act, 1980. This is another section whose effect can be understood if we break it down: "Class 1 of section 91 and class 1 of section 92 of the Constitution Act of 1867, and so on, are repealed." What does this mean? It means what it says. However, something else should be underlined. Other clauses of the constitutional proposal of 1980, such as the Charter of Rights, contain the other elements—unless I did not get certain aspects of the proposal, which is, of course, not impossible. I did not find any equivalent of the protection of rights for the exclusive jurisdiction of the provinces. This means that since subsection 91(1) is to be repealed and its elements are not found anywhere else, this part of the jurisdiction of the provinces will be repealed. On the other hand, as soon as Part V of the bill on the Canadian Constitution amending procedure is enacted, section 91 and the protection it gives to the jurisdiction, rights and privileges of the provinces, will be repealed.

This would be understandable if the new amending formula involved provincial legislatures, but such is not the case, however, because of section 42, as I have already pointed out.

What I would like to emphasize at the moment is that the protection of the jurisdictions, rights and privileges of the provinces formed an essential component of the partial patriation, back in 1949 and that such protection was a prerequisite for unilateral patriation without provincial consent. This is just what happened, according to the testimony of Mr. Pickersgill, who was then chief private secretary of the Right Hon. Louis St. Laurent who had the privilege to witness the 1949 events.

In his memoirs, published in 1975 under the title: *My Years with Louis St. Laurent*, Mr. Pickersgill, in a very interesting chapter, tells of the circumstances surrounding the 1949 patriation and the rationale behind it. I would like to be permitted to quote this passage out of the chapter on the Constitution, page 116.

● (1550)

[*English*]

> St. Laurent argued that nothing substantial would be changed by giving Parliament final authority to amend the Constitution in exclusively federal matters. He said they had always been decided in the Canadian Parliament, without recognizing any obligation to consult the provinces or get their consent; and in the future they would continue to be made without consulting them and getting their consent.

I have given the essentials. The unilateral action of that time was justified on the grounds that the privileges, rights and competence of Parliament would be protected by the amendment itself.

[*Translation*]

So there is no doubt about that. If Prime Minister St. Laurent and the Parliament of Canada thought they were justified to act unilaterally in 1949, it is essentially because patriation at that time did affect the Constitution of Canada in exclusively federal matters and because, for more security, the protection of jurisdictions, rights and privileges of the provinces were written explicitly in the amendment.

Should I mention a small detail which looks a bit strange and which has a special flavour. I am well aware of the fact that recalling this historical event would be of no use to the present Prime Minister. In the chapter of Mr. Pickersgill's memoirs dealing with the Constitution we find the following statement:

[*English*]

> Throughout this whole period Gordon Robertson, then in the Cabinet Office, had been working on the constitutional problem with other officials, and he had come much closer than anyone else to finding a possible solution. It is of historical interest that his assistant in this work was Pierre Elliott Trudeau.

● (1600)

Senator McIlraith: Would the honourable senator put the exact reference on the record?

Senator Tremblay: Yes, it is page 120.

[*Translation*]

It may be by a significant coincidence that when Bill C-60 came along we found again the same people, but they had changed places with one another. We all know that Bill C-60 warranted its constitutionality from the meaning of section 91(1) passed in 1949. Sometimes history is made, how shall I say, from the fabric of careers that coincide with institutions.

What were the implications of the 1949 patriation on those elements of the Constitution that were patriated and those that were not? I shall not read everything that I have written here because enough has been said about it on previous occasions. Actually, I wanted to recall what Senator Flynn very ably

pointed out, that it is with Bill C-60 and the judgment made by the Supreme Court of Canada that it was clearly understood, even by those who had worked initially on the drafting of the amendment, how to define the meaning of section 91. So I shall not press the point. I just want to say that although it is assumed that nothing has been patriated since 1927, there was at least section 91(1), which falls just about in the middle of that period. Let us speak of the historic dimension in a popular but dramatic sense and let us be precise. Let us speak of about 25 years, not 53 years.

Something else has happened besides that in the field of the Constitution. There have been amendments. I think there have been about 15 or so since 1949, but what I want to emphasize is that these were amendments which affected the distribution of powers: in 1940, the amendment concerning unemployment insurance; in 1951, the amendment concerning old age pensions, and, in 1964, the amendment to raise old age pensions, called additional benefits.

In order to be concrete and describe the trend in the evolution of events, I would add to that the significant amendments which the exercise of the power to spend, to an extent heretofore unknown, introduced in the concrete meaning of the balance of powers between the two levels of government right after the war and during the following years. These were not really formal amendments, but personally I would call these interventions, near-amendments, when the power to spend is exercised in fields under exclusive provincial jurisdiction. And God knows that there have been many in the past 25 years. There were changes which altered the distribution of powers and which placed unemployment insurance under federal jurisdiction, besides the others I mentioned. There were other types of changes, and when these changes touched on the jurisdiction it was always with their prior agreement.

In brief, the half century from 1927 to this day is not a completely void space as regards the patriation of the Constitution or amendments to our constitutional statutes involving provincial jurisdiction, a space devoid of substance and contents where there is nothing but a long series of failures, an endless succession of deadlocks.

In addition, it must be stated that none of the substantive amendments made to the Constitution—except the one made in 1949 because it did not affect the powers of the provinces—enlarged the field of provincial jurisdiction. On the contrary, such changes have always tended to enlarge the field of federal jurisdiction.

Seen in that light, how is it possible to speak honestly of a half-century deadlock, especially a deadlock that would stem from systematic obstruction on the part of the provinces?

I come now to the referendum mechanism which Mr. Trudeau explained in his press conference. The proposed resolution enshrines in the Constitution the mechanism for breaking constitutional deadlocks; that is to say, resorting to a referendum. That is an appeal to the sovereign people. Governments do not agree? Legislatures do not agree? Let us go to the people. Is democracy not the government of the people, by the people and for the people?

That approach is, of course, a very popular one. The sovereign people are naturally glad to be called upon in this way to rule on contentious matters between governments. That is the demagogic aspect of this proposal.

More objectively, I think the use of a referendum puts into question the very nature of the federal system, when it is used unilaterally by one level of government and aims to overcome opposition by the other level of government on a constitutional matter, as it is postulated, since we speak of a "deadlock".

The reciprocity that Senator van Roggen talked about does not solve the problem. What hits at the heart of the system is the fact that one level of government is attacking the sovereignty of the other by referring unilaterally to the people. The only way to protect the integrity of the system would be if both levels of government jointly agreed to proceed by way of a referendum. That is highly improbable, since section 42 would only be used in a deadlock situation, as the Prime Minister clearly indicated. Let us note in passing, however, that that is not indicated in the proposal. We have to infer that the conditions set out in section 41 for an agreement on a constitutional amendment have not been met. How could agreement be achieved on the necessity of proceeding by way of a referendum when, in the first place, agreement has not been reached under section 41?

If we want to be realistic, we must recognize that the theory of the "deadlock-breaking mechanism" leads unquestionably to the negation of the federal system and entails, logically, the negation of one level of government by another.

Honourable senators, we have to decide whether or not we agree on referring to a joint committee of the Senate and the House of Commons a government proposal of which I just have, I hope, analyzed and described at least some of the implications and consequences.

If we reply in the affirmative, if we accept the setting up of that joint committee, if we agree to be part of it, at this stage, immediately, our affirmative reply to the question that is put will, to my mind, mean the following:

First, that we accept not only that the Constitution be patriated, on which point all Canadians agree; but that

Second, we also accept that this patriation be accompanied by amending procedures that will allow us, later on, to amend the Constitution here in Canada. On that point, at least in principle, all Canadians also agree.

• (1610)

Third, we accept at the same time the proposed amending formulae. On that point, Canadians certainly disagree.

Fourth, we accept that those amending formulae, taken as a whole, transform the federal system itself, which is absolutely unacceptable.

Fifth, we accept that changes in substance be made in our stead by the Parliament at Westminster, changes which, as we are well aware, are still being debated and on which there is

still obvious division in the public mind and in the attitudes of the various governments of the country;

Sixth, we accept, finally, that this be done unilaterally, not only without prior consent of the provinces but also against the advice of the majority of the provinces representing a majority of the population.

Senator Frith: Of the provincial governments.

Senator Tremblay: Of a majority of provinces in the sense of the governments, representing a majority of the people. In fact, the figure for the six provinces is 53 per cent. These people have expressed their disagreement so categorically that they are going to refer the question to the courts.

What is the real sense behind the proposal before us, what is it exactly that makes it so hard to accept, not to say so unacceptable? Some will perhaps argue that what is actually before us is a simple proposal to create a committee and that as indicated by Senator van Roggen yesterday one could very well introduce many amendments in committee. Yet if the thesis I have developed is valid, do you really think that we could actually achieve in committee, above all a committee which will not be set up on a parity basis—

Senator Roblin: Not on a parity basis.

Senator Tremblay: Not on a parity basis. With what happened earlier, I am not sure I understood the conclusion.

How can you imagine that we are going to be able to put forth amendments which will take into account all the hypotheses I have just raised? It seems to me that it is quite like dreaming in colour. They say it is the most pleasant way of dreaming, but one seldom dreams in colour. This is what is meant by the expression. We do not know even if at the end of the process it will be possible to resume a debate on the points I have just mentioned. Let us then think twice about it.

I planned to talk about—but I see that I have already spoken too long and I will therefore sum up my remarks as quickly as possible. I wanted to refer to the remarks made here by Senator Manning the other day, which impressed me a lot personally. He carried an analysis of the factors which are at the origin of the failure of the September conference. He said that the objectives were too unrealistic and that there were too many subjects on the agenda of that conference. He added that the time limits were not realistic.

He described the very attitude of the Prime Minister and concluded that under these circumstances it was not at all surprising that the conference had been a failure. That man who was speaking to us the other day is a very learned and experienced man. Wisdom and caution would have recommended he set aside on a temporary basis all patriation-related issues. It would have been quite possible, later on, to agree on an amending formula.

Instead, the Prime Minister has chosen to act unilaterally, both to bring home and amend the constitution, in spite of the fact that the premiers had warned him of the disastrous consequences such an action would have on the future of Confederation.

It is evident that the Prime Minister is convinced that he has chosen the right way, but he is wrong. He is making an enormous mistake and he is uselessly endangering Confederation. That is what Senator Manning was saying the other day.

I suggest that this is the correct perspective. I am well aware of the fact that it is not easy, in view of the characters of the people involved, of the rigid stands they have adopted and of which they are prisoners of sort, to back up and start over the negotiations which have been broken. But there is one thing that is sure—there is open confrontation between the two levels of government. This situation, far from improving in the forthcoming weeks and months, will deteriorate if the government continues the action it has started to its logical conclusion.

Personally, I do not see any other way out of the deadlock—for this time it is a real deadlock. It seems to me that at this stage there is no way out of this deadlock other than another constitutional conference—a last chance conference—which would only seek, as Senator Manning suggested, to agree on patriation and on an amending formula. In my view, it is the only way to avoid dramatic consequences for the future of the Canadian federation, which will unavoidably result from the unilateral action of Parliament, including ourselves, based on the proposed resolution that is submitted to us. Let us not fool ourselves; the present exercise is not comparable to minor surgery. It is not merely a matter of going through a bad period, after which everything will be all right and life will go on as usual. The surgical risk is high, very much so. The patient is not sure to survive, and even if he does, the after-effects will certainly not be insignificant.

Since becoming a member of the Senate less than a year ago, I have often heard it said that this house is an instrument and the premises of sober second thought in the federal legislative process. Not being familiar with the procedural rules, I do not know how we could proceed with that sober second thought which would allow us to take a pause in the operation under way, a pause during which the dialogue could be resumed, as suggested by senator Manning. As far as I am concerned, I strongly and deeply wish that we will seek a way to reach that aim.

In a recent issue of *L'Express*, a weekly which is the French equivalent of *Time* Magazine, appeared an article entitled: The trials of a Chinese in France. It concluded with the following Chinese proverb:

> The one who makes a mistake and refuses to correct it makes a second one.

Can we find a way of giving to the Prime Minister and to the House of Commons, especially the Quebec representatives, an opportunity to reflect once more and ponder over that Chinese proverb? I am convinced that they will all understand that by giving them such an opportunity, this house has fully and clearly assumed its role and its responsibilities. It is perhaps not too late to avoid the second mistake mentioned in the proverb.

• (1620)

[*English*]

Hon. D. G. Steuart: Honourable senators, let me say I was very much impressed, as I am sure all of us were, by the speech of the Honourable Senator Tremblay. I particularly liked his old Chinese proverb; I shall now quote one from Ireland—He who loses the election always has sour grapes.

I notice there is a tendency on the other side to act as if the only time there was ever a deadlock or a confrontation was in the last ten years when Pierre Elliott Trudeau, with a slight hiccup, has been the Prime Minister. That slight hiccup was the brief period of Conservative government. I think most of us in this chamber can look back and realize that the game between the provincial governments and the federal government, for as long back as we want to remember, has been a game of power. There has been deadlock, whether one goes back 30 years, 40 years or 53 years.

While I do not like all that is in this package, and I shall have something to say about some of the things that I don't like later in my speech, nevertheless I feel we should approach this as senators not tied to party lines, but talking from how we feel in representing our regions. At the same time I am convinced that the only way we will ever bring the Constitution to this country and find a practical amending formula is if we have a Prime Minister who has the courage to do what Prime Minister Trudeau is doing. Whether we like the way he is doing it or all that he is doing, at least he is showing courage. He has broken a deadlock. I can remember two or three occasions when federal-provincial conferences were called the last chance. I think that is what we had in the last one, and we were amply warned that it was the last chance to come to an agreement, and now we are faced with this situation.

I have a sense of the importance of this debate that we are engaged in while attempting to develop a new Constitution and a new set of rules by which to govern this nation, and I am aware that what we do here will very likely affect to a great extent the future of this country. I also have a sense of frustration, and I am sure that in this I am joined by many members on both sides of this chamber. That sense of frustration is there because I am afraid that we will not, in fact, get the opportunity to amend this resolution in a meaningful way. We will have to depend on the relatively small numbers of members of the House of Commons and the Senate who are chosen to sit on that joint committee. In spite of the reassurance that was given to us by our leader, the Honourable Ray Perrault—and I think it was quite sincere—I am afraid that in a practical way we are going to be faced, when the committee reports, with an all-or-nothing situation. In fact, I do not believe we will be able to amend the committee' report. I do not think there is any practical way for us to do that.

I don't think that most senators will insist, if they intend to vote in favour of the resolution when it is finally presented to us for final vote, on having everything that they want in it. But I do think they will insist that what is in there, if they intend to vote in favour of it, will be something they can live with and something that in fact will find favour in the region they represent. Surely the main thrust of this action is to bring home the Constitution with a practical amending formula. After that, if the majority of Canadians so desire, changes can be made and rights can be entrenched. However, having said that, I acknowledge that the government is committed to the inclusion of certain rights in this resolution that is to be presented to Westminster, and will insist on them.

[Senator Tremblay.]

Those of us who have some concern in this area I think must do our best, and we are engaging in that now, and I hope that we will get some practical opportunity to engage in it when the committee meets. We must do our best to make known those changes that we wish to see. This applies not only in the matter of entrenching rights, but the same is true in regard to the various and different amending formulae suggested in the resolution. But when the committee finally reports back to the Senate we will face, without a doubt, the difficult choice of either accepting or rejecting the package. I am aware that it is possible if we wish amendments to ask that that committee be set up again, but I am afraid that in a practical way this is highly unlikely to happen. So I think we are going to be faced with a take-it-or-leave it situation, and I hope that this does not mean the defeat of the resolution, because like most Canadians I want to see our Constitution home in Canada with a practical and attainable way of amending it.

I believe very strongly that we must give to that committee for its guidance, and we must put firmly on record, the changes we want to take place. But I am also convinced, as I said when I began, that we must approach this not along party lines but as individual senators representing the provinces or the regions we come from. We should vote our consciences for our regions. Surely this is the kind of action that the founders of this country had in mind when they formed the Senate.

• (1630)

So it is a debate with great emotion. There is a sense of urgency, and there is tremendous regional concern. For that reason, if we do not represent our regions, then many of the things that people say about this institution will have been proven true. I believe in the party system, but I think that this particular debate in which we are engaged at this time is too important for us simply to go along with the party line, unless we feel in our conscience that way.

I will deal first, in a brief way, with some of the rights with which I am concerned and some that are of concern to the province I come from, Saskatchewan. To begin with, I am not a strong supporter of the entrenchment of rights in a Constitution, unlike Senator van Roggen, who said what he wants to be is protected from the legislatures. Well, he is a lawyer, but sometimes, when I watch the courts, when they deal with criminal cases, I have the feeling, "By God, I would like to be protected from what the courts do." He quoted somebody who said, "I don't sleep safely in my bed at night, when the legislatures are in session." When we look at what they do in some of those criminal cases, none of us sleeps safely in our bed as a result of what the courts do or fail to do.

I would like to give you a few examples of why I feel this way. If you just take a look at what has happened in this country over the past 100 years, and what has happened in the United States of America, you will see that while many of the things that we have done, or failed to do, in regard to our minorities are bad and a blot on our record, nevertheless, our record is infinitely better in treating our minorities fairly than that of the United States, and they have had from day one in their nation a constitution and a strong bill of rights.

I read the other day that back in the twenties and the thirties, when the black people were forced to ride in the back of the bus, the United States Supreme Court found, under the Constitution of the United States at that time, that being segregated in that way—for example, in the matter of buses and other places—did not contravene the rights of the black people. Yet 20 or 30 years later, under the same Constitution, with no amendments in this regard, segregation was struck down. But, in fact, even after that, under the same Constitution, white people were forced to ride in buses and take their children to be educated in all-Negro schools. That was under the same Constitution within a span of 30 or 40 years.

What does it mean? It simply means that the courts can interpret things differently at different times and in different courts. It also means in the final analysis that rights depend upon the broad acceptance of the people.

We all use the case of the way we treated the Japanese in World War II and the way the Americans treated them. They were not treated a damned bit better or a damned bit worse down there or up here—and one country had a constitution and one didn't.

It is all very well to look back 30 or 40 years later at that situation, or ten years later to look back at the Quebec crisis, and say, "Look at what they did to rights. Look at what they did to the Japanese back in the war." Well, if you had been out on the west coast at that time, I am afraid it would not have mattered how much of a Constitution we had or how many rights we had, when the people demanded what they demanded that same action would have been taken. I do not say it was good and I do not say it was not a blot on our record, but it happened, and it would happen again no matter how many rights we have.

Take a look at Great Britain compared to the U.S.S.R. Great Britain has no bill of rights; the country has no constitution as such; yet the people have more rights, probably, than those in any other nation on the face of the earth. The U.S.S.R., I am told, has one of the finest bill of rights you could find anywhere in the world. There is only one small detail—the people have no rights.

Fellow senators, while I am convinced and am confident that we will see a bill of rights entrenched in the Constitution, and we will, as the years go by be adding and entrenching various other rights. When the joint committee sits, there will be a great line of people—native people, women, and representatives of all kinds of organizations. They will be coming here to demand that their rights be entrechend. I think they will have a right to be heard. If one set of rights is entrenched, why not another? I shudder to think what will happen in this country over the next 25 to 30 years. It will be a lawyer's paradise. The Supreme Court had better be ready to see some serious expansion in its numbers and in its duties in the next quarter century.

I also find it interesting that some people, who are not prepared, for example, to trust the Senate because it is an appointed body, are prepared to trust the courts, which, in fact, are also appointed bodies.

However, there have been serious denials of rights in this country and in the provinces. We are not proud of that. We are aware that the Padlock Law in Quebec worked against religious groups, such as the Jehovah's Witnesses. We are aware of the treatment of the Hutterites in Alberta at times. I am conscious that in my own province right now certain action is being threatened against the Hutterites—action against certain classes of people who want to buy farm land. There is a denial of rights. These things exist. They are not pretty, and we do not agree with them.

If, in fact, we can improve the situation by entrenching certain rights above the relatively easy amendment of legislatures and parliaments, then perhaps that will be a step forward. But I think we should go slowly; we should be aware that doing so will not solve all our problems, and may create almost as many problems as it solves.

We have learned to live with our parliamentary system. The Americans have learned to live with their system. We are now in the process of attaching to our present system a type of system that we have not been used to; that we have not had. It will call for some tremendous changes. A great many people are looking at the situation and saying, "This is a wonderful thing. Our rights are going to be assured." But I think they should look back at the history of this country. They would see that the record of this country, by and large, balances out to as good as, or better than, that of most other countries, even those that do have constitutions.

The record of elected bodies in this country is not perfect, but I think it stands up, for example, with the closest neighbour we have, which operates under a different system. Not only does it stand up, but, in fact, by comparison, I think we come out a little ahead.

However, I am willing to accept that certain rights will be, and perhaps should be, included. Speaking for the interests of Saskatchewan, I want to mention some. Senator Buckwold mentioned them and I want to mention them. I want to make it clear that these are important. Senator Buckwold made it sound as if they were just rights being pushed forward by the present NDP government. Well, they are. But in spite of that I will support them. They are rights that have been talked about and argued in favour of by the people in various governments in Saskatchewan going back a long time.

I talk about the control and ownership of resources. I am pleased to see that the Prime Minister has said that this will be considered. I want to emphasize that it is not just a mother-

hood statement that provinces own the resources that we look for. We own the resources now. That is clear. There is no question about that. However, we are looking for something more than that.

Let me just briefly use as an example something that happened when the Liberals formed the government and which carried on after the NDP replaced us. This is not only in regard to the control of our own resources, but it does involve that.

In about 1967-68 the bottom dropped out of the potash industry. Sales dropped right off and the demand on the mines dropped from about 80 to 85 per cent down to about 50 per cent of capacity. We in the government at that time put in a system of prorationing, in which we took the potash orders and literally spread them around roughly evenly—perhaps not quite evenly—among all the mines. If we had not, three or four mines would have closed, throwing a tremendous number of people out of work. But worse than that, they would have been broke and they would have had great difficulty in ever coming back. So we spread the available orders out and prorationed them. We were challenged in the courts, and before the case was proceeded with we had been replaced by the NDP government, and when the case eventually came to court what the province had done was declared *ultra vires*.

● (1640)

I hope that this situation is corrected in the proposed rights to be embodied in the Constitution, because while I do not believe that a province should have the right to enter into trade treaties, or take over or assert the rights of the federal government with regard to international trade, I believe that the provinces should have total control of those resources that are within the boundaries of their own province.

I wish now to talk about equalization, which was mentioned by Senator Tremblay. I support what the honourable senator said, that we do not want just a pious statement in the Constitution that we are in favour of equalization. We want a firm statement that equalization payments—I emphasize the word "payments"—will continue to be made. If it is suggested that equalization of government services will be guaranteed under the Constitution—a certain average level across this nation—we could easily end up in a situation where we find the federal government trying to provide them in areas that are now, and I hope will remain, strictly the jurisdiction of the provinces. Again, it has been indicated that those changes will be looked at favourably, and I hope they are.

My other questions concern the amending formula. The first has been dealt with at great length here. It is one that I believe most provinces, and certainly the Province of Saskatchewan, will be putting forward, along with concerns about the referendum and the so-called deadlock breaking mechanism.

Very simply, the proposal that I am putting forward, together with a great many others, is that if there is insistence on having a referendum—I use the word "if," because I am not at all sure that it is necessary—if we have the Victoria or Vancouver formula, surely we have one system of breaking a deadlock. If there is a deadlock and we need unanimity, I have always felt that the Vancouver or Victoria formula provided a deadlock-breaking mechanism—and if, in fact, we need another, surely it would be incumbent upon the government of the day to go to the provinces first with a proposed amendment, and, if they could not agree, and it was of such vital importance, then and only then would they put in place a referendum and go over the heads of the provinces and ask the people. If they insist on that, I do not believe—and I am sure that most honourable senators will agree with me—that it should be simple for any federal government to institute a unilateral referendum. It should be done with great care, it should be difficult, and it should take some time. I also believe that if we put it in, there should be something in there that clearly spells out some kind of an independent umpire or referee who would oversee the wording of that referendum and the way the vote on the referendum was taken.

The other matter with which I wish to deal is section 44 concerning the 90-day veto by the Senate of a resolution by the House of Commons—a resolution that could change the present parliamentary system and abolish the Senate. I am aware that there are people who say that if we talk about this matter in the Senate, we would appear to be self-serving. If we are self-serving, and if it is a sin, then we are in good company, not only in this chamber but all over this nation. If we do not deal with it, then I am not sure who will.

We were not elected to the Senate, we were appointed, and if any honourable senator honestly feels that he is here only if he has wide public support, then I suggest that perhaps he should not have come here in the first place and that he should not stay very long. I believe that under Bill C-60 we could, without too much trouble, get a resolution of the House of Commons and six or seven provinces to say that they would like to see the Senate abolished on some given day, or trade it for 10 barrels of oil, or 50 pounds of fish, or something like that, and we would not be here for very long.

We are not here because the public demands that we should be here. We are here because we were appointed, and I believe that, by and large, we do a good job. I am sure that we could do a better job. It is one of the tragedies that the talent that is now in the Senate, and has been here in the past, has not been and is not being used to nearly the capacity and extent that it could be used. I am sure that part of that is our own fault, but part of it continues to be the fault of the government of the day. There are all kinds of studies, royal commissions, and a host of other endeavours that all governments engage in which could be handled by the Senate for one-fiftieth of the cost, and the results would be far more effective and far better than the commissions and studies that are undertaken at high cost by this and other governments.

The question has been put to me—and I am sure to other honourable senators—that if the House of Commons voted to abolish the Senate, and seven, eight or nine provinces agreed with the decision, would honourable senators have the gall to stay here in the face of that? I have said "Probably not. I don't know. It would depend on how I felt on that particular day." I

would like to have the opportunity to find out exactly what they were angry about on that particular occasion. I do not think that we should give up our rights by default. I consider that we are a reasonable group of people. We are reasonably sensitive to public opinion, and if we were faced with that situation, I am sure that we would do what we considered was best, not just for ourselves but for the country.

I have not forgotten Bill C-60, and I am not convinced that I want to see the government able to accomplish, through the back door, or the British door—if that is what it has in mind—what it was unable to accomplish here at home, thanks to the decision of the Supreme Court.

Honourable senators, I support the move to send this resolution to the committee, and I hope and trust that the committee will be willing to accept amendments. The indications are that the government will be willing to accept amendments. When it comes back to the Senate, in whatever form, it will be our responsibility to look at it. Again, if we wish to amend the resolution in substance I hope that some practical way is found, both here and in the other place, of giving us that opportunity. If there are things in there that we do not like, and we want to weigh them against those things that we do like—and there are many things in the proposed bill that I do like—I hope that by voting in accordance with our consciences and the needs of our regions, we can vote in favour of the final resolution when it comes to the Senate. Like most Canadians, I am as anxious as anyone to see the Constitution finally here in Canada with a sensible amending formula, so that any last vestiges of colonialism, if there are any left, will be cut and severed and that anything great that we accomplish will be accomplished right here at home.

Hon. Peter Bosa: Would the honourable senator permit a question? It is the same question that I was going to put to Senator Nurgitz last night, because both honourable senators have made the same statement during the course of their remarks. Senator Steuart intimated that it is not important to have the entrenchment of the bill of rights because the rights of Canadians can be protected without those rights being entrenched in the Constitution. For comparison, he pointed out what had happened in the United States where, while there is a bill of rights, there was abuse of the Japanese people during World War II.

Is the honourable senator aware that at the present time in England, on whose parliamentary system our own is patterned, they are discussing and considering a proposal for the entrenchment of a bill of rights in their Constitution?

● (1650)

Senator Steuart: No, I was not aware of that, but if you say they are, I am quite sure that is so. I am not saying that it is going to hurt, or lessen, the rights of individuals or groups, if they are entrenched. What I was trying to say is that it is no guarantee. When you entrench rights in a constitution people should not think that it is a guarantee that their rights are secure and sound, and well looked after forever. Nothing will take the place of the vigilance of individuals, of groups, no matter what the government, and no matter what the form of government.

So if in Great Britain they feel they are going to serve their people better by entrenching rights, fine, they can do that, and I hope they will be successful. If we think it will help ensure more rights for more people in this country by doing that, then I will support it. All I was really saying is that there is no guarantee that this will happen.

Hon. C. William Doody: Honourable senators, I rise today to speak to the motion with some trepidation. I realize that some of the finest speakers in this chamber have already spoken—and I have been very impressed indeed, both by the content and by the force of their delivery. The speeches of Senator Cook, Senator Roblin, Senator Manning, and today Senator Tremblay—indeed, everybody's speeches—have demonstrated the seriousness and the earnestness with which this subject is being treated in this chamber. That, of course, is the way it should be treated.

Honourable senators, I have personally participated in these on-going constitutional discussions which have been held between the federal and the provincial governments since 1971 or 1972. I have been involved in all these first ministers' conferences during that time, and in the inter-governmental affairs ministers' conferences. I have even had quite a bit of exposure at the finance ministers' conferences. I have, therefore, had an opportunity to see at first hand how deep is the intensity of feeling of the representatives of the various provinces. I have listened to and talked with senior people from all of the provinces and from the Government of Canada and I can verify the statements of honourable senators who have expressed the fears and concerns of many people in all parts of this country. Many of these fears will be unfortunately fed by the contents of this document that we have here before us today.

I could not share the opinion, or at least the observations, expressed by some, that the premiers of the various provinces are greedy, grasping, power-hungry little people who are trying to wrestle control of the country away from the central government. I assign to them some higher motives—the motives of doing their duty as they were elected to do, the duty of fulfilling their responsibilities as the premiers of their various provinces, and the terribly difficult task of protecting the regional and provincial interests of the people in their areas, in the light of the tremendously growing power of the Government of Canada.

I do not mean that in a negative way. The very facts of economics and of the social evolution of the country are such that more and more spending power—and I emphasize "spending power"—is centered here in the Government of Canada. Yet the responsibilities and obligations of the governments in the various provinces have increased far out of proportion of their ability to deal with them. As they struggle to hold on to the powers to fulfil their constitutional responsibilities, it must often appear to Canadians generally, who watch the proceedings on television, or who read about it in the journals and papers, that these people are indeed hell-bent

on unseating the Government of Canada, and on enhancing and enlarging what appear to be their own small, petty little kingdoms or fiefdoms.

Honourable senators, to the people who live in these areas—for many of whom, for all practical purposes, the whole world revolves around their particular part of a particular province—these are not fascinations of petty princelings; these are people earnestly and sincerely trying to protect, in many cases, an individual lifestyle or culture, and certainly trying to protect what they see as the rights of the people in these particular parts of Canada. They all, without exception, think of themselves as Canada.

The positions of the provinces, as I have said, have been expressed with very intense feeling over the years, and now we come to the unwholesome sight of six of these provinces taking the Government of Canada to court.

For 53 years, as some people very dramatically say, the Constitution of Canada lay untroubled and untroubling in the vaults of Westminster, and it didn't really concern all that many people in Come-By-Chance, or Little Heart's Ease or Joe Batts Arm. You would be absolutely amazed at the number of Sunday mornings you could stand on the church steps in Holyrood, and nobody would mention the Constitution of Canada at all. Many of them would be quite willing to talk about the number of squid in Conception Bay on a particular Sunday, but very few would express concern about the fact that the Constitution still lay a-mouldering in Westminster.

Nevertheless, it is a very important subject, and one that really should be dealt with, and has to be dealt with, but the kind of gloss on the cake, the kind of window-dressing, that is conjured up when you talk about 53 years of fighting and struggling and striving to get our Constitution back from these Brits is really overdoing the case, and does not add anything to what we are setting out to accomplish.

Honourable senators, during these past 10 or 12 years in particular the leaders of our country have made very serious attempts to have the Canadian Constitution reside in Canada. There can be no doubt that all those leaders, federal and provincial, wanted that Canadian Constitution here in Canada. The fact that these well-intentioned people could not agree on all the points at issue over that period of time graphically illustrates the seriousness with which they all felt the problem deserved to be handled. It is humiliating and demeaning, I agree, to have the Canadian Constitution as part of British law. It should be Canadian. All the first ministers, and I suspect all Canadians, feel the same way. So that one common thread that kept bringing all these people back to the conference table was that desire to patriate what we call, for the sake of convenience, the Canadian Constitution, but which is really only part of the Canadian Constitution, namely, the British North America Act.

Honourable senators, each of the people around those tables had concerns and responsibilities quite apart from that. As I mentioned earlier, they have responsibilities and concerns for the social well-being of the people, the economies of and job creation in their provinces, and for the responsibilities they share with the federal government. The federal government, however, cannot, by its very nature, sitting here in Ottawa, be as close to these day-to-day problems and concerns as can the provincial premiers and ministers. Many of you here know what I am talking about. Many of you have shouldered these burdens in the provinces.

The people at those conference tables had to represent, by their very mandate, the aspirations of their people, their ambitions and their interests. That is the way it should be. That is what the provinces are for. This is, after all, a federal state. It is not a unitary state. These people do not come up to the banks of the Rideau once a year to receive their instructions, carved on stone, and then go back out to the boondocks to cater to the whims of the peasants for the rest of the year. They have to deal with these problems on a daily basis, and when they come here they like to feel that they are sitting as equals around a table to discuss their problems, both common and individual.

But, honourable senators, that does not make these provincial governments any less Canadian. I feel that it makes them more Canadian, because they demonstrate a unique system, a Canadian system, a system that has worked awfully well for an awfully long time. That system has worked so well, I would suggest, as to make Canada perhaps one of the really non-violent, peaceful, democratic countries in the western hemisphere or, indeed, the world. We are having a lot of trouble, turmoil and strife now, but thank God it is verbal strife, and I see no suggestion that it is ever going to be anything else. That, in itself, is a tremendous recommendation for the system we have in place, and that is one of the reasons why I tremble at the thought of this spontaneous, unilateral rocking of this relatively comfortable boat that we have been sitting in for so long.

● (1700)

I have talked about the Canadian way, and the Canadian way means to talk, compromise and negotiate to work out a solution—albeit not a perfect solution, but work out a solution of sorts and negotiate again. Let me give honourable senators an example of what I mean by the Canadian way of discussion and resolution of problems.

Honourable senators, you must excuse me, I have to be sure my Newfoundland accent does not get carried away; it plays havoc with *Hansard*. I have to try and stay away from "boojit," and words like that.

Through this system of discussion and compromise, this great and unique fiscal arrangements system that we have in Canada came into place. It was not done by unilateral decree or by confrontation with the provinces; it was done by evolution, and through meetings and discussions held over many years.

A system has been devised that is uniquely Canadian, and through not only the best known part of that system which is the equalization part, but through the various cost-sharing programs or the extended program financial arrangements, reasonable levels of health service and hospital care, post-

secondary education, roads and transport systems, and a host of other services which the have-not provinces could never hope to provide for their residents from their own limited funds, have been made possible.

You might say that this principle is not unique and that most federal states make funds available to their less fortunate regions; but the Canadian system is different. It makes the funding available by a pre-arranged formula, to be administered by the individual provinces in areas of provincial constitutional jurisdiction, without in any way diminishing the identity of the province; without watering down the distinctiveness; and without attempting to melt down the cultural and historic identities of the various regions. This system, which really has not disturbed anyone through its evolution or administration, is distinctly Canadian and one of which we can be very proud.

I mention these fiscal arrangements in some detail, honourable senators, as an example of how the federal system, as now operating, can produce devices that bind us together as a nation. There are many others, but this resolution, unfortunately, is not one of them.

Honourable senators, the principle of patriation, which many would have us believe is the essence of this matter, is not an issue. As I have said, indeed as most people who have addressed this question have said, we are all for simple patriation. That is not the issue. Patriation of our Constitution is a good thing, but the essence of this resolution is not patriation. This proposal goes far beyond that laudable aim and asks the British Parliament to amend our Constitution right there in the United Kingdom.

How the Canadian government and its defenders can, on the one hand, give as their prime motivation for bringing back our Constitution the shame of having it in the United Kingdom and, on the other hand, ask the British Parliament to amend it for us in this nineteenth-century colonial style, is surely a strange and contradictory set of circumstances.

My friends, what is really at the essence of the resolution which we are now discussing is a basic and fundamental change in our Constitution and in our form of government. A number of basic and fundamental changes are proposed to our Constitution. This resolution before us proposes that we ask a foreign nation—albeit a friendly, much admired and respected country but, nevertheless, a foreign nation—to enact for us very large and important changes. This, surely, is an unthinkable insult to the Parliament and the people of Canada, for changes as basic and fundamental as these to be debated in a foreign legislature will be a source of amusement in the capitals of the world and a shame to Canadians for some time to come.

Honourable senators, I note that the Leader of the Government in the Senate assured us in his recent statement in this chamber that, on its presentation to this house or to the other place, ample opportunity will be given to members in both places to debate and discuss the committee's report. I am pleased to hear this but, like Senator Steuart, I am concerned as to how meaningful our discussion will be and what opportunity we will have to make amendments, but I look forward to a free-wheeling, unmuzzled debate in both chambers. I think this will be helpful, but we will see how meaningful it will be as time goes on.

In my opinion, we should be reading or listening to the debate in the other place so that this chamber of sober second thought could have the benefit of the opinions of representatives of the various constituencies in that place, but that is not to be. It has been decreed that this important matter should be out of committee by December 9. By that date we must have this embarrassment ready for the British government to deal with. We must have it ready so that the British Parliament can do for us what the Supreme Court has said the Canadian Parliament may not do.

Honourable senators, we were sent here to defend the rights and interests of our provinces and our regions and to articulate their concerns in this place. In so doing, we will be no less Canadian for it. My pride in being Canadian and my admiration for the Canadian federal system and its institutions in no way detracts from my responsibility to my province and to my region, and it is in this context that I address my remarks.

During the series of constitutional conferences to which I referred earlier, the representatives of the Province of Newfoundland put forth the position of that Province and outlined its hopes for the future of its citizens. Needless to say, we, in our province, were bitterly disappointed when the Prime Minister, despite the support of the other nine provinces, refused to recognize Newfoundland's offshore mineral claims. Our request for major input in national fishery policy was denied as well, despite the entire rationale for the being of our province is the fishery. Our history and heritage is based on the fishery, and many contend, and I agree, that the fishery is our long-term future. We were denied. The story of our hydro transmission right-of-way requests is also well known to honourable senators.

I could go into great detail on all three of these items which are so crucial to the orderly development of Newfoundland and Labrador, but perhaps this is not the time. I will impose later on honourable senators to put forth Newfoundland's position on these matters. The final shot has not been fired in these battles, and I hope the fight will be taken up at another time.

As I have said, the people of the province and their provincial government were and are bitterly disappointed because they feel that the Government of Canada does not understand their position. Though these matters are vital, they can wait for another day. The major concern in our province today cannot wait. According to the Prime Minister's timetable, this package must be ready by Christmas.

We agree that patriation is fine. An amending formula, if one can be found and agreed upon, is also fine. An amending formula which places the territorial or cultural integrity of my province in jeopardy is certainly not fine. Any amending formula which allows a decision of major import to any province—in my case, Newfoundland—to be decided by a

simple majority referendum by national or regional voters in this country is totally unacceptable. We cannot be expected to have questions, which vitally affect one province, to be decided by a majority referendum held in other provinces. It is possible now that the Prime Minister shares these concerns. I note that in a recent address he agreed to look at this question.

● (1710)

Honourable senators, let me offer, if I may, two examples to illustrate my apprehension. These illustrations are much discussed in the province of Newfoundland today—some saying they are impossible and others saying they are not. One of them is the denominational educational system. Under the Terms of Union of Newfoundland with Canada of 1949, article 17 was inserted to protect this unusual educational system. In some other provinces variations of this system can be found, but nowhere else is the system protected by the Constitution as it is by article 17 of the Terms of Union.

We have a denominational educational committee representing the various religions in the province, and the government of our province is obligated to pay an equal per capita amount to each denomination which, in turn, passes it on to its respective denominational school boards. These boards, in turn, control the building of schools, the curricula, the staffing, and the whole detail. Very often you have three complete systems operating at the same time in the same community. Is it wasteful? In terms of money, it certainly is. Is it efficient? In terms of efficiency and in terms of duplication, it certainly is not efficient. But the people of Newfoundland would have it no other way. They are more than willing to take the expense and the inefficiencies as part of the cost of having religion and morality in their schoolrooms.

Honourable senators, I do not expect the majority of the taxpayers of Canada to see this system in the same light as we see it in Newfoundland. But these same taxpayers, through equalization and through post-secondary education payments, are paying, at least in part, for this system. I could understand their wanting at some later date to change this system through a referendum. After all, it isn't all that efficient. I can understand it, but I cannot accept it, and I won't accept it.

Some honourable senators say this will not happen. Some talk about section 42, section 43 and section 47, and some talk about the British North America Act as it now stands, and some talk about this referendum, which may be decided on a regional basis—a majority of the people in a region. A majority of the people in Nova Scotia and New Brunswick may very well decide what will happen in Newfoundland. We will never have a deciding vote on that. Prince Edward Island would be in the same position. There is no room for "maybe's" in a constitution.

Another matter that haunts the people of Newfoundland right now is the Labrador boundary. All Canadians are not happy with the present boundary. Many Canadians do not, to this very day, recognize the Labrador boundary. In Newfoundland we have only 500,000 people. Are they to be ruled by referendum when the majority of the voters reside elsewhere? Surely not, say honourable senators opposite. Indeed, all honourable senators here would say surely not. But that possibility exists in this document as we see it now. Is it possible that at some time in the future some people in governments, who are not as sympathetic as the people in all the various jurisdictions today, might decide, for the sake of vacating one province at the expense of another, to change a boundary or change an educational system, or change this or that which we can't even foresee at the present time, by referendum? The prospect of constitutional change by referendum is frightening.

Let me give you some thoughts that a former Canadian Minister of Finance put forward recently about patriation generally and about referenda particularly. These comments are from a speech the former Minister of Finance, John Turner, made in Regina recently, so that most of the references are to the west. There is far more interest in the west at the present time. They have a lot of financial clout. Maybe we'll join that lucky club some day.

In talking about patriation, Mr. Turner opens by saying:

> What about the Liberals in western Canada? Their position has been deteriorating ever since the retirement of Mackenzie King. What are the reasons? I think among them is the fault of attracting enough men and women to the party who have represented the main stream of western thinking. But failure in policy has been the principal reason. The Liberal Party has been unable to come to grips with western alienation. The decision-making fulcrum of the party is seen to be Montreal, Ottawa and Toronto. The Liberal Party has not succeeded in permitting policies relating to freight rates, tariffs, investment and energy that meet the rest of western Canadian ambition.

He then talks in some detail about the resource situation in western Canada, and goes on to talk about the constitutional proposals put forward by the federal government:

> Some observations are pertinent. The constitutional resolution may be too wide to achieve consensus in the country. It has already been attacked by six provinces. Patriation alone would meet general acceptance from most Canadians, but patriation without a satisfactory amending formula could hamstring the country. An amending formula which could be imposed by a national referendum where the federal Parliament could dictate the formula and the wording of the question might provoke division and resentment.
>
> Referenda don't work too well in a parliamentary democracy particularly in a federal state. As Mr. Blakeney put it so well before the Conference of First Ministers held on open TV—this country is based on a consensus of two majorities, one expressed through its Parliament in Ottawa and another expressed through the collective wills of our people represented by their provincial legislatures.
>
> The referendum might override this delicate balance. A question might be accepted in some parts of the country and opposed in others. The constitutional formula is too

complicated to be reduced to a simplistic yes or no form. The referendum procedure undermines representative democracy under which we elect men and women to study these questions and decide them for us. One wonders whether under our system the referendum is really necessary. If an issue is important enough, the will of the people can be tested at any time in a general election. And finally, the referendum which is worded in Ottawa and reinforced by opinion polls and advertising paid for at the taxpayers' expense might unduly weight the question against provincial interests.

Patriation with a formula for amendment should be completed before substantial amendments to our Constitution are proposed. Despite declamations to the effect that we have the most decentralized country in the world, the trend since the depression and the post-war reconstructions has been a centralizing one. Within the current political imperatives of our country, some decentralization is probably necessary to satisfy the ambition of the people of Quebec and western Canada.

These words are not mine but the words of John Turner. I very happily associate myself with them.

To return to my own theme, honourable senators, I just mention two possibilities that are of concern in the Province of Newfoundland right now. Who knows what might come up in the future. A majority outside a province might want a change inside a province at the expense of a minority. We can only conjecture or suppose. Many honourable senators and many learned people say this could not happen; I know just as many learned gentlemen say that it could happen. I would suggest we are building here a guaranteed annual income for the legal fraternity, and I rather suspect that they don't really need it.

● (1720)

Perhaps, if honourable senators prefer, we could refer it to the Supreme Court now before the resolution goes to the United Kingdom. We could resolve it there and tell the people of Canada that we have it written by the Supreme Court that this is not a problem at all, that their territory and cultural integrity are protected, and will be forever. As it sits now, honourable senators, it is just not acceptable and really is not a document worthy to be included in any Constitution.

There are many other problems I have with the document before us. The Charter of Rights was mentioned a few minutes ago. I feel that that leaves a lot to be desired. I have received one letter already from a concerned group, and I am sure most other senators have received letters as well. I received a letter from a group of handicapped people who feel that their rights are not protected in the Charter of Rights. They had no worries before that, because they were in the same boat as the rest of us. Now they are suddenly excluded from having any rights, and they are concerned about that.

I noticed, while flipping through this document, that the right to own property is not included in the proposed Charter of Rights. That is passing strange, because in the Diefenbaker bill the right to property is expressly laid out. If that whole section of the Diefenbaker bill were transposed to this proposed bill, then property rights suddenly slipped off the table. Certainly I am not cynical enough or suspicious enough to suggest that there is some motive behind that, but others in Canada may not share my trusting nature and may think that there is a reason for that. In any event, I should like to examine that.

In my opinion, and in the opinion of people far more knowledgeable than I, such a list of rights really limits one's rights. The more one looks at that list, the more one realizes that people are excluded. People are really not protected at all, except those people who want to get paid for the litigation that comes out of this.

Like my friend opposite, I like the United Kingdom's system. I would have thought, from the colonial subservience with which we are now approaching the British Parliament, that the framework of this document would have been like the British system. I would challenge any senator, or anybody for that matter, to show me a country with an entrenched charter that has something to equal Speaker's Corner in Hyde Park on a Sunday morning. I have watched row upon row of demonstrators marching down the streets of London with all the protection any country in this world could be asked to provide. At one demonstration held in London I saw a group of Irish people, who were presumably working in London, or whatever Irish people do in London, marching down the streets denouncing the British government for the troubles in Ireland. Young British soldiers have been killed or maimed in Northern Ireland, yet these Irish people were marching down the streets of London demanding that the troops be removed, and they had thousands of British policemen protecting them. I cannot imagine any other country in the world where that would be tolerated or accepted. I cannot find a thing in the British Constitution that even suggests that this be done.

Senator Bosa: They are discussing it now.

Senator Doody: The British have been discussing constitutional matters for thousands of years, and I hope they continue to discuss them for thousands of years to come, but I pray God that they never try to set them down on paper.

Honourable senators, there are many troublesome things with respect to this resolution. Many have been discussed by other senators, and in a far more capable way than I could ever hope to discuss them. I will not repeat them, but I must repeat my conviction that we have an obligation to our provinces. As Senator Steuart suggested, we have an obligation to the provinces by virtue of our being here, and by virtue of being members of a political party. I think we have to seriously look at our obligation, look at our terms of reference and think of these problems when we think of our mandate. I think we have to make certain, as far as we can, that all the premiers of all the provinces are given ample time to present their cases at the joint committee hearings. I will even go so far as to invite the leaders of the opposition parties from the provinces to make sure that the Liberal Party gets some representation.

In any event, I think we have an obligation to look at the provincial interests and to express them in this chamber and to make sure that the provinces are heard.

Senator Flynn: Mr. Ryan will be invited for sure.

Senator Doody: I know the Government of Newfoundland has indicated that it will send a delegation to Westminster to present Newfoundland's case. I can well understand that, because the Terms of Union of 1949 were written at a time when the Government of Newfoundland was really a ward of the United Kingdom. The Constitution had been suspended and was in safekeeping in Westminster. The government at that time denoted us as a ward of the United Kingdom. We entered into a marriage with Canada, and the United Kingdom was the father and the giver of the bride. I would sincerely trust that the father of the bride has not lost interest in this ward and will protect us in the court of opinion in the United Kingdom.

I also hope, honourable senators, that we manage to have a clause-by-clause examination of that document. Like Senator Steuart, I do not know how productive it will be in terms of amendments, but I do know that it will certainly be useful in terms of airing the concerns or letting various senators discuss the problems they see from the viewpoint of their provincial and regional responsibilities.

Honourable senators, there are many other comments I could make. I have other notes here, but in the interest of peace, order and good government—and the other declaratory powers which I think should remain in the Constitution—and in the interest of a new era of peace which has been found in this chamber, I thank honourable senators for their forebearance and I will take my seat.

Hon. Frederick W. Rowe: Honourable senators, I listened with great interest to my honourable friend, colleague and fellow Newfoundlander, Senator Doody. He has spoken with his usual brilliance and wit. I must say that I am in agreement with him with respect to most of what he has said, but there are some points on which I will diverge, but that is to be expected.

I wish to congratulate Senator Doody and others who have spoken in this debate. While we do not all agree, I do think that for the most part those who have spoken have spoken in moderation and have been reasonable. Without any exception, I think their speeches have been characterized by a genuine concern for the future of our nation.

I had intended to speak on a number of aspects of the general proposition before us, but inasmuch as we are running short of time—and I appreciate there are others who wish to speak—I am deleting all but one of the aspects. Perhaps I will have a chance to come back to those I am deleting at a future date.

As I understand it, the present motion is designed simply to authorize the creation of a committee to study and report on certain constitutional proposals advanced by the Government of Canada. Approval of the committee in no way indicates approval of the proposal. It is important that we make that distinction right away. The fact that I may vote for the formation of the committee does not mean I necessarily approve the matters which that committee will consider. Presumably, the full Senate will have a chance to debate the committee's recommendations. This being so, it seems to me, at any rate, that there is no valid reason for me to vote against the present motion.

[Senator Doody.]

• (1730)

I have been greatly interested in all of the speeches in this debate so far, and I was especially interested in Senator Cook's speech when we debated the matter of the proposed resolution earlier. I find myself in agreement with a number of points which he made, but not with all of his conclusions, particularly his feeling that, to use his actual words, "this strong central government is shafting Newfoundland." I cannot go along with that. He did not spell out in detail what he had in mind, and perhaps he will do that in a speech later in this debate, or some subsequent debate.

We are all aware that the Premier of Newfoundland has taken forceful objection to some of the constitutional proposals, stating his unequivocal conviction that if these proposals are adopted, it would be possible for Newfoundland's boundaries to be changed or her denominational system of education abolished without the consent of Newfoundland.

As Senator Doody pointed out, these are very serious charges so far as Newfoundland is concerned, and I agree with him 100 per cent. As one might expect, there is already some apprehension and agitation among our people at this very moment. I do not intend to get into a dissertation on our educational history, but I think I should add a little to that which Senator Doody has already given us.

For over 200 years—and this may not be known to a great many Canadians—Newfoundlanders were fighting, both literally and figuratively, to get title to what they considered to be their rightful claim, both on the Island of Newfoundland and in the territory of Labrador. It was not until 1904 that a settlement was finally reached with respect to the Island of Newfoundland itself. Up until that year, and for 200 years preceding it—in fact, back as far as the Treaty of Utrecht in 1714—Newfoundlanders were hindered and, in some cases, physically prevented from taking advantage of their claim because a foreign country, France, claimed the sole right to utilize about one-half of the coastline of the Island of Newfoundland for fishery purposes, thereby precluding any settlement by Newfoundlanders or, for that matter, any fisheries. It was not until 1904 that that was settled. It was more than 20 years later, in the 1920s, before the Labrador boundary was settled to Newfoundland's satisfaction by a decision of the Judicial Committee of the Privy Council at Westminster. That decision stated that Newfoundland was entitled to all of that part of the Labrador Peninsula which is now delineated as part of the Province of Newfoundland.

Then in 1948 our Terms of Union with Canada stated that Newfoundland's boundary in Labrador recognized by the Judicial Privy Council at Westminster would be the one recognized by the Government of Canada. Canada, in agreeing to

the Terms of Union, which are now part of the British North America Act, accepted that boundary, and it was adopted in 1948.

Turning now to education, during the early part of the nineteenth century, Newfoundland's population was composed, almost equally, of Irish Roman Catholics and English Protestants. The discord and the animosity—indeed, the outright hostility and military confrontations—between those two groups was greatly reduced when the Irish Catholics were guaranteed the right to establish and operate their own schools, a right which was subsequently accorded to several branches of the Protestant churches, including the Anglican Church and the United Church, which was then the Methodist Church.

Most Canadians, I am sure, would be surprised to hear me speak of military confrontations between those two groups, but actually that was the case. The last military confrontation was as late as 1883 when Newfoundlanders of those two different cultural and religious backgrounds were murdering one another at Conception Bay, the ancestral home of my honourable friend, Senator Doody. That discord, that animosity that had characterized relations between the two groups was greatly reduced with the introduction of the denominational school system, and that denominational school system was entrenched in the Terms of Union. If it had not been entrenched in the Terms of Union, there would not have been a snowball's chance of Newfoundland ever becoming part of the Canadian nation.

The churches themselves have the right to exercise co-operative action, and have done so repeatedly. Some 12 or 15 years ago, the major Protestant churches in Newfoundland integrated their educational services and relinquished any right that they might have individually to their respective schools.

I do not entirely agree with Senator Doody in terms of the duplication of services as a result of the denominational educational system. In addition to the Roman Catholic Church, there is at least one other denomination, the Pentecostal Church, which exercises the right to operate its own schools. So there are a few communities where you might find as many as three different denominational schools. But the amount of duplication, to my mind, has always been grossly exaggerated. It is not, in my opinion, a very serious factor in the cost of carrying on education in the Province of Newfoundland.

The Roman Catholic Church still operates its own schools, and that church, you must remember, comprises almost 40 per cent of the population. It exercises that right with the full co-operation of the Protestant churches of Newfoundland.

Newfoundlanders, no matter what their religion, would not take kindly to any amendments to the Constitution or to any decisions, whether by the Supreme Court or any other body, which could impinge, directly or indirectly, on their control over education or which could eliminate or modify the denominational educational system without the consent of the Government of Newfoundland.

I, for my part, have examined the constitutional proposals over and over, trying to determine, to my own satisfaction—and many honourable senators will know that my early background was in the field of education—whether or not the fears in respect of education are justified. I have arrived at the conclusion that the possibility that Newfoundland's system would be imperilled is, for all practical purposes, non-existent, and that if such a theoretical possibility does exist, the chances of its being invoked are, I think, astronomically remote. I recognize, however, the possibility that I could be wrong.

With respect to the boundary, I, along with many others, find myself in an ambivalent position. In a telegram to me – and I believe others received it—Premier Peckford states, and I quote his words:

● (1740)

> Section 47 allows for any section of the Constitution Act to be put to a national referendum. A national referendum can make changes without our consent. Thus section 47 overrules any supposed guarantees in section 43 or any other section of the Act.

That is the end of the quotation from Premier Peckford's telegram.

In a telegram to Newfoundland's representative in the federal cabinet, the Honourable William Rompkey, a copy of which Premier Peckford sent to me, the premier states:

> The Terms of Union do not protect us any more because everything in the Constitution is amendable without our consent. Our rights are clearly not protected when changes in our border and our school system can be made without our consent.

Further on he states:

> The long and short of it is that all of the present rules of the game are at the mercy of a national referendum, a referendum which can make changes without our consent.

For his part, Mr. Rompkey, our representative in the Government of Canada, has consistently and unequivocally asserted that the Newfoundland government is in error in this matter. In one public statement Mr. Rompkey says:

> The Constitutional Resolution as now proposed by Prime Minister Trudeau explicity guarantees the Labrador Border and our Denominational Schools. Two sections of the resolution, sections 43 and 47 are our protection.

Mr. Rompkey's statement—a public statement by the way, a copy of which he provided for me—continues:

> Section 43 provides a special rule whereby amendments that would not apply to all provinces such as Terms of Union would be made with the consent of Parliament and the province concerned. But more than this, section 47 is even more explicit. It says that no amending formula as outlined in the proposed Resolution would apply where the Constitution contains another procedure for making an amendment. The B.N.A. Act of 1871 is clear on this point. The boundaries of provinces can only be changed with the consent of the provinces concerned.

> To top it off, our Terms of Union clearly define our boundaries as including Labrador. The Terms of Union is a solemn contract between us and the rest of Canada. These terms are inviolate unless Newfoundlanders and Labradorians want a change.

The Prime Minister of Canada has been equally firm in his contention that the new proposals would not interfere in the slightest with Newfoundland's basic rights under the Constitution. Thus in a telegram to former Premier Smallwood who had sought the Prime Minister's assurance in this matter, the Prime Minister stated—and his office sent me a copy of the statement and I quote from it verbatim:

> You have asked for categorical assurance that the boundaries of Newfoundland will not be changed without the consent of the Province. I am pleased to be able to give you that assurance. As you were responsible for Newfoundland's joining Confederation, you are aware that our Constitution provides that provincial boundaries cannot be changed without the consent of the provinces concerned. This provision remains unchanged in the new constitutional proposals.

● (1745)

That is from the statement made by the Prime Minister, and which was made public with his approval.

Premier Peckford has stated that he is receiving legal advice on this matter. That is almost axiomatic. I am equally confident that the Prime Minister, although he is himself a constitutional lawyer, would not have made these categorical statements without having sought the best advice available to him.

For my part, although I have been a life-long student of history and political science, I am not a lawyer. So I have done what I consider to be the sensible thing: I have consulted with a number of people who are lawyers. In fact, I have discussed these matters with 12 lawyers, several of whom are well experienced and competent in the field of constitutional law and in federal-provincial relations. So far as I have been able to sum up their opinions, there is no consensus among them regarding this matter.

Several agreed with the Newfoundland Premier; others with the Prime Minister of Canada; and still others expressed the view that in any constitution some degree of theoretical threat might exist, but that in the present case—that is, in the case of the proposed changes to our Constitution—that threat is not serious enough to worry about.

That leaves me somewhat confused, and it is safe to assume that tens of thousands of our Newfoundland people find themselves in the same situation. At one moment you listen to a categorical statement from Premier Peckford; at another moment you listen to another categorical statement from the Prime Minister of Canada, the two statements being completely antagonistic.

But of one thing I am fully confident, honourable senators: if the new proposals do contain the built-in dangers to Newfoundland that Premier Peckford and others see, I, for one, cannot support them. On the other hand, there is the opinion

of the Prime Minister and of other constitutional authorities such as our own former colleague, Senator Eugene Forsey, himself a dedicated Newfoundlander by birth, and such as our colleague Senator Goldenberg, who, although he is not here today, has authorized me to use his name in this matter. Senator Goldenberg was for 18 years an adviser to the Newfoundland government on federal-provincial relations, and, as we all know, he is a lawyer with vast experience in constitutional matters. If we were to take their opinion, the opinion of the Prime Minister, of former Senator Forsey and of Senator Goldenberg, then we Newfoundlanders would feel no fears in these matters.

Obviously, we have here at least two schools of thought. I think it needs to be said that this is not a question of the "good guys versus the bad guys." This is not a Hollywood western. It is not a question of heroic defenders of Newfoundland confronted by, and standing up bravely to, others who are anxious or willing to shaft Newfoundland. Both Mr. Peckford and Mr. Rompkey are deeply committed to Newfoundland's welfare—as I am, and also Senator Cook and others. They have their roots deep in Newfoundland, and when one has that, one is not likely to want to shaft the province. My use of the word "shaft" has no reference to the point made by Senator Cook the other day.

● (1750)

I am equally sure that the Prime Minister sincerely believes that Newfoundland's interests are being protected. To me it seems to be a genuine case of differing interpretations. Clearly the draft legislation is ambiguous and confusing, since there is this element of doubt and misunderstanding.

I repeat that we must accept the innate honesty and integrity of the different parties involved here. It follows, therefore, that instead of choosing sides and then proceeding to bash one another, we should insist that the sections concerned be re-examined with a view to eliminating any misunderstanding and confirming to Newfoundland, without any equivocation and without the faintest shadow of doubt, her basic rights in these matters.

I suggest that this should be one of the responsibilities of the committee, if it is formed. If no remedial action is taken, Newfoundland will be split down the middle. Rancor and animosities will be resurrected, with consequent political turbulence and further deterioration in relations between Newfoudland and the Government of Canada.

Make no mistake about this, honourable senators, these matters are of paramount importance to Newfoundland. To my mind, one obvious solution would be an amendment to the proposed legislation, to be considered by the committee, which would state simply and clearly that nothing in the amendments could be construed as enabling the boundaries, or the educational rights or privileges, of any province to be changed without the consent of that province.

No doubt there are other ways that this could be done. The all-important thing is that it be done—that is, that the cause for misunderstanding or apprehension be removed. Therefore,

speaking as one of the representatives of Newfoundland in the Senate, I ask the committee, when it is appointed, to regard this matter as one of its priorities. I intend, therefore, to address the following letter to the chairmen of the committee when it is set up:

Gentlemen,

The Premier of Newfoundland and others have alleged that the proposed changes to the Canadian Constitution would be prejudicial to the interests of the Province of Newfoundland in that amendments could be made affecting the basic rights of Newfoundland and Labrador without the approval of that province. Specifically, they have stated that under the procedures for changing the Constitution, Newfoundland's boundaries could be altered and the denominational system of education could be modified or abolished without the province's consent. The Prime Minister of Canada and others have categorically denied that under the proposed changes such action would be possible without the province's consent.

I have myself examined the proposed Constitution amendments minutely without being able to satisfy myself as to the validity or otherwise of the charges. I have consulted with a number of prominent lawyers experienced in constitutional matters but have not been able to find any consensus of opinion among them. Some agree with the Newfoundland government, others feel the Prime Minister is correct, while still others feel that while there might be a theoretical possibility of actions prejudicial to Newfoundland's rights without the province's consent, the chances of such action being taken are astronomically remote to the point in fact where the possibility could be considered ridiculous.

● (1755)

One fact seems to emerge from what I have said above. It is that the proposed legislation is capable of several interpretations. In view of this, as a representative of Newfoundland in the Senate of Canada I feel impelled to draw these conflicting views to the Joint Committee's attention and to request that, among its duties, the Joint Committee include a study of the proposals to determine whether or not Newfoundland's interest could be prejudicially affected and if this is found to be the case, that the Committee recommend whatever changes are necessary to remove from the proposals any possibility whatsoever that the boundaries of the Province could be altered or the denominational system of education changed or abolished without the consent of the Government of Newfoundland and Labrador.

Yours sincerely,

F. W. Rowe,
Senator.

Senator Bell: Honourable senators, I enjoyed the honourable senator's speech very much. I always enjoy hearing someone learned in the history of his province or country tell me about it.

I would like to ask the honourable senator a question. This concerns the letter you are proposing to send to the theoretical chairmen of a theoretical committee. I wonder if you would make a small change in it? Perhaps you would consider not using "gentlemen", and never "chairperson" but at all events, some other form than "gentlemen".

Senator Rowe: Thank you. That occurred to me as well. I am sure honourable senators appreciate that this is purely a draft letter, and I assure them that that very important point will be looked at.

Senator Macquarrie: Honourable senators, this is Halloween, and it is the time when one hears goblins and other magicians pretending to read the future. I would presume that I would not be terribly unpopular if I asked leave to call it 6 o'clock and move the adjournment of this debate.

On motion of Senator Macquarrie, debate adjourned.

THE CONSTITUTION

PROPOSED RESOLUTION FOR A JOINT ADDRESS TO HER MAJESTY THE QUEEN—DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Perrault, P.C., calling the attention of the Senate to the document entitled "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada", tabled in the Senate on 6th October, 1980.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, as I mentioned on an earlier occasion, since the subject matter of this inquiry fully overlaps the subject that is being debated in the chamber right now, I am proposing to say no more. If no honourable senator wishes to speak to this inquiry, I would ask that it be considered as having been debated.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

BUSINESS OF THE SENATE

ADJOURNMENT MOTION WITHDRAWN

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I take it that I also will not make anyone too unhappy if I ask leave, under rule 23, to withdraw the following motion in my name:

That when the Senate adjourns today, it do stand adjourned until tomorrow, Saturday, 1st November, 1980,

at ten o'clock in the forenoon, and that rules 7(1) and 13 be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion withdrawn.

The Senate adjourned until Monday, November 3, 1980, at 2 p.m.

THE SENATE

Monday, November 3, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Royce Frith (Deputy Leader of the Government) tabled:

Report to Parliament on Immigration Levels, pursuant to section 7 of the *Immigration Act, 1976,* Chapter 52, Statutes of Canada, 1976-77.

Report of the Superintendent of Insurance for Canada, Volume I, Abstract of Statements of Insurance Companies in Canada, for the year ended December 31, 1979, pursuant to section 8 of the *Department of Insurance Act,* Chapter I-17, R.S.C., 1970.

Reports of the Administrator under the *Anti-Inflation Act,* pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, regarding the following references:

1. Mr. Maurice S. Hébert, Montreal, Quebec, dated October 24, 1980.

2. Mr. Gilles Cossette, Montreal, Quebec, dated October 24, 1980.

3. R. Bratti and Associates Ltd., Concord, Ontario, dated October 24, 1980.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until tomorrow, Tuesday, November 4, 1980, at 8 o'clock in the evening.

The Hon. the Speaker: Is it agreed, honourable senators.

Hon. Senators: Agreed.

Motion agreed to.

● (1405)

THE CONSTITUTION

APPOINTMENT OF SPECIAL JOINT COMMITTEE

The Senate resumed from Friday, October 31, the debate on the motion of Senator Perrault:

That the Senate do unite with the House of Commons in the appointment of a Special Joint Committee to consider and report upon the document entitled "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada" published by the Government on October 2, 1980, and to recommend in their report whether or not such an Address, with such amendments as the Committee considers necessary, should be presented by both Houses of Parliament to Her Majesty the Queen;

That ten Members of the Senate, to be designated at a later date, act on behalf of the Senate as members of the Special Joint Committee;

That the Committee have power to appoint from among its members such subcommittees as may be deemed advisable and necessary and to delegate to such subcommittees all or any of their powers except the power to report directly to the Senate;

That the Committee have power to sit during sittings and adjournments of the Senate;

That the Committee have power to send for persons, papers and records, and to examine witnesses and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee submit their report not later than December 9, 1980;

That the quorum of the Committee be twelve members, whenever a vote, resolution or other decision is taken, so long as both Houses are represented and that the Joint Chairmen be authorized to hold meetings, to receive evidence and authorize the printing thereof, when six members are present so long as both Houses are represented; and

That a Message be sent to the House of Commons to inform that House accordingly.

Hon. Heath Macquarrie: Honourable senators, it is not a cliché to say that I am honoured to be participating in this debate, because it has been a debate of high quality. If, at some future date our future scholars will place alongside the volume *Confederation Debates, 1865* the Constitution debates of 1980, I am convinced that those emanating from this historic and little understood chamber will hold a high place for those who care about the real things in their country. But it is not an easy position in which I find myself, because our debate ends today and everyone knows that he who is the beginning of the end is not, indeed, in an enviable position. However, I will endeavour to bear with my heavy responsibilities, trusting to the charity of my colleagues.

There are, in this measure before us, this Address, three basic aspects which lead me not to praise it but to consider it

somewhat unworthy, unworkable and most assuredly untimely; or, to put it another way, I am concerned about its contents, its genesis, and its destination—and all those aspects cause me deep concern, profound anxiety and much foreboding.

● (1410)

Many senators have spoken with eloquence and perception about many aspects of the resolution. Particularly have they dealt with the question of entrenchment of rights. I am not so upset about this. If that were the only part that bothered me, I would not be terribly troubled, because while I am not at all bemused with the notion that the mere inscription of rights guarantees a democratic state, I know, too, that tyranny is not confined to those who engrave the rights of citizens on a piece of paper or on a constitutional document. I often think it is a bit unfair constantly to compare Great Britain with the Soviet Union or Paraguay. Probably a better comparison would be with the Republic of France or the Republic of the United States.

Suffice it to say, since one does not want to be repetitive, that two interesting documents, by two people who are not known to be protagonists of my party, did attract my attention, and I commend them to honourable senators. One is a editorial by Mr. Peter Newman, in *Maclean's Magazine* of November 3, 1980, in which he deals very succinctly with the dangers of western alienation and the dangers of too great reliance on the enshrinement of human rights. The other document was a most interesting interview in an article by Richard Gwyn with A. Alan Borovoy, General Counsel of the Canadian Civil Liberties Association. These are, I think, very valuable and insightful.

On section 44 I fully share the view which many colleagues have so clearly expressed. We know that this chamber retains its untrammelled veto power, unique among second chambers in the world, because it has had the wisdom over many years not to use it. Perhaps there are good reasons for changing that veto to a suspensive or limited one, but I repeat what has been said before: let such a change be openly proposed and openly discussed. The back alley approach of section 44 is, to say the least, and to be as euphemistic as I can be, unseemly.

Section 42 has been seen, and rightly seen, as the most dangerous part of the proposed Joint Address. I am not one, honourable senators, who views the dominion government leaders as solely responsible for our present constitutional discontents, though I might not go quite so far as a brilliant Toronto critic the other day, who, in describing the last conference, said that the premiers came into town like renaissance warlords, and some of them got so carried away with their power that they began to stab each other in the front.

I think we have had enough provincialization in recent years, and we should all remember that the Dominion of Canada is more than a league or an alliance of independent states. Our founding fathers were profoundly right when they saw that the whole must be more important than the parts, or than the sum of the parts. It is therefore not as an emotionally charged provincial rights advocate that I condemn and denounce the provision of the device whereby a federal government can, if thwarted, act as if there were in fact no provinces. Two areas of jurisdiction with their rights before and for their people, are essential to a federation. Sir John A. Macdonald was wise enough to know that he could not get a unitary state. No one should get today what in a perceived deadlock would be essentially a unitary state. Those who see danger in that provision are, I think, making a sound assessment of the situation.

Apart from what is in this package, and what should not be in it, I believe that this is not the time, and most certainly not the atmosphere, in Canada, to bring forward the package at all. Apart from the economic malaise, what is the state of Canada today? What is the climate for constitutional discussions or for profound change in the nature of our state? Not even a cockeyed optimist would say that it is good. The voice of dissent is heard all over the land. Region is against region and more strongly against the national government. Provincial governments are trooping to the courts with actions against the federal government. Confederation by court action is surely not a cheerful chapter and not a good omen for the future. Serious Canadians in the great and growing west are issuing stern warnings. "Alienation" is becoming an inadequate word to express the views of many people in the four western provinces.

● (1415)

I do not very much enjoy personal criticism of people of other parties, but some of the most disturbing utterances on this matter in the last few days have come from the Prime Minister of Canada in his last press conferences here and in the west at a Regina Liberal meeting. To say that there is no western separatism or that it will come to absolute nil, that he can tell the real article from the phoney, and to dub the whole feeling of discontent as mere hysteria is not wise, not helpful and not conducive to assuaging any of those feelings which I am sure everyone here regrets.

I would advise the Prime Minister—and my advice is much more often unheeded than it is wrong—to heed the voices of anger and frustration He should listen to Senators Buckwold and Balfour, to Gordon Gibson, if he can recall who he is, to Robert Andras and to John Turner, if he has not forgotten him. These men recognize the problem, and to recognize it is the beginning of a solution. To minimize or ignore it is the course of danger.

The depressing part of the whole situation, honourable senators, in this current phase of constitutional discussion is that the exercise of itself, an exercise which should lead us to greater plateaus of achievement, to greater heights of common purpose, is exacerbating disunity and divisiveness. Everywhere you look you see people who you would expect to be supportive but who are opposed.

We are enjoined that we must respect the sentiments of the Province of Quebec. We know what the premier in that province thinks, but what are the views of that most eminent man, Mr. Ryan, whose federalism has been proved over many years? He opposes this measure.

Discussions in the other place are broken off by closure. The whole discussion is muddied up with the leaking of dubious documents—if I may again be highly charitable—and costly advertising campaigns that make people wonder, in the name of goodness, what kind of jiggery-pokery is going on in the higher levels of constitutional discussion. I can remember when I used to like geese.

The other day I was looking at the adoption of a Joint Address on a most important constitutional issue in this country, that concerning the adoption of the Statute of Westminster in 1931. In those days the whole matter was dealt with in one day in each of the chambers. In the *Hansard* of the House of Commons nine pages were devoted to it; in the *Hansard* of the Senate five pages were devoted to it. We senators were less loquacious then as now. The matter was passed with agreeableness and with unanimity. Why did that happen in 1931? It certainly could not be because the then Prime Minister was a great diplomat—they said he was not. They said he was an autocrat. Why the smooth passage? We must look to the sources, as every scholar should. It is found in the Address itself, and I read the pertinent lines:

● (1420)

> ... pursuant to certain other resolutions made by the delegates of His Majesty's Government in Canada and of the governments of all of the provinces of Canada—

Therefore, it went through in a day and it went through rapido in Westminster because it was based upon consensus. There was consultation; there was consensus; and there was agreement. As Senator Roblin so eloquently put it the other day, legitimacy and consensus are essential to all such processes.

I would be very much ill at ease in voting for an Address which I have already seen create division and disagreement. Part of the problem is the imposition of a deadline. Why is December so sacrosanct? It is the month of Santa Claus, but beyond that, why is it constitutionally so important? And is July 1, 1981, the only date in the calendar, the only epoch in the history of Canada? If this country has survived under this supposedly antiquated British North America Act for so long, why is the calendar—the very week, the very day—now more important than the nation's conscience? I also ask is this present version, this latest version, perfect? Are we sure that even this is the last, best word?

In the academic year 1978-79, while waiting for a government which at that time did not want elections, I gave a course in constitutional government at Mount Allison University, and agreeing with my friend, Dr. Eugene Forsey, that most of the people in Canada have never read the British North America Act, especially those who criticize and condemn it, I was going to make sure that my students would be an exception. So I lugged down about 40 pounds of the British North America Act and distributed it. Then along came Bill C-60, so I lugged down another 100 pounds of that act and all attachments that went with it. Then along came the Pepin-Robarts report, and the poor little devils were given that to study. I wanted them, you see, to be well-informed.

Last week I was down at the same institution as a guest lecturer, and what did I do? I carted down copies of this document. If they weren't such bright young people, as well as being so fortunate, I am afraid that they might think I was either a constitutional hustler or a Grit agent the way I am distributing these things to them. Speaking of the Pepin-Robarts report, I was so sad that for so long my long-time friend and academic colleague, Jean-Luc Pepin, was silent, which is an unusual posture for him because he is a garrulous man and a charming man. There he sat, but just a few days ago I read that he had come out and said that the new idea was pretty good and that he thought it was even better than his own. By one of those curious things that comes along and makes life a bit interesting, the very same day I read that the Vatican had decided, after 350 years that they might re-open the case of Galileo. Perhaps when he said that the sun went around instead of the earth he might get a second chance, and we all remember what happened to poor Galileo and he was made to recant but he muttered *"eppur si muove"*—nevertheless it still moves. Way down here in the eastern end of the Centre Block I couldn't hear any mutterings that Mr. Pepin made, but I wonder if he may have said "a task force was still better." I wouldn't blame him if he had because we all have the pride of authorship and we love nothing more than our written articles unless it be a speech that we deliver, upon which I must hasten. Part of my anguish is that much of the division of today is not necessary. Too much of it is aided and abetted by brittle confrontation, by deadlining instead of patience, deliberation, and compromise.

● (1425)

One of the wisest men in the world of politics and government was Edmund Burke. He uttered the classic that:

> All government, indeed every human benefit and enjoyment, every virtue and every prudent act is founded on compromise and barter.

It was not easy for our founding fathers to stage plenary conferences in the 1860s, but those politicians in that rough age held 16 conferences between 1836 and 1867, and seven of those in the five years before the event took place.

We heard Senator Tremblay with eloquence and perception talk about the last chance notion and how dangerous that was. It would be a great disservice to declare that we have reached the last chance and now must take brutish action. Not all options should be declared closed before all avenues are explored, and just as constitutional law transcends statute law, so should the process whereby it is achieved be all the more careful, the more full and the more sure.

I am indebted to my friend Senator Murray, who reminded me the other day about a great former Prime Minister, Sir Robert Borden, who was being chastized for not putting into effect things he had promised during the electoral process that put him into office. He gave this answer, and I thought it was a very good one: "It is better to be right than be in a hurry."

The third thing that disturbs me most—and Borden of course brings this to mind because he was the father of our

independence—is that while Borden has been dead for years, we in the 1980s are suffering the indignity of Canadian matters being discussed by parliamentarians of another country. I resent the reversion to a state of being that existed before Borden, and indeed before I. We were competent in all domestic matters long before Borden. That, of course, is why I always bristle when I hear people use the word "patriation." I agree with Senator Molson when he says there is no such word. It is one of these terrible things that come up such as "disincentive," and so forth. If we must use that conglomeration, it must be "repatriation," and I say that because the B.N.A. Act was, in fact, a Canadian document. It was made by Canadian politicians; it was the result of Canadian compromises and Canadian judgments. If we bring it, we are bringing it back. The British simply acted as a sort of notary for us, and that is all they should be doing now, notarizing the document, to use that expression.

The Canada we know was created in Charlottetown and in Quebec City. It is humiliating to have this important process transferred to another country. If I had my way—and I am like Senator Steuart, because I am pretty realistic and do not think I will—I would take this document and send the first 12 pages over to Westminster. I would have them cut that unnecessary but not painful link which left that technicality with them, it being one of their acts. I would suggest that Canadians, in all levels, settle down and make for us in this country, as our fathers did before us, a Canadian Constitution, and not say it is the last chance, not say it must be done by December so that we can get it out by July. Why should those things be in there? I am not sure that there is not still time for us to get into the whole process and make the examination of our country a little larger than 12 men sitting periodically in the old railway station in Ottawa, sometimes going off in all directions, as people in railway stations tend to do. Perhaps we should yet look at the idea which Mr. Diefenbaker had many years ago, and which Mr. Clark has brought up since, that we should have a national convention of interested people, including, but not only including, politicians. It would be the responsibility of the politicians in the end, but the making of a Constitution is a great and noble exercise. It is not a little gesture in self-fulfilment, and certainly it is not a partisan exercise. I do not see how there can be party alignment to a great Constitution.

● (1430)

Honourable senators, I have left to the last a subject which is particularly close to my heart. To say "last but not least" would be redundant. There is something in the proposed Address which is inimical, to say the least, to the province which I have the honour to represent. It undermines the status of my province, and that makes it all the more painful. That it should be an iniquitous action against the birthplace of Confederation is ironically and tragically a trampling of history and a brutal disregard of our roots and our foundations.

Since 1864 Prince Edward Island has had a special place in this Confederation, although we did not join until 1873. We were proud of the designation "the Cradle of Confederation,"

and while it was the smallest of the provinces, it was by no means least or last in its contributions to the country to whose institutions it had given so much and whose basic political structure, in the words of Sir John A. Macdonald, had indeed been outlined in detail in Charlottetown in 1864.

But under what we are discussing today, under the new constitutional structure, Prince Edward Island will have a puny role indeed, an inglorious place in a new Canada. As my successor in the House of Commons, a brilliant young man, Mr. McMillan, put it, there are under the Joint Address provisions three types of provinces; the first-class ones—and there are just two riding first class, Ontario and Quebec; then seven second-class provinces which, individually, can combine with one other of that group to be either a veto to oppose or a vehicle to put something through; and the third class being Prince Edward Island.

The population of Prince Edward Island is so small that there is no other province in the Atlantic region with which Prince Edward Island can join to form half of the population of the Atlantic region. We cannot unite with one other province and become 50 per cent of the population. I do not have to say what would happen in a national referendum. We would be snowed under—our voice mute; our views unheard.

I do not suggest that the little province of Prince Edward Island have a veto in all matters. We are realistic. However, there were other proposed formulae in the past which were not quite so brutal; which did not simply say, "Well, they are only 120,000 people out of 20 million," forgetting that they were one province out of ten, which they are. When you ruthlessly discard that recognition, something is wrong.

Canada was anxious to have Prince Edward Island in 1873. It was first proposed that we be given four seats in the House of Commons, but the Islanders refused to enter into Confederation unless they were given six, which they got. Then it was cut down to five, and then four. And what is keeping it from going down further?—the British North America Act, which is supposed to be no good. Section 51A decrees, and rightly so in a democracy, that no province shall have fewer members in the elected house than it has in the appointed house. But under this resolution the Senate itself would be undermined. The British North America Act will be torpedoed out of existence, and the so-called senatorial floor which gives the province of Prince Edward Island four voices and four votes in a growing House of Commons will find that guarantee gone, and probably gone forever. Whether the Senate will share its fate, we do not know.

So our province has in store for it perhaps one of the most cruel assaults upon its individuality, upon its provincial status, and upon its proud place in this dominion, the locale for the birth of which it provided in 1864.

I can say that such unfair, unnecessary and unjust depredations of our rights must be resisted—and that they will be resisted, let no one have any doubts.

• (1435)

Hon. Florence B. Bird: Honourable senators, during this debate it is of paramount importance for all of us to make our opinions known so that if the joint committee is established, the senators who serve on it will have been given clear guidelines by us for the conduct of the inquiry.

[*Translation*]

I intend to vote in favour of the motion. Like most Canadians, I find it ridiculous and humiliating to have to go to Westminster every time we want to amend our Constitution. I hope 1980 will be the last year we have to do that.

[*English*]

There are three specific sections of the resolution that I want to mention briefly. First, it is my considered opinion that a Charter of Human Rights must be entrenched in our new Constitution. I reached this conviction long before the proposed resolution came to this house, long before Parliament passed the present Human Rights Act and long before the First Ministers' Conference in Victoria in 1971. I also thought the Diefenbaker Bill of Rights should have been entrenched in the Constitution.

Why have I felt so strongly about this for so long? The answer is that I lived in Montreal during the 1930s. I will never forget my dismay and anxiety over the potential effect of the infamous Padlock Law on human rights.

Later, when I was living in Manitoba, my belief in the necessity for entrenchment was strengthened when the Alberta Accurate News and Information Act attempted to restrict freedom of speech in the press. Fortunately, the Supreme Court declared those laws to be *ultra vires*. But that does not alter the fact that any legislature at any time can pass similar outrageous laws restricting human rights that do lie within its jurisdiction. Of course, Parliament has the same power.

As we all know, certain rights concerning language, education, and the conduct of Parliament are already entrenched in the B.N.A. Act.

The decision of the Supreme Court on October 10, 1979, in regard to schools and statutes in Quebec and Manitoba is an example of why entrenchment is necessary. It is also, I think, an example of why action should be taken by the courts in less than 90 years, which seems rather a long time.

There is one other caveat I should like to make. I think that if we begin to lose confidence in our courts, if we make fun of them and denigrate them, we will be doing great harm to our whole social order and to our constitutional system. In any case, all that the proposed resolution does is to add to the list of entrenched rights and make them apply to every part of Canada.

Entrenchment is also important in order to set at rest the fear of discrimination of women, minority groups, and immigrants who have come from countries where people are still persecuted because of their religion, the colour of their skin or their place of birth. Women are not a group or a numerical minority, but they are still a psychological, economic and sociological minority which has been discriminated against for centuries.

They feel deep anxiety about losing the protection against discrimination which has now been given them by provincial Human Rights Acts and the federal Human Rights Act. They want to be sure that only an amendment to the Constitution, which requires a great deal of negotiation and debate, can deprive them of long fought for rights and opportunities.

My second point is that the joint committee should direct its attention to the wording of every single clause of the proposed resolution.

[*Translation*]

Honourable Eugene Forsey told us many times that we often receive from the other place poorly drafted bills which must be amended by this house. This resolution is no exception.

• (1440)

[*English*]

In particular, I think that the committee should give careful consideration to the wording of section 15(1) in regard to equality before the law and to the equal protection of law without discrimination because of sex. I say that, because reliable lawyers have warned the women's organizations that the wording of that section does not give women adequate protection against discrimination. I do not question the intent of this section. I am sure the government wants to protect the rights of women. I congratulate it on subsection (2) of the section which makes affirmative action programs possible. It will now be the committee's responsibility to make sure that the intent of that section is so well expressed that it cannot be misinterpreted by any court in the land.

My third point has been mentioned several times in this house. Like so many other senators, I am worried about section 44. As several senators have pointed out; it would be exceedingly difficult for us to justify voting against an amendment that had been agreed to by the provinces under the Victoria formula as well as by the other place. On the other hand, it would be irresponsible to vote for an amendment that proposed such an unworkable and chaotic upper house as has been suggested in Bill C-60, or in Ryan's beige paper, or in Premier Bennett's proposal.

In any case, 90 days would be a very short time for the Senate to give an amendment the study in depth that it is our responsibility to give. Senators ought, surely, to have a year or at least six months to prepare a reasonable case for or against a proposed amendment.

When discussing a 90-day suspensive veto, the committee would do well to take a look at the powers of the upper house in other countries. For example, in Great Britain, in the Mother of Parliaments, the Commons and the House of Lords were equal up until 1911. At that time, Lloyd George reduced the powers of the Lords in regard to money bills and also did away with the right of absolute veto and imposed a suspensive veto. In 1949, this delaying power of the Lords was again reduced. In 1967, Prime Minister Harold Wilson once again

reduced the length of time of the suspensive veto. At present, the House of Lords can delay a bill for two consecutive sessions spread over one year. The one year is there so that the government cannot reduce the time of the suspensive veto by calling a session which only lasts for a day and then saying that there have been two sessions and the legislation can go forward at once.

Britain doesn't have a written Constitution and is a unitary state; so, of course, this only applies to bills, not to amendments.

In conclusion, and this I speak from my heart, I feel strongly that we have already gone too far in eroding the necessary powers of the federal government. The present posture of the premiers in regard to the proposed resolution, as well as some of the members of the other house, and even of some of the members of this house, is doing great harm to Canada. Their behaviour is turning Canadian against Canadian. Their behaviour is undermining the confidence we have in ourselves as well as the confidence other countries have in us. Right now, other countries have the impression that we are committing national suicide.

On October 12, a syndicated article, by a Professor of International Relations at the University of Virginia, was published by the very authoritative Washington *Post* and by other papers in the United States. It is a typical example of the way others see us. The learned professor states that:

> It is time Americans faced up to the reality that Canada, as we have known it, will no longer exist by 1982. This is not yet appreciated in the United States, but the signs that the 113-year old Canadian federation is in the process of breaking apart are very clear in Canada.

Well, honourable senators, we know that is nonsense. As an academic friend said to me the other day, when I quoted that article, "There is nothing worse than a moron with a PhD."

But what is serious, honourable senators, is that articles of that kind are bound to influence the private sector in the United States and the American government, so that they now see us as a country about to break apart like a pie that has been cut into slices. As a result, the administration and the new Congress will regard us as a weak and divided nation that speaks with a small voice and has little clout, when negotiations take place on such vital matters as the East Coast Fisheries Treaty, the Garrison Dam, pollution of the Great Lakes, and other matters that concern the east, the west and central Canada.

Our present image abroad is certainly going to dry up a great deal of the risk investment on which we depend so heavily. Who in his right mind would want to invest or lend money to what is regarded as a fragmented country, about to turn into two or three small, ineffectual nations? This apparent balkanization can only lead to a great loss of world confidence in our future. The results could be a disaster for all of us wherever we live.

One final word: I hope with all my heart that as we draft our new Constitution, each and every one of us in this house will exert maximum forbearance and wisdom. This is a moment in history for us to think as citizens of Canada, regardless of political affiliation and regional loyalty. Our present undertaking is the most difficult and important thing that any of us has ever done, or ever will do, in all our lives.

[*Translation*]

It is for us a heavy burden, a major responsibility and a great honour.

[*English*]

Hon. John M. Macdonald: Honourable senators, under the proposed resolution the federal government is asking the British Parliament to pass an act which, basically, would do two things. Actually, the resolution could be divided into two separate parts, although they are not so listed. There is the request to bring to Canada that statute of the British Parliament known as the British North America Act, which is the basis or foundation of our present Constitution; along with that, and as part of that request, the government is asking for an amendment to provide a formula to amend that act in Canada by the federal Parliament.

There is general agreement that this be done, and, indeed, that it could have been done years ago. It was not done years ago because we were more concerned with other matters which we believed to be more important and more urgent. Personally, I believe we still have more important and more urgent matters to consider than bringing the British North America Act to Canada.

At this stage of the debate I do not propose to go into the merits of having the right to amend our own Constitution. I believe we should have it, but on the question of how it should be done I would say only that I believe with those who agree that the B.N.A. Act is not the whole of our Constitution, and, as for amending it, I believe the point of view expressed by Professor Lederman is correct. I do not know whether he could convince a court of law of that, but I do know that his writings have convinced me, and I believe his views are entitled to the highest respect. To my mind, he is the outstanding constitutional expert in Canada.

However, honourable senators, without being in any way anti-British, I must tell you that, personally, it offends my sense of pride as a Canadian to have to go to the British Parliament for anything. Nevertheless, I know that as a practical matter, since the B.N.A. Act is an act of the British Parliament, that Parliament has to amend it. I also appreciate that an amending formula of some kind is essential and will have to be put in the statute by the British Parliament.

● (1450)

Honourable senators, that is as far as I can go. I do not consider that Canada should have to ask, or should ask, the British Parliament for any further action. Yet, under the proposed resolution, that Parliament is to be asked to make a substantial amendment to our Constitution before we receive it. In my opinion, that is wholly wrong. I believe that we in Canada have the ability, the know-how, the political majority

and the inclination to make a Constitution in Canada for Canadians.

Personally I feel it is degrading, it is humiliating, that after all these years the Government of Canada still retains a feeling of colonialism. I thought we had cut the ties of colonialism long ago. Yet apparently our government has a feeling of inferiority in relation to the British Parliament, a feeling that Britain can do better than Canada, as an independent country, can do for itself. Personally I want a Canadian Constitution—a Canadian Constitution made in Canada by Canadians for Canadians. I want a Constitution which can be stamped "Made in Canada," and not one which bears the inscription "Made in England," and if anyone tries to tell me that we in Canada are not capable of making a Canadian Constitution, then I wholly and violently disagree. If by chance it is proved that we are not capable of making our own Constitution at this time, then I say leave things as they are until we are capable.

However, I do not think that in this day and age anyone would dare to say that Canadians cannot govern themselves, that we are incapable of making a Canadian Constitution. So there must be some other reason why there is this humiliating approach to the British Parliament, and so far in this debate I have heard nothing which would justify it.

I have noticed that there has been a tendency to try to make the package deal acceptable by intimating that if one is opposed to one part, then one is opposed to the whole deal. Nothing could be further from the true situation. I want to make it crystal clear, if I have not already done so, that I approve the patriation of the B.N.A. Act to Canada with an amending formula, but I am wholly and strongly opposed to having the British Parliament make up a new Constitution, as would be the case under schedule B.

Honourable senators, I do not propose to speak on the various proposals which affect the provinces. They have been debated and explained, and I am enough of a political realist to know that eventually the government will have its way. I simply say this: I think the government is all wrong in its approach to the provinces. I seem to detect an attitude of superiority on the part of the federal government. The idea of co-operative federalism seems to have disappeared and been discarded. The idea of a partnership between the federal and provincial governments appears to have been rejected in favour of a master and servant approach, which I believe can only lead to difficulties and disputes in the future.

Of course, I do not claim that one government is good and another bad, that the federal government is always right or that the provincial governments are always right. I well realize that they are sincere people doing what they believe to be in the best interests of those they represent. So when they do not agree, some compromise must be made.

As I have mentioned, I know that this resolution will be passed, as it is government policy, and I have no doubt that in due course the British Paliament will do as requested. No doubt that Parliament will be surprised or perhaps annoyed to learn that the ties of colonialism are still in existence.

Honourable senators, there would appear to be some uncertainty as to whether Parliament will be given the opportunity to make amendments to the proposed legislation after the joint committee has made its report. If the proposed timetable is adhered to, there will not be sufficient time for the joint committee, before making its report and having it translated and printed, to hear all interested parties and persons who wish to be heard. Also, the time allowed for debate prior to the Christmas recess will certainly not be sufficient for adequate consideration of the report and any amendment, if amendments are permitted. At this point I would say that I consider it to be a strange commentary on our priorities to have such a strict timetable for the debate on this resolution. In contrast, the revision of the Bank Act has taken years to consider, and it is still not completed.

Honourable senators, at this point I wish to speak briefly on one or two matters contained in the proposed resolution. Section 6 has been mentioned which would give to every citizen of Canada the right, among others, to pursue the gaining of a livelihood in any part of Canada. Mention has been made of the need for such a clause because at times, in places where unemployment may be exceptionally high, such a right is abolished or limited. I believe that every citizen of Canada should have the right to move freely anywhere in Canada in order to seek employment, although I can understand and appreciate the pressure on some provincial governments by the unemployed to limit such free movement. As has been mentioned before, a great many people from the eastern provinces have moved to central and western Canada to find employment. Indeed, there is a movement of many people from the eastern provinces to Alberta at the present time.

I agree that to be able to move freely in Canada to pursue the gaining of a livelihood, as the proposed act puts it, or to seek employment, which is the usual wording, is a fundamental freedom. Yet, honourable senators, there is a more fundamental right, a more important right which nowhére is mentioned in the proposed Constitution Act, 1980. The fundamental right I refer to is the right to employment, the right to have the opportunity to work. If this is to be a Charter of Human Rights, then I hope and trust that the joint committee will insist on a new subsection being added which would guarantee to all Canadian citizens the right to have employment—the right to be employed, to be guaranteed a job with a living wage. This is all the more important in this day and age when labour-saving devices of one kind or another are coming more and more into use.

There is no point in our thinking that education, job training and the like will suffice. Many of the new labour-substituting machines are of tremendous complexity, and it is idle to think that even highly trained and highly educated people can operate and maintain them. It is idle to think the ordinary working people can be given a training course to enable them to work with such machines. We must realize and accept the fact that opportunities for employment for the ordinary, average person are becoming less and less. In my opinion, the proposed Charter of Rights and Freedom must have in it the

right for all Canadian citizens to full-time employment if they so wish; and if it is not in that charter when it comes to Canada, then it should be inserted once we have it in Canada.

Honourable senators, other sections of the proposed charter have been dealt with by other speakers. I wish to refer to only one other section at this time, and I direct your attention to section 7. It is short and reads as follows:

> Everyone has the right to life, liberty and security of the person and the right not to be deprived thereof except in accordance with the principles of fundamental justice.

Just what that means in actual practice, I confess I do not know. It reads well and sounds good, but it is not precise. There is no definition as to what is meant by "the right to life". Does it mean that the unborn have the right to be born and not to be killed before birth? I would hope it does, so that the evil of abortion will at least be diminished. What is meant by "liberty"? I would hope it means the liberty to enjoy good health without the danger to health from pollution of the atmosphere, and of our rivers and lakes. What is meant by the "security of the person"? I would hope it means economic security as well as the security to live in peace protected by good laws and good law enforcement. There is no definition of what is meant by the principle of fundamental justice. If this section is to mean anything it must be improved. It must state just what is meant by the high sounding terms it uses, and if this is not done by the committee then I hope it will be done when it comes to Canada.

● (1500)

Honourable senators, before I close I just want to mention that I wholly agree with the statement by Senator Donahoe in reference to the ownership of offshore lands. As he stated, prior to the creation of Saskatchewan and Alberta in 1905, and the enlargement of Manitoba, Quebec and Ontario, the lands given to these provinces were mutually owned by all Canadians. Yet the interest the maritime provinces had in these lands was extinguished—and extinguished without compensation. At that time there was no land available for the widening of their boundaries. Now there is. There is the land nearby under the water. The boundaries of the maritime provinces can now be enlarged by the addition of land under water which may contain valuable mineral wealth. By agreeing to the widening of the boundaries of these provinces in this manner, the federal government would be righting a wrong and compensating for an old injustice. I do not expect this matter to be dealt with in the proposed legislation of the British Parliament, but again I hope it will be dealt with when we have a Canadian Constitution.

Honourable senators, as you may have gathered from my remarks, I support one part of the proposed legislation, namely, that part which would bring the B.N.A. Act to Canada with an amending formula. I cannot and do not support that part of the proposed legislation which would have the British Parliament, or any other foreign parliament, pass a Constitution Act for Canada. Since the package cannot, or, at least, will not, be separated, I will vote against the motion.

[Senator Macdonald.]

Hon. Joan Neiman: Honourable senators, I am coming rather late into this debate, and there is probably little new that I can add to the excellent speeches that have preceded mine. However, the proposed resolution, and the draft Canada Act, and the Constitution Act, 1980, which it encompasses, are of such importance that I must comment upon them.

There is no doubt that the joint resolution which is the subject of the motion we are debating has ingredients of historic significance to our country. If and when the Constitution Acts, 1867 to 1980, which are the short titles of the proposed constitutional measures, are proclaimed, we shall be immediately subject to their provisions. The real effect of some of those provisions on the citizens and residents of Canada, on the shape and structure of Canada and its institutions, will not be fully felt or understood for many years to come. That is why we, as parliamentarians, have a great responsibility to consider this proposed resolution as carefully and conscientiously as we are able. There is also no doubt in my mind that the vast majority of Canadians, myself included, support the government's objective of patriating the Constitution, and ensuring that in the process we provide the means, when it seems necessary or desirable, of further amendment.

The entire subject matter of the draft resolution, with its many components, is one which I have absolutely no difficulty in supporting in principle. However, I still have a good number of concerns about its contents, and questions which I should like answered. Since the special joint committee to which the resolution is to be referred will have the power to consider and make amendments, and since the government leader in the Senate has advised us that this chamber has the power to deal, as it sees fit and within its rules, with the report that the committee will present, I am sure that during the course of those events most of my misgivings—perhaps some of them are unjustified—will be allayed.

As I listened to Senator Nurgitz's remarks, and then Senator Steuart's on the following afternoon, in which they argued forcibly against the entrenchment in our Constitution of a Charter of Human Rights and Freedoms, I thought they sounded familiar—and no wonder. As a common law lawyer, and a person who is interested in human rights, I, too, have held and expressed similar doubts. Honourable senators will recall that the Standing Senate Committee on Legal and Constitutional Affairs established a subcommittee on the Constitution just before our last summer adjournment. One of its mandates was to consider and make recommendations with respect to a Charter of Human Rights and Freedoms. That particular task was given to a very small working group composed of Senator Donahoe, Senator Frith and myself, all of whom were trained in the common law.

We spent a good deal of our time during the summer trying to digest learned articles, and weighing the arguments for and against entrenchment of such a charter. Unfortunately, we were not in a position to make our report before other events overtook us. I cannot speak for any other member of that working group, but I can tell you that I started out as a non-believer, and ended up a believer, on the question of

entrenchment. The final impetus to my conversion was provided by the Honourable Gordon Fairweather, Chief Commissioner of the Canadian Human Rights Commission, who told us that he had been a non-believer, even during the days in which the government of which he was a member introduced our present Bill of Rights, but that he, too, had come to believe that an entrenched Charter of Human Rights and Freedoms is an important symbol for the people and institutions it seeks to protect, and particularly for those tens of thousands of new Canadians who have come here to seek security and freedom they have never known.

I do not agree with those who argue against entrenchment on the grounds that it shifts power from Parliament to the courts. Individuals, corporations, and even governments, turn to the courts for arbitration of their differences and resolution of their problems, and courts deal with them on the basis of either the common law, which can always be changed by statute, or statute law, which has been enacted by parliaments and legislatures.

Incidentally, it has been frequently argued that the Constitution of the United States, with its protections for American citizens, has frequently been unable to protect them from violations of their civil and human rights. Yet we know that the provisions of the same Constitution have been used later, as social, ethical and moral standards have evolved, to correct the inequities which earlier had been practised under its banner. So constitutions, and the courts which interpret them can be flexible, but, as Senator Steuart said the other night, it is only the will of the people which, in the final analysis, will ensure that that happens.

Some people may say that we already have a Bill of Rights, and that we do not need anything more. I would respectfully disagree. Professor Walter Tarnopolsky, a distinguished lawyer and expert in the field of human rights, has written extensively on the subject, and about the frailties of the Canadian Bill of Rights. Without going into all the legal reasons, I can say that, because of judicial interpretations of the language of certain sections many provisions of the Bill of Rights are now considered unduly restrictive, ineffective, or unsatisfactory. Therefore, the number of times suppliants before the law have had recourse to it in recent years has been comparatively small. Those people who were disappointed because they were not protected by the Bill of Rights, will support the present efforts to enact a Charter of Human Rights and Freedoms which will provide a better range of protections, and which will have primacy over all other statutes.

● (1510)

Perhaps I should state my belief here that the government which proposes a Charter of Rights and Freedoms to be entrenched in our Constitution, and the draftsmen who draw the words and phrases, must be prepared to explain and justify the differences, the additions and the deletions, between the bill they are presenting and our present Bill of Rights. Even though the Bill of Rights has not been adjudicated upon as often as we might have imagined in the past 20 years, nevertheless, a body of law has grown up around it which cannot be ignored. Judicial decisions have exposed its weaknesses and its rigidities, and now is an ideal time to correct them. I would draw your attention to what I perceive as weaknesses, improvements, or simply changes in the present draft charter as compared to the Bill of Rights. The members of the joint committee also have their special responsibility to understand the reasons for those changes and to be able to explain the provisions of the draft charter which they will eventually recommend to their respective houses.

Again, however, it must be Parliament which finally accepts full responsibility for measures it approves either by way of special resolution, as in this case, or by ordinary legislation.

I have spent some time comparing the Bill of Rights with the provisions of the draft charters submitted by the government to the First Ministers' Conferences in July of this year and later in September, as well as with the present draft we are discussing. It has been pointed out that one of the most serious weaknesses in the Bill of Rights is that because it is an ordinary statute its provisions do not take precedence over the provisions of any other statute with which it might come into conflict. That view has been confirmed by judgments rendered in the Supreme Court of Canada and is probably a significant reason for the lack of substantial recourse to the bill.

I was therefore very pleased to see the comprehensive unequivocal statement in the July draft, in what I believe to be Professor Tarnopolsky's wording, that would have given that charter paramountcy over any law or any administrative act inconsistent with its provisions. Section 18 appears in a different guise in section 24 of the September draft, but the latter seems to provide comparable protection. However, I find it very disquieting that section 25 of the present draft purports to give primacy only to any law that is inconsistent with the provisions of the charter. The omission of any protection against the often inequitable and sometimes unjust administrative decisions of tribunals, boards and the plethora of regulatory bodies that bedevil us, can only be described as lamentable. Moreover, the very fine recourse and enforcement provisions contained in section 19 of the July draft have been omitted from subsequent drafts. I hope that the joint committee will receive a satisfactory explanation for the weakening of the protections and rights provided in the present draft, or else devise amendments which will give those protections the range and clout they deserve, as well as the positively stated right to enforce them.

To go back to the beginning of the present draft Charter of Rights and Freedoms—which is perhaps where I should have begun—I see that the opening declaratory phrases of the Bill of Rights referring to rights and freedoms which "have existed and shall continue to exist" have been omitted from the current draft. Since judicial interpretation of those words led to what is known as the "frozen concepts principle," which, it is argued, has impaired the potential vitality and strength of the Bill of Rights, the omission of that phrase from the last draft is an improvement and should provide more flexibility.

I consider the first two sections to be a vast improvement over the equivalent section 1 of the Canadian Bill of Rights because they provide for a broader range of freedoms, with one notable exception, in clear, concise language. The significant omission in section 2 is the right of the individual to the enjoyment of property. That disturbs me, but since we have heard Senator van Roggen's remarks on the subject, we can be assured that he will have that particular anomaly corrected, if at all possible.

Senator Flynn: Will he be a member of the committee?

Senator Neiman: He can make recommendations. I do not know if he will be.

That brings me to a very important section in the draft charter—paragraph 15 on non-discrimination rights. In comparison with similar provisions in the Bill of Rights on which it is based, I would rate some of its provisions either better or potentially better, with the added protective categories of ethnic origin being in the former group and of age being in the latter group. In principle, I approve of the inclusion of the protection against discrimination on account of age, but I worry because the range of contexts in which age might be a relevant factor is almost unlimited. Is a person of 70 too old to fly a commercial aircraft, or too young at 14? The questions we can pose are endless. I really do believe that if non-discrimination on account of age is to be given protection in this charter, then its reasonable application and limitations must be more clearly defined.

Incidentally, I was delighted to hear Friday morning that the First Report of the Special Parliamentary Committee on the Handicapped has made a recommendation, among others, that if a Charter of Human Rights and Freedoms is entrenched, it should contain similar protection for the handicapped as we have for other categories in section 15. However, I do have some reservations about the difficulties in defining and delineating the group, so my remarks about the aged apply equally to the handicapped.

Some of the language of subsection 15(1) is now considered unacceptable by numerous groups of people, particularly the phrase "the right to equality before the law and to the equal protection of the law," which has been taken directly from a paragraph of the Bill of Rights. That phrase has been tested in various Canadian courts including the Supreme Court of Canada, and to put it as kindly as I can it has been found wanting in ensuring the equality of women and protecting them from non-discrimination because of their sex.

As Senator Bird has already mentioned, the Chairman of the National Advisory Council on the Status of Women, to whom Senator Nurgitz referred the other night, was perfectly justified in expressing the concern of all the women whom the council seeks to represent. Whatever the rationale for decisions made in the Supreme Court of Canada in such cases as the Lavell, Bedard or Bliss cases, we now have what we consider bad law—law invidious to the rights and interests of women, but law that must, nevertheless, be respected and followed unless the particular phraseology on which the decisions for those cases were apparently based is changed. Senator Bird and I and several of our colleagues have joined with the National Advisory Council to seek assurance from the government that if suitable alternative wording can be found which will clearly provide the protection that is sought, the appropriate amendment to subsection 15(1) will then be made. It may be of only theoretical interest to the members of this chamber that about half of the eligible voters in Canada have a beneficial interest in any such amendment, but as human beings I know you are all anxious to find the words that will ensure equality and fairness for both sexes.

The provisions in subsection 15(2) do not appear in the Bill of Rights and, therefore, are a welcome addition in the current draft. Once again I enter a caveat to the joint committee that it examine the language carefully because, while everyone would approve the intent of the provision, I have heard some fears expressed to the effect that they could still be misconstrued or misapplied.

There has been at least one case in the Supreme Court in which the judgment appears to depend rather heavily on the meaning of the phrase "and the right not to be deprived thereof except by due process of law," which is used in paragraph 1(a) of the Bill of Rights in connection with the protection of certain legal rights of individuals. That phrase is omitted from the equivalent section 7 in the present draft charter, and replaced by "and the right not to be deprived thereof except in accordance with the principle of fundamental justice." Senator Macdonald has just referred to this particular section.

● (1520)

Since section 7 provides the kind of legal rights which will be relied upon in many situations, particularly trials of a criminal or quasi-criminal nature, substitution of a new legal standard of exception to those rights has considerable significance. I assume the members of the joint committee will enlighten themselves as to the reasons for the change in wording, and bear in mind some of Senator Macdonald's comments when doing so. I hope, eventually, when making their report, they will enlighten us as well.

The phraseology of section 11(d) with respect to the exception to the right to reasonable bail has also been changed. The words "except on grounds, and in accordance with procedures, established by law," replace the simple phrase "without just cause" which appears in the Bill of Rights. That same rather murky language, "except on grounds, and in accordance with procedures, established by law"—and we could all ask what those words really mean—appears in section 8 with respect to search and seizure, and in section 9 with respect to detention or imprisonment. In fact, they seem to weaken the rights cited in section 9 in comparison to the equivalent section 2(a) of the Bill of Rights which affords protection against arbitrary detention, imprisonment or exile of any person without any exception. What does that phrase mean—or more particularly, what is it intended to mean, and why was "exile" omitted from the latest draft? Again, I should appreciate some enlightenment.

What can I say that is helpful about section 24 on undeclared rights and freedoms? I know that some of the native groups are unhappy, and I cannot blame them if they feel the language of the section is not sufficient to protect their status, rights and claims. After being concerned and often actively involved with their problems for years, and knowing how various levels of government have tried to solve those problems with massive injections of money and various forms of aid, I have come to the unhappy conclusion that many native peoples and vast numbers of non-status Indians are far worse off than they ever have been. I believe that an entirely different and radical approach must be taken, not only by the people in the groups to which I have referred, but also by the governments and institutions that purport to help them. A few words in a Charter of Human Rights and Freedoms will not enhance their pride of origin or protect their human rights unless there is the will on all sides. But if some changes in the language of the proposed charter can provide the incentive for such a will, then I would heartily support them.

I have some comments to make with respect to section 44. I agree with much of what Senator Roblin had to say about that section because I already had formed my own opinion as to the possible constitutional problem inherent in it. I must confess, first, that I am no constitutional expert, and, secondly, that I have tried out my theory on a couple of colleagues, whose opinions I respect, and I may not have convinced them. However, the recollection that I was sure that certain sections of Bill C-60 of 1978 were unconstitutional in the face of impressive expert opinion to the contrary, and that my belief was sustained by the judgment of the Supreme Court of Canada last year, gives me courage to elaborate my thesis once more.

Senator Roblin has read the pertinent portions of the question put to the Supreme Court of Canada which bear directly on section 44 of the draft Constitution Act, 1980, that is included in the proposed resolution that we are studying. Without repeating those questions in full, I should like to remind honourable senators that one particular question asked if it was within the legislative authority of Parliament to enact legislation to provide that bills approved by the House of Commons could be given assent and the force of law after the passage of a certain period of time notwithstanding that the upper house had not approved them. That is the important difference in the context and procedure. The section in Bill C-60 dealt only with Parliament's enacting a bill, while here we have a Joint Address requesting the Queen to approve an act passed by the British Parliament. However, I do not believe that the different approach changes the constitutional aspect of the question.

Without getting into a laboured legal discussion, I would like to read other portions of the judgment of the Supreme Court of Canada which elucidate the course of its reasoning in reaching its answer to that particular question. They are extremely pertinent to my argument. In referring to the historical background in which the creation of the Senate as part of the federal legislative process was conceived, the Supreme Court quoted the following words of the Lord Chancellor, Lord Sankey, in another Canadian case:

> Inasmuch as the Act embodies a compromise under which the original Provinces agreed to federate, it is important to keep in mind that the preservation of the rights of minorities was a condition on which such minorities entered into the federation, and the foundation upon which the whole structure was subsequently erected. The process of interpretation as the years go on ought not to be allowed to dim or to whittle down the provisions of the original contract upon which the federation was founded, nor is it legitimate that any judicial construction of the provisions of ss. 91 and 92 should impose a new and different contract upon the federating bodies.

The Supreme Court goes on to say:

> In our opinion, the power given to the Federal Parliament by s. 91.1 was not intended to enable it to alter in any way the provisions of sections 91 and 92 governing the exercise of legislative authority by the Parliament of Canada and the Legislatures of the Provinces. Section 91.1 is a particularization of the general legislative power of the Parliament of Canada. That general power can be exercised only by the Queen by and with the advice and consent of the Senate and the House of Commons. Section 91.1 cannot be construed to confer power to supplant the whole of the rest of the section. It cannot be construed as permitting the transfer of the legislative powers enumerated in s. 91 to some body or bodies other than those specifically designated in it.

● (1530)

Later on there are these comments:

> The continued existence of the Senate as a part of the federal legislative process is implied in the exceptions provided in s. 91.1.

I should like to quote just one further section in answer specifically to the question that was put to them with respect to the Senate. It states:

> A provision of the kind contemplated would seriously impair the position of the Senate in the legislative process because it would permit legislation to be enacted under s. 91 without the consent of the Senate. For the reasons already given in respect of Question 1, it is our view that Parliament cannot under s. 91.1 impair the role of the Senate in that process. We would answer this question in the negative.

What we are dealing with here is, of course, the proposed Joint Address of Parliament asking the Queen to approve an act which would be passed in the British House of Parliament which would materially affect a fundamental characteristic of our Constitution before it is sent home. We cannot use the ordinary legislative process, because that simply is not open to us in the one last Joint Address to the Queen, but it is, nevertheless, a legislative procedure that affects the very foundation on which the legitimacy of the Parliament of Canada depends. I can do no better than quote some of the concluding

statements of the Supreme Court of Canada in the judgment to which I have referred. It states:

> The character of the Senate was determined by the British Parliament in response to the proposals submitted by the three provinces in order to meet the requirement of the proposed federal system. It was that Senate, created by the Act, to which a legislative role was given by s. 91. In our opinion, its fundamental character cannot be altered by unilateral action by the Parliament of Canada and s. 91.1 does not give it that power.

And so I am strongly persuaded that, even if every member of both houses of this Parliament was prepared to give his or her approval to section 44, we do not have the legal right to make the change it contemplates in the power of the Senate by any means whatsoever without the prior approval of the provinces.

I would add one further observation. Section 44 as it is contemplated appears to fly in the face of the statement in section 28. In my view the diminution of power of one house of Parliament vis-à-vis the power of the other house of Parliament automatically enhances the power of the latter chamber and at the same time diminishes the powers and rights of the provinces vis-à-vis the Parliament of Canada as a whole.

Honourable senators, almost since I entered this chamber and began to understand more fully the parliamentary process, I have believed that the Senate should have only a suspensive veto. I think that belief is shared by a majority of my colleagues here. I do not think, however, that such a change could be effected in the powers of the Senate without the consent of the provinces under whatever amending formula may then be enforced. I know that section 44 rests upon section 44(1) then being in force, and that that supposedly final amending formula requires approval of a certain number of the provinces. The problem as I see it, however, is that the whole of Part V could presumably come into force by mere efflux of time and without the consent of the provinces—that is, if the provinces could not reach the necessary consensus required under section 38 to force a referendum, or if they merely decided they would accept Part V as the best possible or least offensive formula, the right of the provinces to consent to a change in the powers of the Senate would be lost.

I repeat again that I fully support the principle embodied in section 44, but I would prefer to see the Senate's powers changed later as part of a package deal which, undoubtedly, would change other facets of the upper chamber at the same time.

In closing, I should simply like to say, with respect to the section on amending procedures, that my only hope is that the formula which is finally approved and adopted will be fair and will be seen to be fair by all levels of government, by this Parliament and all legislatures and, above all, by the people of Canada whom our Constitution must be designed to serve and protect.

Hon. Paul Yuzyk: Honourable senators, the Canadian government must be fair to all its citizens, including those of the ethno-cultural groups. In the proposed resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada, there is no mention at all of the place and role of the ethno-cultural groups. There is an indirect reference in section 15(1). It states:

> (1) Everyone has the right to equality before the law and to the equal protection of the law without discrimination because of race, national or ethnic origin, colour, religion, age or sex.

The document constantly refers to, "citizens", "Canadians", "persons", "everyone", and sometimes "population." This indicates that there must be people in Canada. The only reference that can be found to people, however, is only about natives, and that is found in section 24. That section states:

> The guarantee in this Charter of certain rights and freedoms shall not be construed as denying the existence of any other rights or freedoms that exist in Canada, including any rights or freedoms that pertain to the native peoples of Canada.

Certainly, there is constant reference to English and French as "the official languages of Canada." Section 23 talks about "English or French linguistic minority population" of a province, and instruction in a "minority language" as well as "minority language educational facilities."

Although it is implied, there is no specific mention of the English or the French as a people or a group which, in reality, cannot exist without a language. He has clearly ignored these minorities in the Charter of Human Rights and Freedoms. His obsession is paramountly with English-French relations.

● (1540)

Eric Wells of the University of Winnipeg, a well-known journalist and broadcaster, gave a frank analysis of Trudeau's aims in a recent radio commentary on minority rights in Winnipeg. Here are some brief extracts from that commentary—a western Canadian viewpoint:

> The Prime Minister's chief objective is in having his Charter of Rights enshrined in our Constitution . . . This topic is political double-talk about freedom. This is the unmentionable subject shrouded in sacred fields of mythology of minority rights.
>
> Our politicians talk about minority rights as if we are considering one hundred or more ethnic groups.
>
> But minority rights in Canada in this regard only mean two races, at least within the meaning of the new Charter.
>
> The plain truth is simple—only French and English. French is to be implanted in seven English-speaking provinces, and English is to be protected in one French-speaking province.
>
> I don't know why the Prime Minister doesn't come out and say just that . . .
>
> Meanwhile, nobody except the deluded will salute 1981 as the year of our freedom.

If the present document becomes the Constitution of Canada, approximately one-third of Canadian citizens will be the most deluded. These are the numerous ethno-cultural groups, over

80 in number, of non-Anglo-Celtic, non-French origin. They have made significant contributions to the building of this country and the progress in all walks of Canadian life. Composed of Germans, Italians, Ukrainians, Poles, Jews, Scandinavians, Baltic peoples, East Indians, Chinese, Japanese, Portuguese, Indians, Eskimos, and many other groups, this third element of the population of Canada is much more numerous than the French in all provinces, except Quebec, New Brunswick, Prince Edward Island and Newfoundland. Yet, they have no place in the new Constitution.

What concerns the leaders and active members of these non-Anglo-Celtic, non-French groups is that the present Trudeau government has ignored many of the recommendations of the Royal Commission on Bilingualism and Biculturalism, and particularly many of the recommendations of the Special Joint Committee of the Senate and of the House of Commons on the Constitution of Canada, tabled in both chambers on March 16, 1972. It should be noted that the Joint Chairmen were Senator Gildas Molgat, who is still with us in this chamber, and the Honourable Mark MacGuigan, the Minister of External Affairs in this government.

In my judgment, this joint parliamentary committee was closer to the people of Canada than our Prime Minister and our premiers of the provinces. In its two years of intensive effort, the committee held 145 public meetings, including 72 sessions in 47 cities and towns located in all the provinces and territories. The 1,486 witnesses who appeared before the committee ranged from acknowledged experts, leaders in various walks of life, representatives of various institutions, organizations and ethnic associations to students and common people, such as labourers, farmers, housewives, trappers and others. Some witnesses made presentations in languages other than English or French, and there was a full parliamentary session in Vancouver using Chinese. Mayors and cabinet ministers made appearances before the committee. This large-scale national exercise in participatory democracy was a method of ascertaining public opinion which falls just short of conducting a referendum.

The final report of this parliamentary committee embodies recommendations hammered out as a tolerable and reasonable exercise. It reflects our agreement, arrived at by representatives of all political parties, as well as the differences of opinion within the parties. Taking into consideration the consensus of public opinion, when it was clearly evident, as well as their own personal views, the members of the committee, who themselves were fairly representative of Canadian society, have presented proposals that reflect the main streams of opinion of this diverse population. It was largely a majority report, in which the parliamentarians acted in the best interests of Canada as a whole, to which I can testify as I was a member of the steering committee.

This report on the Constitution of Canada, comprising 37 chapters and 105 recommendations, is a blueprint of the new Constitution and therefore should be at the fingertips of all Canadians interested in constitutional revision and problems. I have no intention of summarizing the chapters or noting all the recommendations, only a few of which have been implemented. I shall concentrate on the place and rights of the non-Anglo-Celtic, non-French element that composes nearly one-third of the Canadian population which has been left out of the proposed Constitution Act, 1980.

The first recommendation advocates, and I quote: ". . . a new and distinctively Canadian Constitution, one which would be a new whole even though it would utilize many of the same parts." This apparently, is being carried out. Further, it states that this Constitution ought to be "both an inspiration and a mirror for its community". This cannot be said about the present proposal. The 1972 report stated that "the Canadian reality of today" was "an independent, democratic, officially bilingual, multicultural, federal state." This can be considered as the Canadian identity and, because of the continuing process of immigration, will be for generations to come; hence, it should be embedded in the new Constitution.

In the 1972 report much emphasis was placed on the preamble to the new Constitution, which the present proposal lacks. Here the Canadian nation is distinguished as "a free people in a free society; a country characterized by rich diversity in linguistic communities, cultural heritages and regional identities; a country where individual fulfilment is the fundamental goal of society; a country where individual Canadians look to the state not simply as a vehicle by which to serve their own self-interest but as a vehicle by which they can contribute to the well-being of other Canadians."

● (1550)

The basic objectives recommended for inclusion in the preamble to the new Constitution are the following:

1. To establish a federal system of government within a democratic society;

2. To protect and enhance basic human rights;

3. To develop Canada as a bilingual multicultural country in which all its citizens, male and female, young and old, native peoples and Métis, and all groups from every ethnic origin feel equally at home;

4. To promote economic, social and cultural equality for all Canadians as individuals and to reduce regional economic disparities;

5. To present Canada as a pluralistic mosaic, a free and open society which challenges the talents of her people;

6. To seek world peace and security, and international social progress.

The joint parliamentary commitee endorsed the entrenchment of certain basic political, legal and human rights, including provisions contained in the Canadian Bill of Rights in 1960. There is no need to outline these rights, as most of them are found in the present proposed resolution.

Because language is a vital part of the culture of most peoples and because its recognition is of great symbolic importance, chapter 10 on Language Rights is one of the longest in the report of 1972. The committee recommended that English and French be constitutionally entrenched as the two official

languages of Canada. For the most part the language recommendations have been adopted in the present resolution.

An important recommendation that was not adopted was the one recognizing the parents' right to choose the language of instruction in publicly-supported schools where a sufficient number of persons could justify the provision of necessary facilities. Clause 23 of the resolution complicates this matter, in that citizens must continue with the "first language learned and still understood," either English or French, requiring parents "to have their children educated in that language." The choice of Canadian citizens is definitely restricted, and immigrants who have no knowledge of either official language have no choice but to accept the language of the province, which they might not prefer. I believe that most people would approve the parents' right to choose the language of instruction as advocated in a United Nations covenant.

The report of the Constitution of Canada of 1972, showing awareness that large groups of Canadians speak other languages, particularly in the western provinces where languages of German, Ukrainian, Italian and other groups are spoken more than French, approved constitutional recognition for these languages. One way of recognizing the contribution to Canada of these non-Anglo-Celtic, non-French groups is to regard their languages not as foreign but to give them the status of Canadian languages as an integral part of the Canadian linguistic mosaic. Some of these languages are now taught in the public school systems and universities of Alberta, Saskatchewan, Manitoba, Ontario and British Columbia.

Since the languages of the third element ethnocultural groups are "regional rather than national," the report of 1972 recommended that it would therefore be appropriate that specific recognition be given to them at the provincial level. This recommendation would confer no additional rights upon the provinces, for section 92.1 of the B.N.A. Act gives the provinces power to amend their own constitutions, and section 93 gives them the power to make laws in relation to education. The joint parliamentary committee advised that:

> The Constitution should therefore provide in its section on language rights that provincial legislatures may confer rights on other language groups with respect to use in the legislatures themselves, or in government administration, the courts, and education in publicly supported schools.

Here, I would like to interject a personal note. Having been born in Saskatchewan of pioneer Ukrainian stock, I learned Ukrainian from my parents, and at Saturday schools conducted in Ukrainian halls in Saskatoon, and I took higher courses at the University of Saskatchewan. My children have studied Ukrainian in the secondary schools of Winnipeg; and two of them continued with the language and literature at the University of Manitoba.

I would now like to quote a gem from Ukrainian literature, a short verse from a longer poem of the great poet Taras Shevchenko, written 140 years ago, which I believe is very appropriate on this occasion.

> Uchitesia, braty moyi,
> Dumayte, chytayte,
> I chuzhoho nauchaytesh
> Svoho ne tsuraytesh.

For the benefit of those who might not have understood the language of some three-quarters of a million of Canadian citizens, here is the translation:

> Learn my brethren,
> Think and read,
> Study other cultures,
> Do not shun your own.

In chapter 29, on education, the report of 1972, recognizing bilingualism and multiculturalism, considered that this fact be appropriately reflected also in the policies of provincial governments and that the federal government must have certain obligations in this respect. I quote from the conclusion:

> Moreover, where a province confers a particular public right upon a language group, it would be appropriate for the federal government to provide a measure of financial assistance. By doing so, it would help the provinces to provide a valuable public service to a group of citizens.

It is gratifying to know that since this report the federal government has been providing financial grants to provinces which have introduced German, Ukrainian, Polish, Hebrew and other languages in the public school system, even without a provision in the Constitution.

That being the case, it could have been expected that the constitution of the proposed resolution now being considered would give some kind of recognition to the non-Anglo-Celtic, non-French languages. Alas, one would have to look in vain. Instead, there is a "beating about the bush" or, more aptly described, "nothing" clause. I quote clause 22:

> Nothing in sections 16 to 20 abrogates or derogates from any legal or customary right or privilege acquired or enjoyed either before or after the coming into force of this Charter with respect to any language that is not English or French.

We are to be grateful for small mercies.

The joint parliamentary committee in 1972 stated that the preamble of the new Constitution should recognize Canada as a bilingual and multicultural country. Although English and French should be recognized officially, there should be no official culture in Canada. The committee made the following statement in this regard:

> One of the deepest aspects of our national character has been its cultural tolerance towards minority groups. Canadians do not feel the need to impose a common culture nor to divorce people from their cultural roots. All democracies allow their citizens freedom under law, but many do not go so far as to allow cultural freedom. Canada must continue to do so, but more consciously and more effectively.

● (1600)

Now let us look at the proposed resolution. One will look in vain and will not even find the word "culture" in the whole document. I suppose that this must be logical for the govern-

ment, as there is no reference in the document to the people of Canada or to the Canadian nation.

If we cannot look to the Canadian Constitution of 1980 to find the reflection of the Canadian reality, we can look at the actions of the Trudeau government. In response to Book IV of the Royal Commission on Bilingualism and Biculturalism, of which Senator Frith was a notable member, and to announcements of a policy of multiculturalism by the provinces of Manitoba and Alberta, Prime Minister Trudeau announced a federal policy of multiculturalism on October 8, 1971, in the House of Commons, which received the endorsement of all parties.

After the fall election of 1972, Trudeau's minority government, sensing the mood of the country, established in November a Ministry of State responsible for Multiculturalism of which Dr. Stanley Haidasz, now Senator Stanley Haidasz, became the first minister. This ministry, now headed by the Honourable Jim Fleming, has been active to the present day. Its annual budget of some $10 million made it possible to expand a variety of programs in the multicultural field, including assistance to provinces to implement courses in ethnic languages with the public school system.

In May 1973 the Canadian Consultative Council on Multiculturalism was appointed, consisting of approximately 100 members representing most of the ethnocultural groups. This advisory body holds annual conferences and publishes reports for the consideration of the Minister of Multiculturalism. For several years, Senator Peter Bosa, ably chaired this council. Today the C.C.C.M. chairman is Mr. Lawrence Decore, an Edmonton lawyer.

In the meantime, most of the provinces have adopted a policy of multiculturalism and many have established ministries responsible for cultural and multicultural activities. Some of the provinces have included language courses in German, Ukrainian, Italian, Polish, Hebrew and other non-official languages in the curricula of the public schools, primary and secondary, with some financial support from the federal government.

Multiculturalism, based on the preservation and perpetuation of the languages and cultures of various ethnic groups, to be shared by all Canadians, is a living fact of Canadian life. It is steadily gaining momentum. For the sake of harmony and unity, this reality of Canadian society must be recognized in the new Canadian Constitution. The Special Joint Committee on the Constitution of Canada must seriously study the report of the joint parliamentary committee of 1972. If its wants to gauge public opinion properly, this special committee will not be able to meet the deadline of December 9 but must continue its work for at least four months. It must have a mandate to carry out substantial amendments, otherwise it can be expected that there will be trouble throughout the country.

Regardless of how we identify Canada, whether in terms of geography, governmental institutions, natural resources or human resources, such as ethnic and cultural communities, these are not enough. A state is constituted paramountly by the collective will of the people to live, work and sacrifice together for the common good. If this will falters, then inevitably the nation falls. We know from history and experience that the common strain binding Canadians together is a pervading goodwill towards persons and peoples other than their own, and their love of this great land.

In the words of the report of 1972, "a modern Constitution for Canada is ultimately a restatement of our faith in ourselves and our country." Our faith in freedom and democracy, truth and justice, equality and brotherhood and co-operation and peace has been the strength that has maintained Canadian unity, which has produced progress, prosperity and general happiness for Canadian citizens. This faith and work has built a great and dynamic Canadian nation. Let us continue along this proven path to build a better Canada.

Hon. George J. McIlraith: Honourable senators, it is with a sense of real trepidation that I attempt to speak on this subject, first, for the simple reason that there is so much in it that requires to be spoken about and examined by both the Senate and the other place; secondly, because I am sensible of the long-term effect of this legislation, as distinct from the more regular type of legislation that we pass or reject in this chamber from day to day; and, thirdly, because I am perplexed by the procedure adopted.

Because of its very nature, the proposed legislation is not being passed by the Parliament of Canada, but—at our request, presumably—by another Parliament in another country, albeit a friendly country; and I, as a Canadian do not particularly relish that process when we are dealing with such a substantive matter as this.

I suppose the best way in which I can attempt, in the few minutes at my disposal, to deal with this enormous subject is to take a look at the actual motion that we shall be voting on tonight. Let us look at it for a moment. It calls for the appointment of a Special Joint Committee of the Senate and the House of Commons. That is simple enough. What is that committee to do? It is not our usual type of committee that undertakes studies or deals with legislation that comes before us.

• (1610)

The committee is:

> —to consider and report upon the document entitled "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada"—

That is the purpose. What are the members of the committee to do in fulfilling that purpose? They are:

> —to recommend in their report whether or not such an Address, with such amendments as the Committee considers necessary, should be presented by both Houses of Parliament to Her Majesty the Queen;

Then there is a fourth rather unusual little thing tucked into the motion:

> That the Committee submit their report not later than December 9, 1980.

Honourable senators, I have long honoured certain days in December for a very special purpose in my life, but I have not yet had explained to me why December 9, 1980, is chosen in this instance, and why the haste for the committee's report. I know they cannot adequately examine the many points respecting the Constitution raised in the document before them, hear the witnesses, examine the law and draft suitable amendments, and so on, in the period of time allowed them. All I can say to them is that I wish them well in their work. I will be glad to help them in any way I can, but I do not like limitation of time very much.

I was feeling this concern when the matter was being debated in the other place. On October 21 I sought information, knowing that this was only a document that was before the committee and not a legislative measure of the Canadian Parliament. There are many ways by which honourable senators—the members of the other place can speak for themselves—can react to legislation by way of acceptance or amendment, as they see fit. As I say, I sought to inform myself about all of this, and to find out whether, since we were not going to directly enact legislation, those responsible were going to do the next best thing and bring the Address itself before us for our direct examination, and such treatment as we in our wisdom might see fit to give it.

In any event, our leader took my questions as notice, and answered them. I will not repeat the answers he gave. I can, I think, with propriety, say that I did not think they were very satisfactory.

Among other things, the leader said that he would bring a statement before us. In that respect, I should read a little bit from page 958 of *Debates of the Senate* of October 27 last where the leader is reported as saying:

> Honourable senators, in the course of this debate I would be pleased to bring to the chamber a statement from the government on the particular point raised by Senator McIlraith. I can give him the assurance, however, that since he raised that point and other points the other day, a good deal of discussion has been held with advisers to the government and with the ministers to make sure that the rights of both houses are zealously protected. Certainly every effort will be made to assure that the rights of both houses are zealously protected. Honourable senators, of course, are aware that the procedures in which we are involved lead us into some uncharted waters.

Well, the latter sentence is exactly what I had been saying. The procedures sought to be set up would lead us into uncharted waters. The leader continued:

> There is a lack of precedents. I give the assurance again that a statement will be brought to this chamber in the hope that honourable senators will be satisfied on certain points. Certainly, as I have said, the question raised by Senator McIlraith has been under study.

Now, I conclude from that that the Honourable Leader of the Government in the Senate was answering in his dual capacity of government leader in the Senate and a minister of the Crown speaking for the cabinet. I thank him for that, and I will not go through the points of difference.

A couple of days later the leader did come before us with a statement, much of which dealt with procedural matters I will not concern myself with at this stage. However, one thing he did say was that the procedure being adopted—that is, a special joint committee to sit until December 9, and examine a document that is not before Parliament—provides, first, greater opportunity for public input, and, secondly, a flexible forum for detailed study.

That kind of setting up of a committee could be done at any time with reference to any matter before the Senate for its acceptance or rejection. The usual procedure is to set up a committee to study such a document after the document itself has been laid before the house for its action. That was not the procedure respecting the matter with which we are dealing. The Address is not before us. There are, of course, other points of that kind.

The honourable leader then goes on to say what his view of the procedure is, and this can be found at page 977 of *Hansard* of October 28. I am satisfied from his statement that there may be a further looking at the procedure by those directly concerned—that is, the leader himself and the cabinet—and for reasons that will appear later in my remarks I hope his statement means exactly what it says. It will be seen from the answer and the subsequent statement that we have a wide ranging commitment by the government to permit full consideration of our views, and I want to thank the honourable leader for it.

There are other things, of course, in the statement on these procedural points. I am not going to fight with the leader now, but I would read again from page 979 of Senate *Hansard*:

> All honourable senators know, however, that, as is customary in committee proceedings, they are entitled by the rules and by tradition to participate in the committee proceedings, but they cannot, of course, vote or move amendments. Senators who are not members of the committee are invited to participate in the committee's activities to the extent that they have enjoyed those privileges in the past. Honourable senators may therefore feel assured on this point.

Well, I just want to point out that no such assurance can be given in the Senate. This is a special joint committee. The Senate procedure, which is very adequate on that point, is not available to a joint committee, which sets up its own procedure. The Senate members will be in the minority. I cannot speak for what the committee will do, because it is not yet created, but I am not very much inclined to believe, bearing in mind the shortage of time and the past practice of joint committees, that our procedure is likely to prevail.

I leave it at that, but I must say very directly, "Let all things be done decently and in order". I would like to approach this great subject that way, if I can.

Let us look at the resolution itself. The document referred to has on its cover "The Canadian Constitution 1980", and that

seems a good enough description of what is being proposed by this unusual procedure. But what is that document? What are its contents? Since this subject began to interest me long before I started my parliamentary life, and has continued to do so, I want to look at the document itself. It is in the form of a resolution for a Joint Address of the two houses of the Parliament of Canada to Her Majesty the Queen. In addition, this resolution contains an awful lot of legislation. What kind of legislation? It is not legislation to be passed by the Canadian Parliament, but legislation that we are asking Her Majesty to cause to be laid before the Parliament of the United Kingdom. For what purpose? So that they may enact it for us.

● (1620)

Let us look at what we are asking them to enact. It is this proposed resolution that we do not have the opportunity to examine even in the way we examine a minor bill on some routine matter that comes before us. This resolution does many things. It proposes to change section 17 of the B.N.A. Act which, in rather clear language, says that Parliament shall consist of the Queen, the Senate and the House of Commons. The proposed permanent amending formula, namely, Part V of the resolution, and particularly section 44, changes the very nature of one of those houses of Parliament without the Canadian Parliament dealing with it. I am all for parliamentary reform, and I have been for a long time, and I have been pretty impatient at times, but I am not happy to see our Parliament reformed in this indirect way by the Parliament of another country.

Honourable senators, I will not go through the resolution clause by clause because it is my understanding that several others wish to speak before the deadline we have set for ourselves.

Parliament did attempt to deal directly with some of these matters in what was known as Bill C-60, when there was an attempt to sharply change or replace one of the houses of Parliament. The matter was referred to the Supreme Court of Canada. I happen to respect the Supreme Court of Canada and, in the course of a lengthy well-reasoned judgment, it seemed to me that it indicated that this subject was of direct concern to the provinces. We could argue it at length, but I do not want to digress by arguing the details of that judgment. Certainly, I think that all honourable senators would have to grant that it seemed to indicate the question of this house of Parliament, at least in part, was of direct and immediate concern to the provinces.

Unless Part V of this resolution is changed by the temporary amending procedure, at the end of two years it becomes permanent, and we, in dealing with such legislation, have every reason to believe that it may be permanent. Whether it will be a permanent amending formula, I cannot tell, but certainly no one can tell me it will not be the amending formula. Therefore, it must be viewed in that light.

Although some of the sections of Part V are confusing to read, and they are certainly not a monument of draftsmanship—in fact, I think they are devoid of distinction—it seems to me that they diminish the authority of the provincial legislatures. Provincial legislatures, like all parliaments, come and go, by statute, at least every five years—and some of them more frequently than that—but while they are there, they have full sovereignty over those matters within their legislative competence. I am one of those who, while disliking at any given time a particular provincial legislature or its internal structure, respect provincial legislatures. I do not relish the prospect of seeing their authority bypassed. The resolution diminishes their authority by authorizing the bypassing of the legislative body by a referendum procedure.

I am not talking about the temporary amending formula during the two years; I am talking about what will be the permanent amending formula. I doubt the wisdom of that proposition, never mind the legality of it, although I am sure the courts will deal with this matter. However, I am concerned with the political wisdom of such a step. To me it is not desirable.

While viewing the last federal-provincial conference on television, several things came through apart from the particular words said. One of the things that came through was that we have deteriorated in this country, in dealing with our Constitution, from a process of conciliation and seeking consensus to a doctrine of confrontation. I saw one province confronting another with this and that, and confronting the federal government. The whole atmosphere was one of confrontation. I regret and deplore that. I think we must set ourselves on the path of adopting the tried and true and better procedure of seeking to obtain consensus by way of conciliation. I say that with full reservations about the lack of respect I may feel for the conduct of one or another of those 11 men.

What else does this proposed resolution seek to do? I have mentioned what it seeks to do in connection with one of the houses of Parliament. I would point out at this stage that that house of Parliament was created, as all honourable senators know, and anybody dealing with the Constitution would know, at the request of some of the colonies in the years immediately preceding 1867 as the basis on which they would come into Confederation so that they would be protected in their regions from the mere population figures of the elected House of Commons. We are to take away that regional protection by this document. We are to diminish the authority of the provinces by the use of the referendum. Further, I am not even going to say that it is only when they have rejected a proposal that we make "an end run"—since this is the football season—around the provincial legislatures directly to their people.

Then there is the matter of parliamentary reform within provincial jurisdiction—that class of matters that is exclusively within provincial jurisdiction. Our present legislation seems to permit such amendment after consultation with them. They have great powers of amendment in their own areas of jurisdiction now, but we are asked to diminish their ability to act in that field.

As I read these clauses, with great deference, I feel they need much improvement and redrafting. In fact, I do not like to see them here at all. I think they are not germane to the real

purpose. It even appears that they may permit the federal Parliament, without reference to the provincial legislatures, but by going this circuitous route of referendum, to make amendments in that area. I do not assert that as a firm opinion, but these clauses appear to permit that.

● (1630)

The resolution goes on to deal with the subject of equalization. Equalization has become in comparatively recent times, a most important and well-accepted practice. It was developed in this country in a peculiarly Canadian way, but by Canadians and for Canadians in Canada, and it works. I know one premier or another who will argue certain things about it at certain times, but it works.

I went through some of the changes and made speeches in the other place during these years, and I am proud, as a Canadian, of our achieving what to me seems a very sensible and important principle for Canadians in many parts of Canada. Yet, we have some clauses in the resolution dealing with equalization that are rather short. They can be attacked, perhaps because they don't do much, but that is not the point I am raising in this abbreviated way. However, understanding the situation of some of these provinces when the process of equalization, as we now know it, was developed, I cannot understand why it is proposed to be done by the United Kingdom Parliament without consultation with the provinces. Surely equalization is a greater thing. As I say, I am very proud of our achievement in the field of equalization, and I am second to none in asserting that, and surely it is something that we can do decently and in order with the concurrence of the provinces. We have worked it out over these last—how many years is it since we first got what we call—

Senator Roblin: Thirty.

Senator McIlraith: Actually, there was a little bit of agreement on taxation before that. The provinces were dealt with a little differently in some of those agreements during the war years. Senator Roblin says thirty years—

Senator Flynn: Fifty-five.

Senator McIlraith: I would say its roots were a little earlier. It was 40 years ago. In any event, honourable senators, I leave that subject there with you. That is another important item that is in this package.

The next thing included in the proposal to the United Kingdom is that they are to legislate substantively for us a Canadian Charter of Rights and Freedoms. If you analyze those different sections, you see they include many different rights. Some of them are mere transfers from the Canadian Bill of Rights; others are transfers from sections of the British North America Act, perhaps suitably slightly amended. I have no criticism of that.

There are some other rights and I want to deal with them. Leaving aside for the moment anything about language under that general heading, because I do not think that is where the language provision belongs—and I support, as will appear later, the subject of language in this bill and, similarly, the subject of the right to move about Canada—the other rights will be strongly attacked, undoubtedly, for their inadequacies. Many will say that they leave out many things that should be in them; others will say they have got in them things that should not be in them, and that will only lead to endless litigation when a particular province passes a particular act because, mark you, those rights are binding on the provinces. They are not binding merely on the federal area of jurisdiction of the Parliament of Canada which is about to approve this legislation.

I, for one, have always viewed a Charter of Rights and Freedoms as some great document that serves as an inspiration to Canadians as well as adding to the guarantee of their freedoms and rights. I want it to be a great document of inspiration, a guarantee of my existing rights and perhaps an extension of them, and done in Canada by Canadians after full discussion, and accepted by the Canadian people. No charter of rights in any country is any good unless those who have the responsibility for legislating it have the support of the people generally.

What does the proposed resolution do? It appears to do these and some other things. It brings back the British North America Act to Canada—and here I commend the government most strongly for taking the initiative to bring it back—and in doing so it puts in Part IV, a proviso that is very fair, and, I think, ingenious, that the Constitution cannot be amended in the first two years, subject to certain exceptions, without the consent of all the provinces.

That, obviously, is not an acceptable thing as a permanent structure. There can be no doubt about that. It is just not good enough. So it sets up in those clauses preceding Part V an amending formula for use in those two years in attempting to get a permanent amending formula. That is a very good and ingenious approach, and I approve it. That temporary amending formula to be used for the purpose of obtaining an amending formula in the next two years. It involves the consent of a combination of provinces, and that part of it is excellent. It also contains a referendum provision—that I am quite tolerant of—in order to break a deadlock that might arise in trying to get an amending formula. There is nothing in the proposed measure that says that use of the referendum in that connection is limited to breaking a deadlock after the governments directly concerned have had an opportunity to use the regular method. I hope the committee will pick that up. It is not a very difficult matter to correct.

● (1640)

This legislation deals with an act of another country, albeit a friendly country and one which I respect. It is not an ordinary piece of legislation; therefore, we are not given the chance to deal with it in a substantive way. Instead of being what I thought it was—a proposal for legislation to patriate our Constitution—it is a piece of substantive legislation dealing with many other matters, the first of which is the very structure of the Canadian Parliament itself. With great deference to members of the media, they believe it to be a mere return of the Constitution to Canada so that Canadians can deal with it, plus a temporary amending formula. It deals with

much more. The Canadian Charter of Rights and Freedoms, in addition to the usual contents of such a charter, includes language rights and language education rights. I support those language rights, but they should be in a separate provision. The Quebec referendum certainly created a situation we have to take account of.

Bearing in mind what I have said, and bearing in mind that we are diminishing the rights of the provinces—to me almost irrelevantly and unnecessarily—at a time when vast areas of this country are experiencing feelings of frustration and alienation, I think we should deal with the substantive amendments that are not related to patriation and an amending formula in a direct and honourable way. I could be justified in mentioning, without attempting to define them, the problems experienced by the Province of Quebec and what they have gone through during the past 15 years, which culminated in a referendum. Bearing in mind all those things, I ask the Government of Canada to consider again these matters. I think it should consider them carefully, even at this eleventh hour, to see if it is possible to withdraw those parts of the resolution and proposed legislation which deal with matters of substance and not the mere formality of bringing the Constitution back from the United Kingdom.

In addition to the alienation I have spoken of, there are two other things I should mention. There are many people still living in Canada—and many students know about this—who are proud of the achievement of the Imperial Conference of 1926 and the subsequent conference of 1930, which culminated in the Statute of Westminster. I hope honourable senators will read the debates leading up to that Joint Address. It was made clear then that the United Kingdom had no longer any right to legislate for Canada. It is true that at the behest of the provinces a little amendment was put in to enable us to carry on until we got the Constitution wholly back here.

I, for one, as a young student, probably because I had nothing else to do, or for whatever reason, followed those conferences and was proud of them. I was very proud when the Address was passed by the houses of the Canadian Parliament and we got the legislation that made it clear that the last vestige of colonialism was removed and we were to have complete freedom and independence. Yet, by this process now before us we are asked, on substantive, internal matters in Canada, to return to a state of colonialism to procure their passage, instead of carrying out that responsibility here in Canada.

I ask and beg the government, parallel with the work of the committee, to look at these things to see if they cannot do something that would prevent adding to the alienation currently felt by so many of our people. I ask the government not to alienate those Canadians who are not yet alienated. I ask the government to not humiliate any part of our Canadian citizenship.

Honourable senators, I have been a little longer than I anticipated. You have been very courteous and patient in listening to me. I want to leave the matter with you. I, for my part, am going to vote—and I urge everyone do the same—for sending the document to committee so that the committee can get at its work. I hope that my plea to the Government of Canada will be listened to.

• (1650)

Hon. Orville H. Phillips: Honourable senators, my colleague from Prince Edward Island, Senator Macquarrie, began his address by saying that this was an historic debate. Seldom do I get the opportunity to disagree with the distinguished gentleman. However, I do not feel that this is a debate. To me, a parliamentary debate should consist of discussion, consideration of the various viewpoints put forward, and the possibility of amendments flowing from the discussion. This procedure, to date, has not given us that opportunity.

As a member of the minority in this chamber, I am quite accustomed to the feeling of futility and frustration that develops late in a debate. However, in this case those feelings developed before the resolution was even presented on television or, at a later date, presented to Parliament.

Before the First Ministers' Conference began, the federal government, without parliamentary approval, spent millions on advertising, presenting the viewpoint of the federal government. The Office for Canadian Unity was converted into a propaganda organization reminiscent of those existing in Germany and Italy before World War II. Wild geese and beavers became our constitutional experts.

I would remind honourable senators that both Germany and Italy used a bird in their propaganda efforts, the bird being an eagle. Their eagles became bombers. I do not expect that that will happen to our wild goose. I think the last budget pretty well crippled him, and I do not expect to see him flying for a while.

The pattern followed throughout this procedure—presenting the resolution in what Senator McIlraith has termed "a most peculiar manner"—reminds me of the book *Animal Farm* in which the animals took over the farm and began to operate it in what I suppose Mr. Trudeau would term co-operative federalism. It eventually got to the stage where the pig sold the horse when the horse was no longer able to work.

Honourable senators, I know who is being sold down the river in this case.

The second development that disturbed me was the leaking of the so-called Kirby document, a document prepared by an official in the Prime Minister's Office in which the government was advised to avoid parliamentary debate and get the resolution into committee. There, of course, it is much easier to control the procedure and also the press coverage. It is quite easy to hand out announcements, and the press will not go looking for anything else.

When the provinces expressed their concern, they were ignored, pushed aside. They knew nothing. Only the wise in the PMO knew the procedure to be followed.

After the First Ministers' Conference failed, there was a new and rather unusual angle introduced into the debate, that being that it was unpatriotic to oppose the views of the Prime Minister. The premiers were portrayed as being power-hungry,

ambitious, and uninterested in the whole of Canada. This treatment of the premiers—and through the premiers the provinces are affected—is particularly offensive.

The premier of my province, who seems to cause the Prime Minister some concern—he can't even recall his name—did not purchase a false birth certificate and run for cover in the last war. He walked through Europe during the war after he was shot down. The Prime Minister toured Europe after the war was over. I think his standard of patriotism compares with that of the Prime Minister.

In case anyone has any doubts that the Office for Canadian Unity was used for propaganda purposes, let me remind you that the budget for that office was increased from $6 million to $35 million per annum. The Senate budget is $15.1 million per annum. I do not think I need elaborate further on that.

Canada was created as a union as a result of a legal agreement between the provinces which created the federal government. Now we find the federal government attempting to break this agreement. First the MPs became nobodies, and now the provinces are classified as unimportant.

It was rather a paradox that during the seventy-fifth anniversary of the western provinces of Alberta and Saskatchewan everyone, including Mr. Trudeau, reminded Canadians what a great nation we have built. At the same time we were being bombarded with propaganda from the Office for Canadian Unity stating that we needed a new Constitution, bring it home, make it work.

During all of this artificial hysteria—and I use that phrase in company with the Prime Minister—no one has taken the time to ask why it is we need a new Constitution. When, where and why did our present Constitution go wrong? Where has it failed us?

● (1700)

We should pause to ask ourselves these questions: First, what are the weak points in our present Constitution? Does the resolution before this chamber correct those weak points? This examination cannot be conducted in the present atmosphere of futility, hostility and indecent haste. We should also ask ourselves which section of the present Constitution is responsible for inflation. Is the written or the unwritten part of the Constitution the cause of our high rate of unemployment? We should also ask ourselves if the proposals contained in the resolution correct any of the faults that we find in the present Constitution. Are we providing a means of combatting inflation? Are we providing those over one million unemployed Canadians with an opportunity and the right to work? Canadians have always enjoyed unwritten freedoms as part of their heritage. Does the resolution improve upon those freedoms, or are we restricting those cherished freedoms?

I ask you, honourable senators, to look carefully at the attitudes towards Confederation created in the provinces. Not one of the ten provincial partners in Confederation has expressed complete satisfaction with these proposals. Many of the provinces are uneasy, dissatisfied, and, in some cases, vigorously opposed to the federal government's unilateral action. Is this any way to terminate the legal agreement which led to our Constitution?

I ask you to compare the provincial concern with the indecent haste to get this resolution into committee and to get it out of committee by a specified date, and I ask you if the limitation, and the manipulations and mutilations done to our parliamentary system are really necessary.

I remind you of another aspect of the Kirby document. It was to get the resolution into committee and then distract the public's attention from the work of the committee by coming out with some more relevant pieces of legislation that the people would be interested in and concerned with, such as bringing in a budget or bringing in an energy policy to distract the attention of the Canadian citizens from the committee.

The referral to a joint committee with a time limitation is a dangerous precedent. In the past we have had a number of joint committees of the Senate and the House of Commons. We had a joint committee dealing with the Public Service Staff Relations Act. That committee took six months or more to consider that act. The Constitution gets one month!

There was a joint committee to deal with the national anthem. That committee sat for a number of years, eventually arriving at a solution. But the Constitution gets one month! Surely, the Constitution is worthy of the same amount of time as the national anthem.

It is dangerous, honourable senators, to establish a time limit. Suppose the federal government introduces a resolution dealing with energy matters; suppose it establishes a joint committee and says, "Take two weeks," and the members of both houses say, "Two weeks is insufficient time." "You only took a month on the Constitution; why should you take more on the study of energy matters?"

Further amendments are on the horizon. Both the Prime Minister and the Minister of Justice have made that quite clear. Will those amendments be proposed and enacted in the same manner, with the same limitations, manipulations and mutilations?

Only a few hours were allocated to the House of Commons debate before closure was introduced. Will future amendments be introduced just prior to an election, with closure being enforced in order to make sure that a dying government has its way before an election? The Prime Minister has already threatened further closure, if there is further debate after the resolution is returned from committee. Honourable senators, what will happen if we, or the members of the other place, attempt to debate that committee report? Anyone who saw the Leader of the Government tiptoeing through the tulips to avoid the questions of Senator McIlraith must have some concern.

Why has July 1 become what I term "a constitutional doomsday"? Why is it necessary to override so many of our parliamentary procedures and place in this resolution the artificial deadline of July 1?

Honourable senators, when you vote on this resolution you have the opportunity to express your faith in our procedure as

it has been followed, and followed successfully, for 113 years. Again I emphasize that this resolution, conceived in closure, delivered in deceit and manipulated by majority into committee, will end our Canadian co-operation and will further divide this country. The next step will be an announcement from the Prime Minister's Office that only the Trudeau precedent established in this resolution will apply to all future Parliaments. We will have mandarins, such as Pitfield and Coutts, duly coached by Kirby, running Parliament rather than the parliamentarians themselves. That is a matter of great concern.

Is any amendment to the Constitution worth the pattern you are establishing here today? Instead of proceeding with this indecent haste, I urge the members of this chamber to consider those who are opposed. First and foremost are the provinces—not the premiers, but the provinces. The Senate was created to protect the provinces from an all-powerful federal government, such as the Trudeau-Broadbent combination, attempting to seize not only their authority but their tax bases. Let us not forget to mention that the main purpose of this constitutional amendment is to ensure that the federal government gets control and ownership of natural resources.

• (1710)

At the time of Confederation the provinces had a great fear that they were creating a monster that would consume them and rob them of their tax bases. I am amazed at the wisdom shown by the Fathers of Confederation at that time.

The provinces are not appealing to this chamber. I am rather disappointed about that; but I have to be a realist and I recognize that the reasons are obvious. Blind allegiance to government policy has been adopted by too many members of this chamber for too long. Now the Senate is ignored by both the provinces and the federal government, and if that blind allegiance continues, we will deserve the fate that is down the road.

Some Hon. Senators: Hear, hear.

Senator Phillips: Members of Parliament have traditionally quoted from newspapers as a forum of public opinion supporting their views. In this case, newspapers across Canada are generally opposed to unilateral federal government action. It is my understanding that in the Province of Quebec the newspapers are almost unanimous in opposing the resolution. Not too long ago the opinion of newspaper editors was a virtue in the Liberal Party. Today the Prime Minister says "It doesn't matter. They are just trying to be intelligent."

The Charter of Rights was opposed by some of the provinces during the First Ministers' Conference. I watched the conference. I had no great concern one way or the other about the Charter of Rights. After listening to Premier Lyon of Manitoba, I now have some concerns.

As many honourable senators have already pointed out, Russia has a Charter of Rights. I do not see any great benefit from that. I do not believe that the people of the Baltic nations—Estonia, Latvia and Lithuania—benefit from an entrenched Bill of Rights. Uganda, with all its murderous oppression, had a Charter of Rights, and I do not believe that we would benefit from that.

I would point out that if one disagrees with something that is confined to a legislature, one can oppose that legislature and try to get it to amend the legislation; but when a matter goes to court and a final decision is rendered, one cannot oppose the court's decision, nor can one criticize it. By entrenching the Bill of Rights we are, in effect, restricting our own privileges. I would prefer that my rights remain where they are, which is under parliamentary and legislative control.

Let me give honourable senators two examples to illustrate my point. Let us suppose that the Supreme Court removes all the rights, or a portion thereof, of some group of Canadians. For the sake of discussion, let us say it is the disabled. There is then a public outcry requesting that this be changed. What can the members of Parliament, or the members of the provincial legislature, say? "We will have to convene a constitutional conference to change that."

My other example is one dealing with the right to education in the mother language where numbers warrant it. I have no objection to this. I believe it to be quite proper. But let us suppose that the provinces decide that 25 is an adequate number. A group of people then take that to court, and the Supreme Court says, "The number will be five." The next morning the Minister of Education has a group of parents in his office with a court order, ordering the minister to provide those parents with the opportunity of having their children educated in either of the official languages. The Minister of Education says, "I cannot do it this year. I do not have the money in my budget." What choice does he have? The Minister of Education would have to obey the court order.

Earlier today I believe Senator Bird mentioned the rights enshrined in the Constitution of the United States.

Senator Bird: No, I did not mention it.

Senator Phillips: I am sorry, I thought you did. I should like to refer to the situation in the United States after the American hostages were held in Iran. The President of the United States tried to have certain of the so-called Iranian students in the United States removed from that country; but they went to court, and the President was prevented from having them removed because of the Charter of Rights.

Honourable senators, I would like to move on the amending formula for a moment. The provinces agreed to the so-called Vancouver formula, a formula calling for agreement of the federal government and seven provinces containing 50 per cent of the population. The provinces did not retract from their agreement. It was the federal government who changed; and I have a feeling, honourable senators, that it was done to place pressure on the smaller provinces: "You will agree with the viewpoints of the federal government or we will swamp you in a national referendum."

The principle of unanimous agreement has, up until now, been part of our constitutional dominion-provincial conferences. This resolution recognizes the existence of the unanimous agreement in that it will continue for another two years.

After that, the smaller provinces will not count. They will be relegated to a position of second-class partnership. They will count in the amending formula, when it is convenient for the federal government, and, if it is not convenient, they have several different courses they can follow and the smaller provinces will not count.

That is very important to my province, which is the smallest of the small. We do not insist upon a veto, but we would like to have an opportunity to be heard and to be counted. The Vancouver formula, with its seven provinces, would give us an opportunity.

● (1720)

The principle of a national referendum by-passes both Parliament and the provincial legislatures. It also reduces the stature of a provincial legislature in that the provinces have no say in the wording of the question posed in a referendum. I think a referendum could be very easily manipulated. Let me suggest that probably the first question on a referendum would be, "(a), do you prefer the Alberta Heritage Fund, or Hibernia, and; (b) would you prefer both?" I think, with a bit of advertising, almost anybody could win that referendum.

There is a further aspect that causes me concern. The federal government can say, "We have a deficit. Therefore we must have more sources of revenue. We must own the natural resources." Put that to a referendum, honourable senators, and with a bit of advertising and manipulation, even Senator Frith could win that one.

Senator Steuart: He won five votes the other night. I thought he was pretty good.

Senator Phillips: And that was without manipulation. That was just with a whip.

Throughout the parliamentary procedure to date we have had very little mention of the place of the monarchy in our Constitution. Mr. Trudeau, when he was being questioned after his television presentation of the resolution, was asked why the monarchy was still retained. He replied, "Well, I would be happy to deal with it in the next round." Honourable senators, when the Prime Minister refers to the monarchy as "it," the days of the monarchy are limited.

Section 48 also affects the office of the Governor General. In section 48 the executive government of Canada is made exclusively subject to amendment by Parliament. The meaning of these words is defined in the British North America Act as "... the Crown acting on the advice of its Privy Councillors."

By changing the word "functions" to "office" the Parliament of Canada, under section 48, could eliminate the discretionary powers of the Governor General without affecting the office. Such an amendment could deny the Governor General his existing discretion in the event of a loss of confidence motion in the House of Commons. Thus the Prime Minister could require the Governor General to again call upon the Prime Minister who was defeated to form another government, or he could advise him not to dissolve the house. The advice of the Prime Minister would have to be acted upon by the Governor General, and his discretion as to whether to call upon the Leader of the Opposition, or dissolve the house, would be completely lost. This is very similar, honourable senators, to a section in Bill C-60 providing for just this scenario, and it would have resulted in a Prime Minister being defeated, yet staying on in office for his full term of five years.

With regard to the principle of equalization now placed in the proposed Constitution, it is my understanding, or at least my understanding of the federal government's intention in this regard, that it was to appease and meet the request of the provinces. I have really no strong objection to equalization being included in the Constitution, but there are two things that cause me concern. Firstly, "adequate" is not "equal," and secondly, the tax structure to be used as a base for equalization should be clarified and should be clearly understood. There is a danger in this, in that the federal government could say to the smaller provinces, and, indeed, to the Province of Quebec, "Agree with us, or the next equalization formula will not be very generous with regard to your province."

It has frequently been pointed out from this side that we are not opposed to patriation, or repatriation, of the Constitution, and we are not opposed to the Vancouver formula, so I will not go into that any further. I would point out, however, that the present Constitution was drafted in Canada, by Canadians, and approved in Westminster. It was not imposed upon us, nor did Westminster oppose our Constitution, which elevated us from the status of a colony. It seems rather strange, indeed, that we should now reverse the procedure and have our Constitution imposed upon us from an external Parliament. I do not think it is necessary, to avoid the Canadian Parliament in order to amend our Constitution. With a bit of effort, a bit of flexibility here and there, we can reach an agreement. It cannot be reached by December 9, but what is so magic about December 9? It is probably a little closer to Christmas than Labour Day, but beyond that I can see nothing particularly magic about that date.

Honourable senators, I believe that a Constitution conceived with closure, manipulation and mutilation cannot succeed in this country. I want to see Canada continue, but it cannot continue with the spirit that has been created throughout this procedure. We should pause long enough to erase the deep hostility existing in Canada, where one region is pitted against another, where certain regions are drastically opposed to the federal government.

I do not feel that a joint committee consisting of 25 members is sufficient to deal with this complex problem. I would point out that only one-tenth of the membership of this chamber can go to that committee and move an amendment. We have heard suggestions and expressions of concern from various people saying they hope that points causing concern will be amended in committee. How is anything to be amended in committee if you cannot move the amendment yourself? Honourable senators, there is a difference between presenting a brief to a committee and participating in that committee, as the provinces will find out when they appear before it. Should we ignore the municipalities? The territories? The native

people? The minorities? Should we ignore them all or should we also give them an opportunity to participate?

• (1730)

Honourable senators are familiar with the Biblical quotation:

> For what shall it profit a man, if he shall gain the whole world, and lose his own soul?

I ask you: What will it profit us to gain a Constitution and lose a country?

Hon. Henry D. Hicks: Honourable senators, during the Throne Speech debate I expressed my views on the British North America Act and made a number of comments about the high expectations which I felt had been raised among Canadians as to the results of patriating our Constitution and which I felt were unwarranted. I also expressed some of my views about constitutional amendment at that time and, if any of you are interested, you may read what I had to say in the *Debates of the Senate* of May 7. Therefore, this afternoon I do not propose to speak at length about the substance of the resolution but, rather, to put on the record some views and reservations I have and to express a hope at the end of my remarks.

First of all, of course, no one is opposed to patriation of the Constitution. Any thoughtful Canadian regards it as anomalous that our Constitution should be an act of the Parliament of Westminster rather than a purely Canadian document. We have said time and time again that, whereas everyone can agree on that, our great difficulty has been to agree on the mechanism by which the Constitution would be patriated and, particularly, to agree on the formula for the amendment of the Canadian Constitution in the future; for if we "patriated" it—to use a rather inelegant word which has become popular in this debate—without an amending formula, we might put our country in a tighter straitjacket by far than we are in at the present time with a Constitution at Westminster and with the Parliament at Westminster being more than anxious to do whatever it construes Canadians to agree upon it doing. This, of course, is the difficulty.

In respect to the present resolution, I have some reservations. I have never thought it was very important to entrench a Bill of Rights. As previous speakers have said in this debate, most of the totalitarian countries have excellent Bills of Rights and they do not do their people much good. The United States had a Bill of Rights for many years which countenanced the preservation of the institution of slavery and which certainly did not guarantee to their Japanese Americans any better treatment than our Japanese Canadians received from this country where we did not have a Bill of Rights. I generally felt that if the entrenchment of a Bill of Rights were regarded as important by some Canadians, I should forego my reservations and go along with it in a cheerful and relaxed manner.

There came upon my desk a while ago, however, a very interesting paper on the entrenchment of the Bill of Rights by Professor G. P. Browne of the Department of History of Carleton University. I am just going to read three paragraphs from the beginning of his paper. He says:

> In practice, the entrenchment of a Bill of Rights would do little either to protect our fundamental rights or to promote a more equitable society. On the contrary, entrenchment might lead to both a restriction of our liberties and the frustration of certain policies designed for disadvantaged groups.
>
> But in any case, the dispute over entrenchment does not pertain solely, or mainly, to rights at all. It pertains, rather, to the transfer of power—a transfer from the federal and provincial parliaments to the Supreme Court, and from the provinces to Ottawa.

I am not sure that on first reading I agree with the latter phrase about the transfer of power from the provinces to Ottawa; indeed, as some of you recall, I do not believe in a weakened central government in order to build a strong Canada. I suspect that we have been transferring more powers to the provinces in the years since World War II or since the 1920s when the necessity of legislating in respect of radio and aeronautics changed the trend which had motivated the Privy Council under Viscount Haldane during the first two decades of this century.

In any event, I will read one further paragraph from Professor Browne's paper. It goes on to say:

> What entrenchment would amount to, in effect, is that the Supreme Court would become responsible for defining our basic social values. In other words, a legislative authority that presently resides with elected and accountable representatives would be transferred to appointed and tenured judges.

The paper is well worth reading and I hope that the joint committee will pay some attention to Professor Browne's argument.

I have reservations not only about the desirability of entrenching a Bill of Rights, but I now feel, along with Professor Browne and some others, that there may be a distinct disadvantage to entrenching a Bill of Rights in our Constitution.

I may say, however, that I do not think this applies to the guarantee of certain language rights, nor does Professor Browne. This can be done in the Constitution if we want to do so, but we should do so fairly. Here, I must say, the history of mankind shows that legislation has almost never had much to do with the use of language in countries. Language trends operate for other social, political and economic reasons, and whether or not language rights are entrenched in our Constitution I do not think will determine the pattern of language use in Canada in 100 years' time.

I could go along with the Victoria amending formula. It might not be ideal but, as I say, I could live with it. I do not like the referendum which stands behind it and which Senator McIlraith said gives the federal government an opportunity for an "end run" around the legislatures of the provinces. I would be prepared, after the two-year waiting period, to say that if

we could not agree on any other amending formula, we could incorporate the Victoria amending formula into our Constitution, and I would leave all reference to referenda out of our constitutional document entirely. I would do this in relation to the adoption of the Constitution as well as to the resort to a referendum in future issues which might involve differences of opinion between the federal government and the governments of some or all the provinces. I do not like referenda. We are elected in the legislatures of the various provinces of Canada and to the House of Commons of Canada and appointed to the Senate in order to assume these representative responsabilities. I do not think it is part of our system of representative parliamentary democracy to get around the elected member by a referendum.

Some Hon. Senators: Hear, hear.

Senator Hicks: Again, I would be prepared to leave the referendum to be used once if that seemed to be a factor for the adoption of the Constitution in its initial patriation to Canada, but I would hope it would not be resorted to again and that our Constitution would clearly show that it would not be possible to resort to it again.

I also think that most members of this chamber agree that the Senate in the future should be satisfied with a suspensive veto in respect to most legislation. What does this resolution, which contains a bill which might become law, if passed by the Parliament of Westminster, do? It gives the suspensive veto for one purpose only and leaves us with the absolute veto for everything else. You may read between the lines and say that the drafter of that particular section does not expect the Senate to be here for any appreciable length of time after the two-year period.

Earlier someone in the debate talked about the Victoria formula in relation to the Senate and said that if we in this chamber should find that our presence were not wanted, either by the House of Commons or by the four regions of Canada, that it is unlikely we would stand in the way of an abolition or drastic change in the nature of the Senate anyhow. Again I would like to approach this in a straightforward manner and not in the—I think it is not unfair to say—"rather devious" way that this resolution approaches the problem.

Those are the points I wanted to make. I think the resolution should go to the committee, of course. Like Senator Steuart I would hope that it emerges from the joint committee in a form that all or at least most of us can support. In this respect I also am unhappy about the arbitrary imposition of a time schedule on the handling of this resolution and, particularly, the imposition of a time schedule on the report of the committee which is embodied definitely in the resolution. I would hope that the committee would study this resolution very carefully and call witnesses including witnesses who, like Professor Browne, have something to say in criticism of the way we propose to go about things here. There are other constitutional authorities in Canada whose advice should be sought by this joint committee before a step is taken which may well be irreversible.

[Senator Hicks.]

In any event, I support the creation of a joint committee and sending this document to it. I express the hope that the joint committee will do its work to satisfy me and other honourable senators and members of the House of Commons as to the aspects of the resolution on which I have reservations, so that it might come back to this chamber and the other place in a form that could win the support of the majority of the members in both houses.

• (1740)

Hon. G. I. Smith: Honourable senators, I am very glad to begin my participation in the debate following my good friend and colleague from Nova Scotia, Senator Hicks. It won't be the first time that I have done so, nor indeed will it be a great surprise to him, or to me, if somewhere along the line we don't quite see eye to eye. However, I was greatly encouraged by what I heard him tell us a few minutes ago and, therefore, glad that perhaps I will not be compelled to diverge so much from his view as I had been on other occasions.

Honourable senators, I want to say at the beginning, and I want to say it with all the emphasis that I can command, that I want to see the Canadian Constitution in Canada where it can be dealt with by Canadians and for Canadians without reference to the Parliament of another country as though we were still colonials. I want to see our Constitution totally within the jurisdiction of Canadians with an amending formula, and for the moment I can quite truthfully say that I could find it in my heart to accept quite willingly either the Victoria formula or the so-called Vancouver formula. Then I want to see our problems settled by Canadians in the Canadian way. I am not in favour of asking or, indeed, of allowing the Paliament of another country to arbitrate our difficulties or to solve those difficulties by its legislation except to bring our Constitution within our own jurisdiction and with a workable formula.

I want to say something which is important to the whole of this debate and certainly to the whole of what I propose to say. I heard it said—indeed it has been said during this debate in this house, as I understood it anyway—that the governments of the provinces are not interested in packages for the people, as the fancy phrase goes, but are only interested in increasing their own power. I want to deny that with all the strength and emphasis which I can command. Those governments are the governments of the people of the provinces exercising on behalf of the people of those provinces the powers given to the legislature of those provinces by our Constitution. When it comes to talking about packages for the people, they are a lot closer to the people than the federal Government of Canada ever is, will be or can be simply by virtue of the fact that they are provincial governments and are not therefore so far removed from their people as the government which is centralized in one part of Canada. When a provincial premier says, "I don't believe that the natural resources of my province should be wrested from my grasp or the grasp of the people of my province," he is only doing what the people of that province want him to do, and by virtue of the Constitution have the right to expect him to do. If he didn't do it, he would be false to his duty and false to those who elected him to the position

which he holds. So I resent, with all the resentment that I can command, this allegation that because a provincial premier stands up for the rights of the people of his province, which he was elected to defend and has the constitutional right and duty to defend—I say that I resent that with all the resentment that I can gather. I think it is unfair. I think it is untrue. I think it is incorrect. I think it is a devious, specious argument that is not worthy of any worthy government of Canada to make.

Shortly, I will turn to deal particularly with some of the contents of this document that is before us, but before doing so perhaps I might be allowed to make some brief references to what has been said by others in this debate. Of course, I wish to associate myself with my leader, my deputy leader and my colleagues, and to congratulate them. I can find much to agree with in many things that have been said by honourable gentlemen on the other side of the house. I believe the standard of debate has been high, and I want to congratulate all those who have contributed to keeping it high. If I refer to some of the matters that have been dealt with—I know that the field has been fairly widely and deeply covered—I do so only to add some thoughts of my own and perhaps to emphasize what has already been said.

I wish to associate myself particularly with what has been said by Senator Manning and the views that he presented so ably here during his speech. I doubt if there is anyone in public life today who has a better comprehension of what is involved in these constitutional matters and what they mean than does Senator Manning.

I should like to say a word or two about the remarks of my very good friend and fellow Nova Scotian, Senator Graham.

He made, as I have long since come to expect, a very eloquent speech and, as usual, I enjoyed listening to him. I share with him his comments about being a Canadian, about Canada and about Nova Scotia, and I congratulate him on the impressive way in which he expressed them. But when he came to deal specifically with the matters relative to the resolution, I must reluctantly, but in some respects firmly, part company with him. I will confine my recital of such items to one, and that is offshore mineral rights. Senator Graham said that Canada had obtained these rights by negotiation with other countries. Honourable senators, I have to tell him that these rights accrued to Nova Scotia before Confederation, and the British North America Act states that whatever the provinces had before Confederation in the line of minerals they were to retain after Confederation. Anyone who doubts that can simply turn to the British North America Act, section 109, which I may read a little later in another connection. The first seed of such ownership was planted in 1605 by the commission given to de Monts and the activity of that gallant and dashing explorer from France. It was nurtured by the Royal Charter of 1621 given by the King of England to Sir William Alexander. Then there were the treaties of Utrecht and Paris in 1713 and 1763. It was ripened by the Commissions of Cornwallis and other governors and brought to maturity by the creation of its legislative assembly in 1758, and the legislation passed by the Government of Nova Scotia, including that legislature, between 1758 and 1867. I shall, I hope, deal with that subject at some length when I deal with the inquiry which still stands in my name on the order paper. I am sure honourable senators hope the length is not too great.

• (1750)

Senator Olson made an interesting speech which I, perhaps with somewhat less courtesy than I might have exercised, tried to help him with. At one stage he got to the point of alleging that I did not trust the people of Canada but that he did. I wish to say to him that I trust the people of Canada in matters within the legislative authority of the Parliament of Canada, and I trust the people of Nova Scotia in relation to matters within the legislative authority of the Legislature of Nova Scotia. That seems to be more than Senator Olson can say for himself, because obviously he does not trust the people of Alberta in relation to matters within the legislative authority of the Legislature of Alberta.

Senator Olson: That is not so.

Senator Smith: That is what the honourable gentleman indicated the other day. Like many others, he spoke of the process that has been going on for 53 years as though it has occupied the attention of Parliament and governments of Canada and of the provinces for that length of time without interruption. All honourable senators know that is not so. The first significant discussion took place in the Dominion-Provincial Conference of 1927, and it is true that intermittently thereafter, and not on a continuing basis but by fits and starts, whenever someone got around to arousing interest in it, it was talked about again. However, it was not always easy to arouse much interest in it.

But even if it had been more or less continuous for 53 years, which I say is not the case, that should be a reason for caution and not for hasty, unilateral decisions. That ought to indicate to everyone concerned with the matter that there is something difficult within the problem itself. It ought to indicate to all interested that it is complex and something about it which people have strong feelings on. After all, if it had been the subject of serious discussion for so long, it must mean that inevitably it is difficult and complex and not a subject to be solved by a wave of the hand, some fancy words, or one man's desire to impose his views on the whole country.

The honourable gentleman also used a phrase which seems to sound great and sounds as though the government was doing something it could not avoid. He said, "Government must take its responsibilities." Surely government must take its responsibilities. That is a hackneyed phrase that the government uses whenever it wants to do something that others don't want. I notice it avoids it like the plague when it has a responsibility to do something that it does not want to do. That phrase is not worth the effort it took the honourable senator to say it. Surely the government's responsibility in this matter is to avoid confrontation and to use conciliation to reach a reasonable understanding with the governments of the provinces of Canada.

Senator Olson: And make some movement sometime.

Senator Flynn: A good movement.

Senator Smith: Make a movement which will leave behind it not a legacy of distaste, not a legacy of almost hatred, not a legacy of alienation and dissatisfaction, but a legacy of acceptance, of pride in having worked together to improve the Constitution of our country, to make it a Constitution in which we can continue to take pride.

Some Hon. Senators: Hear, hear.

Senator Olson: A Canadian Constitution.

Senator Asselin: Are you serious?

Senator Smith: I thank the honourable gentleman for his help. I always appreciate it and try to reciprocate it.

An Hon. Senator: Some help!

Senator Smith: I hope he will find it possible to continue his assistance.

There is one other matter that seems to me should be mentioned, and that is the question of amendment of the proposed legislation. This question was raised by Senator McIlraith at the very beginning of the debate in this house—in fact, even before the debate commenced. He asked what opportunity this house would have to move amendments. As I follow the leadership of the government in this house, it was almost like asking them to put aside the Holy Scriptures for a while when we asked them to think of the possibility of this house amending anything in the proposed legislation. Well, just to indicate that the business of amendments to the contents of loyal Addresses to Her Majesty in these matters asking for amendment of the British North America Act is, after all, not such an anathema, I should like to make one or two references to what has happened in previous years in the House of Commons. In the *Journals* of the house—I must admit that for the moment I have lost the date, but in Mr. Diefenbaker's time, I think about 1960, Mr. Diefenbaker, as Prime Minister, moved that a loyal Address be sent to Her Majesty the Queen asking that certain legislation be laid before the Parliament of Britain, just as this resolution does. During the debate in that house on the motion, Mr. Pearson, who was then the Leader of the Opposition, seconded by Mr. Martin, another respected name in the party of the present government, moved that the resolution be amended in the proposed section 99. He then set out the amendment asking that some words be deleted and others be changed. The Speaker accepted the resolution as being in order. It was debated for some time, put into the *Journals,* and eventually voted on and lost. Following the disposition of that amendment, Mr. Fulton—who, while he may not be as respected in the ranks of my honourable friends as Mr. Pearson and Mr. Martin, certainly is known to them—moved, seconded by Mr. Fleming, that the resolution be amended by deleting the paragraph numbered 3 at the end thereof and substituting therefor his proposed wording. That was accepted by the Speaker as being in order and was passed, and eventually the main motion, with this amendment included, was passed.

• (1800)

There are a number of other items—

Senator Frith: Excuse me, Senator Smith, but would this be a convenient point at which to break?

It being 6 o'clock, I suggest that the Senate adjourn during pleasure, to reassemble at the call of the bell at approximately 8 o'clock.

Senator Smith: Yes, I quite agree. Had I not been so absorbed in my own scholarship, I perhaps would have noticed the clock myself.

Senator Steuart: Time goes fast when you are having fun.

The Hon. the Speaker: I have to inform honourable senators that I am leaving the Chair. The debate will be continued when the Senate resumes at 8 o'clock this evening.

The Senate adjourned during pleasure.

At 8 p.m. the sitting was resumed.

The Hon. the Speaker: The sitting is resumed. Senator Smith.

Senator Smith: Thank you, Mr. Speaker.

Honourable senators, at six o'clock I was speaking about some authorities with reference to precedents where amendments had been made on previous occasions in the House of Commons. I was unable to give the exact authority at the time, but I have searched my notes since then and I think the document I was quoting from with reference to the motion moved by Mr. Diefenbaker and the amendments moved by Mr. Pearson and seconded by Mr. Martin, and the further amendment moved by Mr. Fulton and seconded by Mr. Fleming, are taken from the House of Commons *Journals*, for Tuesday, June 14, 1960, at pages 652, 653 and following.

At this stage perhaps I should say that I realize we have agreed to finish at 9 o'clock. During the recess it was conveyed to me that perhaps two or three other senators wish to speak before that, so I shall try to finish somewhat earlier than I otherwise would have done. I do note, however, that even now it is already 10 minutes past 8. I shall nevertheless endeavour to leave sufficient time for briefer speeches than mine to be made before 9 o'clock.

I may say that I am leaving out a good deal of what I originally intended to say, especially some of the things I intended to say from these various books I have brought with me.

I should like to examine now some of the provisions of Part IV of the proposed legislation to accompany the Address to Her Gracious Majesty the Queen for placement before the Parliament of the United Kingdom. Part IV begins on page 27 of this document entitled "The Canadian Constitution 1980" with clause or paragraph 33, and continues up to and including

paragraph 40. Insofar as it is intended purely to cover a transition period, as the heading "Interim Amending Procedure and Rules for its Replacement" indicates, I would not bother very much with it, but this group of sections is indeed, in my humble opinion, very much more than a mere interim provision. As a matter of fact, I think it contains, with regard to referenda, the most important provision of the whole document. It is a provision which, if it becomes the law of this land, will allow the Parliament of Canada to make a very drastic change in the whole fabric of our country as we have known it, in the constitutional sense, at least, and in the practical sense of carrying out the day-to-day affairs of government.

I ask you to be so kind, honourable senators, as to turn to section, clause or paragraph 38—I think I shall just refer to them as sections—at the bottom of page 28, which reads as follows:

> (1) The governments or legislative assemblies of eight or more provinces that have, according to the then latest general census, combined populations of at least eighty per cent of the population of all the provinces may make a single proposal to substitute for paragraph 41(1)(*b*) such alternative as they consider appropriate.

I would point out here that paragraph 41(1)(*b*) comes under Part V which is headed "Procedure for Amending Constitution of Canada". So the reference in section 38, is specifically, and in so many words, a reference to paragraph 41 which appears under that heading "Procedure for Amending Constitution of Canada".

● (2005)

The part I have just read, which is subsection (1) of section 38, means that, if the governments or legislative assemblies of eight or more provinces can agree on a formula for amendment, and if they represent 80 per cent of the population of the country, they may make that agreement into a single proposal to substitute for paragraph 41(1)(b)—that is, to substitute it for the main amending formula of the whole document that is before us.

If those eight provinces, representing 80 per cent of the population, agree on this particular proposal, then each of them may deposit a copy thereof with the Chief Electoral Officer within two years after the act, except Part V, comes into force, but, prior to the expiration of the two years, any province that has deposited a copy may withdraw it.

We then come to subsection (3), which says:

> Where copies of an alternative have been filed as provided by subsection (2) and, on the day that is two years after this Act, except Part V, comes into force, at least eight copies remain filed by provinces that have, according to the then latest general census, combined populations of at least eighty per cent of the population of all of the provinces, the government of Canada shall—

It is "shall".

> —cause a referendum to be held within two years after that day—

That is within two years after the act, except Part V, comes into effect.

> —shall cause a referendum to be held within two years after that day to determine whether—

Now listen to this if you will, honourable senators.

> —to determine whether
>
> (a) paragraph 41(1)(b) or any alternative thereto proposed by the government of Canada by depositing a copy thereof with the Chief Electoral Officer at least ninety days prior to the day on which the referendum is held, or—

That is, to determine whether any alternative thereto proposed by the Government of Canada, or

> (b) the alternative proposed by the provinces, shall be adopted.

There are a great many words there but, as I read them after considerable study, they simply mean that supposing the eight provinces with 80 per cent of the population do agree on a formula to substitute for paragraph 41(1)(b), the Government of Canada nevertheless can put up any other formula it likes. It says "any alternative thereto proposed by the Government of Canada." It can then order—shall order, as a matter of fact—a referendum to determine which of those two alternatives will, in fact, replace paragraph 41(1)(b), the main amending formulae, or one of the two main amending formulae set out in the main portion of the part of the bill which is supposed to be the permanent part of our Constitution.

I want to say that again. Even supposing the eight provinces, representing 80 per cent of the population, agree on a proposal for an amending formula, the Government of Canada can propose any alternative thereto, and can then order a referendum on a national basis to determine which of those alternatives shall be adopted.

● (2010)

Section 39 says what will happen after the referendum so far as the proclamation is concerned. I come now to section 40, and I ask honourable senators to listen to this:

> (1) Subject to subsection (2), Parliament may make laws respecting the rules applicable to the holding of a referendum under subsection 38(3).

That is the section I was dealing with. Subsection (2) simply deals with the right of every citizen of Canada to vote. Let us go back to section 39. It says:

> Where a referendum is held under subsection 38(3), a proclamation under the Great Seal of Canada shall be issued within six months after the date of the referendum bringing Part V into force with such modifications, if any, as are necessary to incorporate the proposal approved by a majority of the persons voting at the referendum and with such other changes as are reasonably consequential on the incorporation of that proposal.

As I read that, honourable senators, it means that if the Government of Canada puts an alternative proposal, no matter what it is, in accordance with section 38(3), and if after a

referendum—for which it makes the rules and for which it can spend as much money as it likes over a period of two years in propaganda—it succeeds in having its alternative accepted, then that is the alternative which will govern the amending process of the new Constitution.

When we look at section 41(1), we find that it deals with how an amendment to the Constitution may be made. That is the one that mentions resolutions of the Senate and the House of Commons and the legislative assemblies of a majority of the provinces that includes a certain number of provinces. So it is quite possible for the Government of Canada to say, "Well, the alternative proposal we make under section 38 is that all amendments to the Constitution shall be governed by a majority of the people of Canada voting in a referendum, which we will call, the rules for which we will write, and in respect of which we shall have two years in which to spend all the taxpayers' money we want to spend on convincing the people that they should accept our formula, "the sovereign will of the people" to justify doing that.

Senator Olson asked me the other day, when he was making his speech, who can quarrel with a majority of the people of Canada? Who can? Well, I can, as a Nova Scotian, if they decide to take away my rights as a Nova Scotian. Not only can I, but I will.

So we are putting ourselves, if we ever adopt these particular provisions, in a situation where the provinces, so far as their legislatures and governments are concerned, do not exist in matters relating to constitutional reform, once this should happen. That is the way I read it, and honourable senators can read it for themselves and make up their own minds. Obviously it is the way that some premiers read it, because of the things they have been saying about what can be done under this proposed new Constitution.

If I am right in my premise that these provisions will enable the Government of Canada simply to put the alternative and have the amending formula decided by the majority of the people of Canada—if I am right in that, and I believe I am, then the government or the legislature or a province will cease to have any useful existence so far as constitutional reform is concerned.

The Government of Canada, after this comes into effect, could say, "Let us have a referendum on whether we can take over all the natural resources of the Province of Alberta." If they could get half the people who voted on the referendum plus one to vote in favour of that, then the Legislature and Government of Alberta, and the people of Alberta, would lose the rights over their natural resources given to them under section 92 of the British North America Act—and so would any other province.

● (2015)

If Senator Olson or Senator Godfrey wish to take me to task for saying that I would not vote, or would not be prepared to have our Constitution amended in that way, I make no apologies—none whatever.

[Senator Smith.]

Just think for a moment about what it means. What do you have to do to get a majority of the people voting in Canada? Well, you and I all know where substantially more than half of those people live. They live in two of the provinces of Canada. I am not suggesting that even the most efficient propaganda could get all the people in those two provinces to vote the way the government may want them to vote, nevertheless, it would be a very difficult proposition indeed, for the remaining provinces of Canada, with a total population of, say, ten million, as they have today, to make very much headway in opposing what would be the wish of the majority of the people of those two provinces, which have a combined population of something like 14 or 15 million people. You can see, therefore, what would happen to the rest of us. You can see what would happen to Nova Scotia. It would be just the same as my colleague Senator Macquarrie said would happen to Prince Edward Island, or Newfoundland, or any province of Canada.

I doubt very much if the people of Nova Scotia, or the people of Alberta, or even the people of Ontario and Quebec, want our country to get itself in the position where that kind of thing can happen. I do not know whether the draftsman intended it to have that effect—I can only assume that he did, or else my interpretation is wrong.

I just want to repeat the effect this would have. It would create a situation where the federal government would have absolutely unlimited scope for choosing any alternative amending formula it liked to put before the people, which would thereafter be used; it could set any date for the referendum within two years; it could spend unlimited public money on propaganda in favour of its own alternative, over a period of two years; and it would need to get only a bare majority of one vote plus 50 per cent of the votes cast in that referendum to have its alternative selected.

I do not want that kind of a country. I do not want to live in a province which has hanging over its head that kind of threat. I do not think it is fair or reasonable or right or proper that any province should be asked to remain in this federation with that kind of threat hanging over its head. I am not here in any way advocating separation. That is the last thing in my mind. I am just saying that it is so completely and utterly unfair, so completely contrary to the basis on which this country was built in the first place, and on which it has lived for 113 years, so completely contrary to the whole concept of the country, that I do not think it merits the slightest jot or title of support from anybody who has the wellbeing of this Canada at heart.

Of course, this is not the only formula—that is, the amendment of the Constitution solely by national referendum—that has some difficulties about it. As I said, however, I am willing to accept the Vancouver formula or the Victoria formula. However, let us look at section 38(1) again. Section 38 states:

● (2020)

> (1) The governments or legislative assemblies of eight or more provinces that have, according to the then latest general census, combined populations of at least eighty per cent of the population . . . may make a single proposal—

On the face of it this seems to be reasonable, but perhaps we can examine for a moment what that means.

For the purposes of these comments, I am assuming the population of Canada now to be approximately 24 million people. Eighty per cent of 24 million, according to my calculations, is 19.2 million and, on the other side of this calculation, 20 per cent of the population is 4.8 million.

Now we must look at the population of the provinces. On the basis of eight provinces, you must find two provinces which, between them, have greater than 20 per cent of the population or more than 4.8 million. That immediately would wipe out any two of the Atlantic provinces because the whole population of the Atlantic provinces is approximately 2.2 million. Saskatchewan and Alberta between them have perhaps 3½ million people so they could not stop it; British Columbia and Saskatchewan could not stop it; Alberta and Nova Scotia could not stop it; and Saskatchewan and Newfoundland could not stop it.

I suggest that this is also trespassing upon what would be fair and reasonable having regard to the way our country was built, the way it was created, and the way we have lived ever since 1967.

An Hon. Senator: 1867.

Senator Smith: I just lost 100 years.

Senator Frith: What's a hundred years?

Senator Smith: I am getting to the age where 100 years does not make much difference.

I realize that time is moving ahead rapidly, and I cannot say very much more of what I want to say and still keep my word. However, I do want to say something about equalization and regional disparities.

The section I want to refer to is found on page 26 of the document. Although I have been very closely acquainted with this question of equalization and the Constitution and the question of regional disparities and the Constitution—in fact, I think I might reasonably claim to have drafted the first draft on regional disparities which ever found its way into a draft Constitution—I am far less than happy with this provision. All that it commits the Government of Canada and the provinces to is:

> (*a*) promoting equal opportunities for the well-being of Canadians;
>
> (*b*) furthering economic development to reduce disparity in opportunities; and
>
> (*c*) providing essential public services of reasonable quality to all Canadians.

In the first place, that is not a very good statement of the principle. Instead of providing essential public services of reasonable quality to all Canadians, surely the principle should be "providing an average standard of public services without a greater than average burden of taxation."

Look at this how you will, there is not a single chance—not even the proverbial snowball's chance—of enforcing this commitment as it is written if a province feels it is entitled to equalization and is not receiving it, or if it feels it is not receiving enough. It can do nothing by way of resort to the courts to remedy what it believes is an injustice.

• (2025)

I have heard it argued many times that it is difficult to put a precise legal obligation into the Constitution, but I thought that is what this new Constitution was all about. I thought it was creating opportunities for people to take to the courts what is no longer to be left to the legislatures and Parliament. Surely, if it is designed for that purpose, then the same principle ought to be applied to equalization, because equalization gets back to the people. It determines the standard of public services that can be provided to those provinces which are entitled to them. It is just as important to them as many of the other things that are enumerated in this document.

There is no use in telling me it cannot be done because all you have to do is look at Australia where there is a grants commission established to calculate equalization. It does calculate equalization although so far as I can tell, they have not gone the one step further of saying the calculation of the grants shall be enforceable by law. It would be a simple matter to do that if the will were there.

Similarly, to take the constitutions of two other well-known countries, you can look at West Germany and India for better models or proposals than can be found here.

Honourable senators, as you can see, I am putting aside over half of my speech and am now within striking distance of the end. We all know—we have heard it quoted time and time again—and I think we accept it without reservation, that this country could not have been built unless the provinces were given the rights which they are given by section 92 of the British North America Act. If you read that act you will find that the provinces are authorized by it exclusively to make laws regarding the various subject matter enumerated there.

That does not make them second-rate governments. Within the limits of those powers, they are as sovereign as the Parliament of Canada, with the exception of the fact that in certain circumstances the Parliament of Canada can use its declaratory power or its "peace, order and good government" powers under section 91 to do things that it ordinarily would not do. Subject only to that, the provinces are completely sovereign governments with just as much and just as complete jurisdiction over those subjects as is the Government of Canada within its jurisdiction. There is a tendency abroad, to which I referred briefly this afternoon, to look at them as though they were inferior governments, but they are not in any way, shape or form. They are the equal in sovereignty within their jurisdiction to the Parliament of Canada. We could not have built this country unless they were made that way.

All you have to do is to examine the history of the efforts to change our Constitution over the years, as detailed in the document put out by Mr. Guy Favreau while he was Minister of Justice and Attorney General of Canada. In every one of those efforts you will find that the interests of the provinces were put high on the list. It was accepted everywhere, includ-

ing the Statute of Westminster, that the Constitution was not to be changed in any way which affected substantially the rights of the provinces without the concurrence of those provinces. If you examine the Confederation debates held in the Legislature of Canada or—to put it so that we might more readily understand it—the combined Legislatures of Ontario and Quebec, you will find that George Brown and Sir John A. Macdonald, two men who were vigorously opposed to one another on everything else, said the same thing. You will find that wherever you look.

● (2030)

I had intended to go through these precedents one by one, but I will not. Just let me say, as you all now know and which has been said by many people in this debate, that the contents of the document which I held before you a little while ago asks the Parliament of the United Kingdom to do something for us, to solve difficulties in a way that cannot legally be done in Canada. I haven't the slightest doubt that that is the deliberate intent of the Government of Canada. One has only to read that so-called leaked cabinet document which is now pretty well public property, and which I have read, to realize that it was clearly brought to the attention of the negotiators for the federal government before the last Conference of First Ministers took place that there was grave doubt about whether these provisions could be declared constitutional by any Canadian court if they were passed by Parliament.

Indeed, the reason for the short timetable also appears in that document because, among other things, it urges upon the federal negotiators the necessity of acting quickly before those who are opposed to the proposal have time to get it before the courts. That is in that document. I think it is subparagraph 6 on page 52. All you have to do is take a look at that, and you will see why December 9 suddenly becomes so important. It is hoped that the federal government, before that time expires, will have this thing safely out of Canada, or what they think is safely out of Canada, and therefore out of reach of the Supreme Court of Canada. I doubt if they are right about their being able to do that, but that is what they intend.

There has been some talk about getting rid of the last vestige of colonialism, namely, the right of the British Parliament to deal with the British North America Act. I am as anxious as anyone to get rid of that, but I say that this proposal we are now considering is an act of colonialism. It is taking a course which shows that those who put it forward are really the last colonials. They want something of a colonial nature done by the British Parliament which they cannot get done here.

MOTION IN AMENDMENT

Honourable senators, I shall close by moving an amendment to the resolution. It is now clear that the timetable of December 9 is simply a timetable put forward in the hope of escaping from the jurisdiction of the Canadian courts before the matter can be placed before them. I do not think that is a worthy objective; I think it is a most unworthy objective.

[Senator Smith.]

Accordingly, I move, seconded by Senator Grosart, that the motion before us be amended by deleting the sixth paragraph and substituting the following therefor:

> That the committee submit its report not later than March 1, 1981.

● (2035)

I have a number of copies of this motion in amendment, and I would ask that they be distributed.

Honourable senators, I thank you for your careful attention. I would ask that those who are condemned to follow me not be restricted as to time. I ask you to realize that I should have concluded sooner in the circumstances, and we should not take out on them the trespass that I have committed.

The Hon. the Speaker: It is moved by the Honourable Senator Smith, seconded by the Honourable Senator Grosart, that the motion be amended by deleting the sixth paragraph and substituting the following therefor:

> That the committee submit its Report not later than March 1, 1981;

Is it your pleasure, honourable senators, to adopt the motion?

Hon. Allister Grosart: Honourable senators, I rise, as seconder, to support the amendment proposed by Senator Smith. Perhaps I might be permitted to say that I regret that, because of circumstances entirely beyond my control, it was not possible for me to participate in this historic debate during the course of last week. However, I welcome the opportunity to make quite clear the position that I take in regard to the proposed amendment—which, in many ways, goes to the heart of the problem that confronts the Senate and the people of Canada at the moment.

The amendment proposes a delay, a putting back of the deadline. The purpose of that, of course, is to permit further discussion of the many points that have been raised in opposition to the proposal that is before the Senate at this time.

I have had the opportunity of reading carefully the very great contributions that have been made in the debate on this proposal in the Senate, and I feel, once again, that the Senate has more than fulfilled, up to the present, its important function of reviewing legislation, particularly considering its traditional role of the protection of the interests of all of the partners in Confederation, including the federal government and the provinces.

It has been an unusual debate, strange in many respects. One very heartening respect to me has been the lukewarm approval the resolution taken as the whole, has received from honourable senators whose political persuasion is other than that of those of us in the Progressive Conservative group. I say "lukewarm" because there have been so many examples of defects—defects of omission and commission—pointed out by honourable senators, many of whom have made it very clear that the proposal as it stands is not satisfactory to them.

I appreciate the fact that many honourable senators have said they will vote for the resolution, which is to refer the

matter to a special joint committee. That is understandable. But the essential purpose, I think, of Senator Smith's amendment is to ensure that the many objections raised, not only by the official opposition, which is understandable, but by others, are given the fullest possible consideration by the government.

At the moment everything seems very unclear. Repeated questions to the Leader of the Government to explain some details have resulted only in further confusion. For example, he was repeatedly asked if the resolution to submit an Address to Her Majesty will be voted on, and he has given us quite contradictory answers. He has said, on the one hand, that, yes, the resolution itself will be debated, and then he has said, "No. If the committee happened to say, 'We recommend that the Parliament of Canada do such-and-such,' then it might be deemed to be a resolution." That, of course, is nonsense. Obviously the British house will say, "Where is your resolution? Are you asking us to make a decision on the basis of a report of a Canadian parliamentary joint committee which happens to have been approved and concurred in by the Senate of Canada?" Of course they would say, "Where is the resolution?" The essence of this whole procedure is that this Parliament, both houses, must pass that resolution and the Address will be forwarded to Her Majesty. That is one example of the type of confusion that has arisen, because it must be obvious to all honourable senators that this is an ad hoc concept, a hurried, hasty attempt to push through something without careful consideration.

● (2040)

I remember when Senator McIlraith raised a very important question the answer he had from the Leader of the Government was, "Well, now, since you have raised that, we have had some serious discussions about this whole matter. We have started to think about it." We seem to have this kind of evidence over and over again in all the discussions that have taken place.

It is, of course, an historic occasion, one that places tremendous obligations on all of us. I am sure every honourable senator would have wished that in this historic development in our Constitution, all across Canada we would have been ringing bells and saying, "Here we are bringing back our constitution. It is being patriated," to use the current phrase. "We have brought it back." Instead of that enthusiasm, that excitement across the country, we have deliberate confusion. We have gross errors of commission and omission. We have doubts as to the constitutional legality of the approach that the government is taking. We have a situation where the government says, "We will now try to do," and this has been pointed out over and over again, "by indirection what the Supreme Court of Canada said the Government of Canada cannot do directly." We are asked to put the Westminster Parliament in an impossible situation by saying, "You must pass this. We are asking you to pass it because we think these are constitutional reasons why you cannot refuse, no matter how embarrassed you may be. But we do not know what we can say to you if after you have passed this address, and made the amendment we ask to the British North America Act, if you have done that, then we have to warn you that the Supreme Court of Canada might decide that the action of the Canadian government, which you acted on, was unconstitutional under the Constitution of Canada as it existed at that particular time." This is one of the many absurdities, one of the many reasons why, it seems to me, that this amendment makes a great deal of sense. It says, "Let us take time; let us put an end to this concept of getting through by closure, closure in the other place, a mild form of closure here, closure on the extent of deliberations in a joint committee of the Parliament of Canada on the most important matter that has ever been referred to a joint committee." They must report on the 9th December, and there again there is the implication of closure on the whole constitutional process, closure on all the rights of the provinces, if I may say so, closure by a form of referendum.

Acceptance by the government of the suggestion put forward in this amendment would at least put a stop to this steamroller which is certainly, surely, no way to bring about a change in a constitution which is based on an original agreement between partners, It is late in the day, and it is probably very old-fashioned to talk about the pact of Confederation, but it is a fact that for at least the first 50 years of our Confederation there was never any doubt in the mind of anybody that it was a pact between partners, Laurier, Taché, Mercier, Sir John A. Macdonald—name anyone you will and every one of them spoke of the federal pact and that is, of course, what it was. Yet we are now saying it can be unilaterally torn up and thrown away which is exactly what we are asked to do.

Honourable senators, I support the amendment fully because it may give us an opportunity to reconsider this undue haste, to take another look at the confusion and the complexity of the method. In conclusion I would say this, speaking for myself personally, if the Leader of the Government were to rise and say that the government will now accept in the remaining time at our disposal, the approach suggested today by Senator McIlraith, not a Conservative, an experienced parliamentarian and one of the great leaders of the house in the other place, a man of great wisdom, then I say personally that I would accept completely an undertaking by the Government of Canada that they will accept the McIlraith approach, and I believe my colleagues in the opposition would agree with me in that.

Honourable senators, I commend the amendment and I regret that the hour being what it is, I do not have the time to give some of the many other reasons which I would like to give why I think there is a necessity for us to pause and use that traditional sober, second thought. It is about time, I think, that the Senate exercised that.

● (2045)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, we have heard some excellent speeches in this debate, and I mean to speak only very briefly with respect to the amendment proposed by the Honourable Senator Smith. The importance of passing the main motion and sending the constitutional proposals to committee as quickly as possible cannot be underestimated. It is important to enable as

many representative groups as possible to be heard as soon as possible. That procedure will move ahead rapidly if the main motion is adopted this evening. As far as the proposal to extend the time of the hearings is concerned, I have received advice from the Clerk of the Senate, because advice was sought on this point, that it would be possible for the joint committee to recommend extended hearings. The joint committee in an interim report to both houses could ask for an extension of the reporting date. Both houses, of course, would have to adopt such a report simultaneously. The possibility exists, then, according to our Senate procedural advisers, that an extension of time could be considered by the joint committee, and I want to assure honourable senators on that point.

That really is the only contribution I have to make at this time. Based on the information we have now, the government believes that it will be entirely possible for the joint committee to hear from a sufficient number of groups, and to complete its consideration of the constitutional proposals, by the reporting deadline of December 9. But let the committee itself decide if it needs further time. If the procedural possibilities exist, they may wish to submit an interim report recommending that the reporting date be extended.

Senator Frith: Honourable senators will remember that it was agreed that the question on the main motion would be put at 9 o'clock this evening. If no one else wishes to speak, could the question on the amendment be put now, and then the question on the main motion?

● (2050)

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I had hoped that when we were discussing this amendment I could express, if somewhat irrelevantly, how disappointed I am that so few Liberals from Quebec have stood for the viewpoints of the three parties in Quebec and that so few senators have considered as serious the opposition of the provinces and have not defended the viewpoint that, since 1949, the role of Westminster in dealing with any other request for an amendment is not the same as it was before then, owing to the wording of the 1949 amendment, which refers exclusively to problems of interest to the provinces.

It had been my hope that if a delay had been accorded to the committee it would have had the benefit of a decision of the courts, which could have been made on that very point. I understand, for example, that the Manitoba Court of Appeal has set the date of December 4 for the hearing. Thus, if the committee were not forced to report too quickly, it could have the benefit of the decision of the Manitoba Court of Appeal, or of that of either of the other two which have been consulted.

Senator Lafond: Honourable senators—

The Hon. the Speaker: Honourable senators, it is now 9 o'clock. Unless the Honourable Senator Lafond has leave of the Senate to speak, I do have an order here to take a vote on the main motion at 9 o'clock.

Senator Lafond: It is just that I take objection to some of the remarks made by the Leader of the Opposition concerning the participation in this debate by senators from Quebec.

[Senator Perrault.]

Senator Flynn: You are entitled to do that.

Senator Lafond: This motion was strictly one of referral to a committee. Those senators from Quebec who have not yet spoken may well have their say when the report of the committee comes back.

Senator Flynn: Good! I am looking forward to that.

Senator Frith: Question!

The Hon. the Speaker: Honourable senators, we have a main motion, which reads as follows—

Some Hon. Senators: Dispense.

The Hon. the Speaker: Very well. An amendment to the main motion has been proposed by the Honourable Senator Smith, seconded by the Honourable Senator Grosart, that the motion be amended by deleting the sixth paragraph thereof and substituting the following therefor:

> That the committee submit its Report not later than March 1, 1981;

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: No.

The Hon. the Speaker: Those in favour of the amendment please say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker: Those who are opposed to the amendment please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion the "nays" have it.

Senator Flynn: On division.

The Hon. the Speaker: I declare the motion in amendment defeated, on division. We will now take a vote on the main motion.

It is moved by the Honourable Senator Perrault, seconded by the Honourable Senator Frith, that the Senate do unite—

Some Hon. Senators: Dispense.

The Hon. the Speaker: Those in favour of the main motion please say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker: Those who are opposed please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion the "yeas" have it.

And two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

The question was resolved in the affirmative on the following division:

YEAS

THE HONOURABLE SENATORS

Anderson	Langlois
Argue	Lapointe
Barrow	Leblanc
Bird	McElman
Bosa	McGrand
Buckwold	McIlraith
Cameron	Molgat
Connolly	Neiman
Cottreau	Olson
Davey	Perrault
Denis	Petten
Frith	Riel
Giguère	Riley
Godfrey	Rizzuto
Goldenberg	Robichaud
Graham	Rousseau
Guay	Rowe
Hastings	Sparrow
Hayden	Steuart
Hays	Thériault
Hicks	Thompson
Lafond	van Roggen—45.
Lamontagne	

NAYS

THE HONOURABLE SENATORS

Adams	Macquarrie
Asselin	Marshall
Balfour	Molson
Beaubien	Muir
Bélisle	Murray
Bielish	Nurgitz
Charbonneau	Phillips
Choquette	Roblin
Cook	Sherwood
Donahoe	Smith
Doody	Sullivan
Flynn	Tremblay
Fournier	Walker
Grosart	Yuzyk—29.
Macdonald	

The Hon. the Speaker: I declare the motion carried.

• (2110)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before proceedings to the next item of business, I should like to point out that part of the agreement in connection with the motion we have just dealt with was that the motion to appoint senators to serve on the special joint committee be adopted before the adjournment of the Senate today, or at such other time agreed upon by the Senate.

I have informed the Leader of the Opposition that the list of senators on this side is not quite complete.

Some Hon. Senators: Oh, oh.

Senator Frith: I say this in fairness, because the Leader of the Opposition had told me the names that he had proposed for this side. And so I ask honourable senators—and I have discussed this with my honourable friend—to have this aspect of the matter postponed until tomorrow evening.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

NOVA SCOTIA

OFFSHORE MINERAL RIGHTS—HISTORICAL FACTS—BRITISH COLUMBIA REFERENCE CASE—INQUIRY STANDS

On the Inquiry by the Honourable Senator Smith:

> That he will call the attention of the Senate to some of the historical facts relevant to the claim of Nova Scotia to minerals off its shores which distinguish that claim from the British Columbia claim as dealt with by the Supreme Court of Canada in *Reference re Ownership of Offshore Mineral Rights* (the British Columbia Reference case), (1967) Supreme Court Reports, 792, and (1968) 65 Dominion Law Reports (2d), 353, and submit that the said decision does not decide the ownership of minerals off the shores of Nova Scotia.

Hon. G. I. Smith: Honourable senators, I ask that this item stand, but I make what you may regard as a somewhat threatening assertion to the effect that I will likely speak to it tomorrow.

Inquiry stands.

The Senate adjourned until tomorrow at 8 p.m.

THE SENATE

Tuesday, November 4, 1980

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—MOTION TO APPOINT SENATE MEMBERS -MOTION IN AMENDMENT –DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government) moved, with leave of the Senate and notwithstanding rule 45(1)(a):

> That rule 66(1) be suspended in relation to the nomination of senators to serve on the Special Joint Committee to consider a proposed Address to Her Majesty the Queen concerning the Constitution of Canada;
>
> That the following senators be appointed to act on behalf of the Senate on the said Special Joint Committee, namely, the Honourable Senators Argue, Asselin, Austin, Connolly, Frith, Goldenberg, Hays, Lamontagne, Roblin and Tremblay; and
>
> That a Message be sent to the House of Commons to inform that House accordingly.

The Hon. the Speaker: Is leave granted, honourable senators?

Some Hon. Senators: Agreed.

Hon. John M. Godfrey: Honourable senators, is there any precedent for a cabinet minister sitting on a committee like this?

Senator Frith: I believe, honourable senators, there are many precedents, and I would be glad to table a list of precedents for the presence of cabinet ministers on committees.

Hon. Sidney L. Buckwold: Honourable senators, I rise to speak regarding the representation of an area in which I do not live, and to say that I am appalled by the fact that no senator from the Atlantic provinces is named a member of this committee.

Some Hon. Senators: Hear, hear.

Senator Frith: Honourable senators, I agree that is perhaps regrettable, but there will be many House of Commons representatives of the Atlantic provinces, and, of course, there will only be Senate representation for some of the western provinces.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I would join with Senator Godfrey's remarks regarding Senator Argue's being on the committee. He is a minister of the Crown and, as such, he is bound by cabinet solidarity. He is in no position to voice any independent opinion. I am appalled at the suggestion that he be a member of the committee.

● (2005)

As I look at the rest of the committee membership, I see that the only one who spoke on this matter from the government side is Senator Frith himself, and we know where he stands.

Senator Asselin: Senator Argue, too.

Senator Flynn: I just mentioned Senator Argue. I do not think I have to repeat what I said with regard to Senator Argue.

As I said, Senator Frith is the only one from the government side who spoke on this matter. I see that the others are: Senator Austin, Connolly, Goldenberg, Hays, Lamontagne, and so forth. They have all remained silent on this matter. None of those who had reservations about this resolution has been picked. That cannot be but by design, and I protest that.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I think any objective observer—

Senator Flynn: Oh, are you one?

Senator Perrault: —reviewing this list of names would draw the conclusion that these are people of exceptional ability.

Some Hon. Senators: Oh, oh.

Senator Perrault: I am not speaking only of the government supporters on the committee list. My remarks apply equally to those members of the official opposition.

Senator Flynn: We at least indicated where we stood.

Senator Perrault: Honourable senator, would you restrain yourself and attempt to observe parliamentary decorum. Increasingly, recently, you have violated the basic principles under which we operate.

Senator Flynn: Yes, but you tried to snow us with—

Senator Perrault: When I look at this list of names of such able parliamentarians as Senators Argue, Asselin, Austin, Connolly, Frith, Goldenberg, Hays, Lamontagne and Tremblay, I think the test should not be whether they participated in the debate this week, last week, or any week. The record of these senators is outstanding. This is known to the Leader of the Opposition. For him to stand in his place tonight and suggest that these senators would serve on the joint committee under some kind of direction, or to infer that they are not worthy to serve on this committee is unworthy of the senator himself to say.

Senator Flynn: You would not be able to swear that they have not been chosen by design. Not one of those who opposed the package partly or entirely is on this list. They are left out.

Senator Perrault: Honourable senators it would be as ridiculous for me to charge that the Honourable Leader of the Opposition had chosen his people by design—

Senator Flynn: I have. Admit that you have done the same.

Senator Perrault: At some point in the future, then, you must describe the motives for your choice.

Senator Flynn: The motives are clear. We stood very clearly on our principles on this side, but there was division on the other side. Those who disagreed do not appear as members of this committee.

Again, I protest the inclusion of Senator Argue, a minister of the Crown. He is bound by cabinet solidarity.

Senator Perrault: I wish to remind the honourable senator that one precedent to cite is the instance in parliamentary history when the late Prime Minister R. B. Bennett chaired a committee of Parliament.

Senator Flynn: The chairman of what committee? On what question?

Senator Perrault: May I suggest to the Leader of the Opposition that he temper his remarks and agree that this is a good list of senators.

Senator Flynn: I shall never do that.

Hon. Orville H. Phillips: Honourable senators, before the motion is put, I should like to suggest that the Leader of the Government, by voting against the amendment moved by Senator Donahoe, has deprived the Atlantic provinces of representation on the special joint committee. If the committee membership had been expanded to include 15 senators, then one senator from each of the regional areas could be on the committee.

I am not asking that there be a senator from the Atlantic region appointed from the minority. I would be perfectly happy to have Senator Cook appointed to the committee. I think I can trust him, and I would ask the Leader of the Government to consider that.

Senator Perrault: Honourable senators, as the deputy leader pointed out, there is a regional and provincial balance to be achieved, and the committee has to be regarded—

Some Hon. Senators: Oh, oh!

Senator Perrault: —as a committee which reflects the entire nation, whether the membership of that committee comes from the other place or from the Senate. I should also like to remind the honourable senator that it is proposed—and honourable senators are aware of this—that the right of substitution—

Senator Flynn: Let us see that?

Senator Perrault: —be brought into operation along the lines prescribed in the other place. We discussed that the other evening. There could be many opportunities during these committee hearings for senators from various regions to serve on this committee.

• (2010)

Hon. Daniel Riley: First of all, I should like to tell the Leader of the Government in the Senate that the people of the Atlantic provinces are going to resent deeply the statement that he made here tonight—the statement which implied that there is no one in the Atlantic provinces—

An Hon. Senator: Shocking!

Senator Riley: —of exceptional ability, who is capable of serving on that committee.

Senator Perrault: I didn't say that.

Senator Riley: You implied it.

Senator Walker: You implied it. That's right.

Hon. Andrew Thompson: Honourable senators, I should like to ask the Leader of the Government a question concerning Senator Argue, whom I respect very much indeed. Can he tell us whether, in order that he be impartial and objective during the committee hearings, Senator Argue has been freed by the cabinet from his obligations under the convention of cabinet solidarity.

Senator Sparrow: Honourable senators—

Senator Flynn: No, no! We would like to hear the answer to that.

Senator Perrault: Honourable senators, all of the Senate members who participate in those committee activities will be operating according to conscience.

Some Hon. Senators: Oh, oh!

Senator Perrault: And they will bring to bear their own individual judgments.

I want to take this opportunity to state that in no way did I imply, nor did I intend to imply, that there was a lack of ability or a lack of capacity among the senators from the Atlantic region. The fact of the matter is that the present government has no House of Commons representation in the four western provinces—

An Hon. Senator: And never will have.

Senator Perrault: —and I think honourable senators are realistic enough to know that, in view of that circumstance, it is thought to be necessary to provide more Senate Liberal representation from the western provinces. Ordinarily, in order to achieve balance, greater Senate representation from the Atlantic provinces would be proposed, but in view of the need for western senators to create a balance, it is proposed that the Atlantic provinces should be represented by more members from the other place.

Now, that is not an entirely satisfactory situation. Had we ten more places on the joint committee, without any question, all of the regions represented here in the Senate would have been represented on that committee by senators.

Senator Riley: Honourable senators, I think we will let the people of the Atlantic region judge the words that have just been spoken by the Leader of the Government in the Senate.

Hon. Herbert O. Sparrow: Honourable senators, speaking from the west and from Saskatchewan, I just want to say that I believe it is almost disgraceful that a cabinet minister from Saskatchewan would be appointed to that committee, when we have very competent Saskatchewan senators who are not in the cabinet—

Some Hon. Senators: Hear, hear!

Senator Sparrow: —and who could serve on this committee. I refer to Senator Buckwold and to Senator Steuart, who have played a very important part in this chamber. It would indicate to me that there must have been some type of blood test taken to ensure that the Saskatchewan representative was a cabinet minister. On behalf of our province I want to say that I object to that most strenuously.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have followed the comments of other members of this house with some interest, particularly with respect to the nomination of a member of the cabinet to sit on this committee. I am completely at a loss to understand the explanation of the leader of the house that that honourable gentleman will operate according to his conscience.

I am sorry to say that that is not the rule in connection with members of the cabinet. I am sure they have consciences. I have been a member of cabinet on occasion and I guess I had a conscience, but I knew perfectly well that cabinet solidarity came first, because, if at any time my conscience could not stand what the rest of the cabinet proposed to do, I had an easy remedy, and that was to resign. But until such time as resignation took place, I was bound by convention and by all the traditions of Parliament to observe the principle of cabinet solidarity.

I don't think that Senator Argue can be excused in any way from that same obligation. I don't think the leader of the house can in any way say that this rule does not apply to him—although he is not here to speak for himself—and that he can operate outside the rule of cabinet solidarity and cabinet responsibility, because I simply don't believe it.

● (2015)

If we put this senator, as estimable as he is—and I have a sincere regard for him—on the committee it has to be assumed that his mind is closed insofar as cabinet decisions are concerned. There may be amendments made by this committee which the cabinet will approve of, in which case we would expect Senator Argue to support them, but I do not believe he is a free agent to decide by himself what attitude he should take toward the momentous issues that will come before this committee. It is a contradiction in terms that anyone should advance that proposition in this house, and a bit of an insult, I think, to those of us who follow the traditions of the British parliamentary system.

So I think that the government ought to reconsider this proposition, and propose some name other than Senator Argue's. I would suggest that they should replace him with some gentleman or some lady from the maritime provinces of Canada.

I don't care what the leader says about the House of Commons, although I agree that that is important. I agree that there will be a wider representation there because there are more members in the House of Commons. Nevertheless, if we have a duty as regional representatives, as indeed we have, to think that the whole Atlantic territory, four provinces—one whole senatorial district, if you like—is not represented in any way in this committee is a matter of some sadness and concern to me. I wish that on our side we had a little room to accommodate that sort of thing, but we have not been able to do so. In view of the overwhelming representation in this committee that we will find from the two central provinces, I think that either Senator Argue should be replaced by some one from the Atlantic provinces, or one of the representatives of the central provinces in the Senate could well be dropped so that the Atlantic provinces could be represented.

I hope we will not indulge in too heated a discussion of this matter, because the merits are so clear. I would ask the leader of the house to accept this suggestion as a suggestion made in good faith and in an attempt to be helpful. If he cannot move on it at the present time, I hope he will take the matter under advisement.

Hon. Hartland de M. Molson: Honourable senators, I would like to ask the Leader of the Government a question in this regard. I have nothing but praise for the function that Senator Argue has fulfilled in the Senate. He sat beside me for a long time and I know him well. I would have no objection to his appointment to any of our committees. Nevertheless, I ask the Leader of the Government if he can assure this chamber that in accepting an appointment to a parliamentary committee of this sort, there is no conflict of interest on the part of Senator Argue in view of his cabinet responsibilities. Without that assurance, I for one certainly would not favour such a motion.

Senator Perrault: Honourable senators, I do not believe that there is a conflict of interest as far as Senator Argue's responsibilities are concerned.

I want to say in response to the Deputy Leader of the Opposition that, of course, his proposal will be considered by the government. This has been a very difficult process to achieve balance and to make sure that all provinces will be properly represented on the joint committee by both government and official opposition members from the Senate and from the other place. Certainly the proposal will be considered and discussed. I give that kind of commitment, but that is all I can say.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to say a few words on the rather narrow but specific objection to any cabinet minister being appointed to a joint committee, or, indeed, to a committee of this house or the other house. In the first place it is not precedent-setting. It has been done a number of times in the past.

• (2020)

Senator Flynn: When?

Senator Olson: Well, we have a list if you would like to see all the precedents. We can drag them out.

Senator Roblin: What kind of committees, pray?

Senator Olson: There is a very important point that has been brought out here, and that is that anyone who has a predetermined bias or position ought not to be appointed to a committee. If that is so, I should say to the Leader of the Opposition—

Senator Flynn: I did not say that—

Senator Olson: I should say to the Leader of the Opposition—well, that is essentially what has been said. It has been said that because a cabinet minister is committed to supporting the government's position, which is an opinion, therefore he should not be a member of this committee. If that argument is to be followed through, and the Leader of the Opposition has indeed disqualified a whole lot of other members who have stated their position—

Senator Flynn: You never understood a word of what I said.

Senator Olson: It may be that there is a position, a bias, a commitment, and so on, for the support or otherwise of the resolution, to be put before the committee; but I can tell you that the government has already indicated that some flexibility with respect to amendments will be shown—well, you can laugh about it if you like—

Senator Flynn: They are laughing behind you.

Senator Olson: That is right. That has already been said. I, however, am talking about a point of principle, which is that I would hope that that same degree of flexibility will be shown by other members, because it must be remembered that this cabinet minister is not going to have any stronger vote than any other member on that committee. Therefore, I hope that the Honourable Leader of the Opposition does not want to argue out of both sides of his mouth—

Senator Flynn: I do not want Argue to argue at all.

Senator Olson: —because if he wants to apply certain rules to one particular member, then surely he should apply them to the biases that have been displayed by other members, and they are very clear.

Hon. Heath Macquarrie: Honourable senators, we all noted that last night the government was not ready with its list, and I submit that they are not ready tonight, either. Some very, very serious things have been brought to the attention of this chamber. It is not at all as Senator Olson says, in reference to the presence of a minister on a committee of this kind. The government leader referred to R. B. Bennett heading a committee. I am not sure that that is right. On the other hand, I am not going to say that it is wrong, because I do not have my documents with me. I wonder if he is not thinking of the Honourable H. H. Stevens, who was a minister in R. B. Bennett's cabinet, and who headed a price spreads committee which later became a commission, with an investigative function which is an entirely different thing.

Here we have a Joint Address which emanated from—where? From the government. In fact, it is down as a government notice of motion, whereunder the Honourable Senator Argue is a committed party. He cannot be a member of the cabinet without being a committed party. When Mr. Stevens headed up an investigation, he knew not what was ahead of him. Certainly Mr. Bennett did not know what was ahead, because it ended up with his decline, the near-destruction of the Conservative Party, and the eclipse of H. H. Stevens. If that history should repeat itself in this regard, I might be prepared to let it go, being an eternal optimist. However, on the other aspect in respect of Saskatchewan, why should that province not be represented by Senator Buckwold or Senator Steuart, or some other senator from Saskatchewan? The suggestion is implicit that there are not, among the five senators from Saskatchewan, persons of quality, capable of serving on this committee. I already know these members, and I know that they are very responsible, able people.

I was shocked that the Atlantic provinces were overlooked. Here is the distinguished Senator Hicks in this corner, and Senator Robichaud in the other, both of whom were premiers, together with all sorts of able people in between.

Senator Roblin: Senator Barrow.

Senator Macquarrie: Why were they not designated?

I really believe that the government side should say, "We are not ready. Let us move the motion tomorrow, and do some thinking and consulting in the 24 hours intervening."

• (2025)

Senator Perrault: Honourable senators, this is a useful discussion in that we can deal with this problem by considering the present composition of this committee by regions. I have hurriedly marked down on a sheet of paper exactly where the proposed committee balance lies now. Honourable senators may wish to write this down—

Senator Roblin: I've got it; don't worry.

Senator Perrault: —by party and by region. Honourable senators, I wonder if we are achieving very much by escalating this issue. Most honourable senators have been in public life for some time and are aware of some of the problems of selecting a committee with a balanced membership. First—

Senator Flynn: We know your problems.

Senator Perrault: Honourable senators, does the official opposition want all-out political conflict or do they want to listen to some facts? Here are the facts. Honourable senators may wish to jot these names down. The Conservative Party has five members from the House of Commons on the joint committee. The following are the names and the provinces: Mr. Beatty of Ontario, Mr. Crombie of Ontario, Mr. Epp of Manitoba, Mr. Fraser of British Columbia, Mr. McGrath of Newfoundland. At least two of them are former ministers in the Conservative government—which is no impediment, but I draw that to the attention of the house.

Hon. Senators: Oh, oh!

Senator Flynn: Who do you think we are?

Senator Perrault: If the honourable senator wishes to make a speech, then I will not continue; but it may be of some value to those who are interested in coping with the problem of putting together a joint committee.

It is interesting that on the Liberal side—

Hon. Henry D. Hicks: Would the honourable gentleman please read the last two names on the Conservative list.

Senator Perrault: I will do that. I will repeat the list from the top: Mr. Beatty, Progressive Conservative, Ontario; Mr. Crombie, Progressive Conservative, Ontario; Mr. Epp, Progressive Conservative, Manitoba; Mr. Fraser, Progressive Conservative, British Columbia; Mr. McGrath of Newfoundland. So one out of the five members from the House of Commons is a Progressive Conservative from Newfoundland.

On the Liberal side there is Mr. Bockstael, Liberal, Manitoba; Miss Campbell, Liberal, Nova Scotia; Mr. Corbin, Liberal, New Brunswick; Mr. Henderson, Liberal, Prince Edward Island. Three out of the four from the Atlantic provinces, then, are Liberal representatives. There is also Irwin, Liberal, Ontario; Joyal, Liberal, Quebec. I have been informed from the other place that in order to strengthen the representation on the committee from the Atlantic provinces, a Newfoundland member, a Liberal, may be added. So of the total Liberal membership on the committee from the House of Commons, seven—

Senator Asselin: There is one missing—Lapierre, from Quebec.

Senator Perrault: I am aware of this. Out of seven, four from the other chamber will be from the Atlantic provinces.

In terms of regional balance, are we being asked tonight to delete any representation from the Province of Saskatchewan and give another place to the Atlantic provinces.

Senator Asselin: That's not the case.

Senator Perrault: Honourable senators, I assure you that the geographical problem is one of significance. There was much criticism to the effect that Newfoundland should have a member from that important island on the committee from the Commons side, and I understand that another member from Newfoundland will be added very shortly. If this is done, four out of seven of the House of Commons list will be from the Atlantic provinces.

Honourable senators, is this really unfair? That is a higher percentage than the Progressive Conservative Party has provided in its representation on that committee.

On the Senate side we have—let us take down the names—Senators Austin, Liberal, British Columbia; Hays, Liberal, Alberta; Argue, Liberal, Saskatchewan; Connolly and Frith, Liberals, Ontario; and Goldenberg and Tremblay from Quebec. There is also Senator Martial Asselin, Progressive Conservative. The other Progressive Conservative is Senator Tremblay. Have I omitted one?

[Senator Perrault.]

Senator Flynn: Lamontagne.

Senator Perrault: Lamontagne, yes.

Senator Asselin: You did not mention Frith.

Senator Perrault: Yes, I did. I think the list reflects a rather good balance of provinces and party affiliations, and I appeal to senators to look at the total task of putting together a joint committee. I appreciate the opportunity of attempting to put the case forward.

• (2030)

Senator Guay: Honourable senators, I believe that my leader omitted a very important name from the list of Liberal members from the House of Commons. My copy of the Commons *Hansard* shows Bryce Mackasey of Ontario as a member. Mr. Mackasey's name was not on the list that the leader gave a few minutes ago.

Senator Perrault: If his name was omitted, it was not done deliberately.

Senator Hicks: Would my honourable friend read the names of the Liberal members from the House of Commons again, please? He read them in such a confused way that it was impossible for me to make a notation.

Senator Perrault: Honourable senators, I hope it wasn't in a confused way because I read it in order from a list, but I would be glad to read it for you again. Bockstael, Liberal, from Manitoba. Does the honourable senator have that? Campbell, Liberal, Nova Scotia; Corbin, Liberal, New Brunswick; Henderson, Liberal, Prince Edward Island; a Newfoundland member to be appointed; Irwin, Liberal, Ontario; Joyal, Liberal, Quebec; Lapierre, Liberal, Quebec—

Senator Hicks: Who is the Ontario one?

Senator Perrault: The Ontario one was Irwin, Liberal, Ontario; Joyal, Liberal, Quebec; Lapierre, Liberal, Quebec.

Senator Marshall: The information is in today's paper.

Senator Perrault: Yes, but some honourable senators haven't read it.

Senator Hicks: That is only six names so far.

Senator Perrault: Bryce Mackasey, Liberal, Ontario.

Senator Hicks: I am sorry, Your Honour, but the leader hasn't—

Senator Perrault: May I write the list down for the honourable senator and send it over to him this evening?

Senator Hicks: Yes, you may, but I don't see why you can't tell us now.

Senator Perrault: May I go over the list again then?

Senator Hicks: If you want us to make notes, don't read it as if you deliberately want us not to understand it.

Senator Perrault: Well, honourable senators, I will read the names at dictation speed. Mr. Bockstael, Liberal, Manitoba; Mr. Campbell, Liberal, Nova Scotia—

Senator Roblin: That member is a lady.

Senator Perrault: Miss Campbell, Liberal, Nova Scotia; Corbin, Liberal, New Brunswick.

You were in the House of Commons too long. Henderson, Liberal, Prince Edward Island; Irwin, Liberal, Ontario; Joyal, Liberal, Province of Quebec; Lapierre, Liberal, Province of Quebec. Are honourable senators keeping up?

Senator Bélisle: Bearing up.

Senator Perrault: Mr. Mackasey, Liberal, Ontario. On the NDP list: Knowles, New Democrat, Manitoba.

Some Hon. Senators: Hear, hear.

Senator Steuart: My friend. I will sleep better tonight.

Senator Perrault: The spectacle of Senator Steuart applauding the NDP boggles the mind.

Nystrom, New Democrat, Saskatchewan.

Those are the names from the Commons. Honourable senators know the senators who have been named. If one forgets about one house or the other house there is reasonable balance on the committee.

Senator Roblin: Isn't that just what you cannot do?

Senator Riley: I would like to draw attention to what the Leader of the Government has just told us. We are talking about two houses of Parliament; he was talking about the House of Commons. This is a separate house of Parliament, and you must remember, if you go back to Confederation, that the reason the Atlantic provinces are in Confederation today is that our leaders laid down certain conditions that were accepted by the Fathers of Confederation—the New Brunswickers and Nova Scotians. Now you tell us that we have representation on the committee from the Atlantic provinces from the other house, but the Senate was set up originally to protect the maritime region and the other three regions of Canada, and set up to do just one thing—to protect our rights.

Hon. Senators: Hear, hear.

Senator Riley: Now you have the effrontery to tell us by inference that there is no one capable of representing the Atlantic provinces on this committee.

Senator Godfrey: Honourable senators, I am not very good at arithmetic but I added up 16 people on the committee from the House of Commons. When did we change from 15 to 16?

Senator Perrault: The honourable senator is alert as ever. One of the non-Atlantic members, I understand for some reason, will not be able to serve and will be replaced by a person, I suspect, from Newfoundland if the will prevails on the other side.

Hon. Louis-J. Robichaud: Honourable senators, I can't say that I appreciate the quality of this debate because I don't, but at the same time I must say with all the conviction at my command that it is utterly impossible for me to understand why a group of people could get together and form a committee of 10 persons to represent the Senate of Canada on a joint committee and not be able to select one from the Atlantic provinces, to represent two million people.

Hon. Senators: Hear, hear.

An Hon. Senator: It is shocking.

Senator Robichaud: I know that the Leader of the Government in the Senate is extremely sincere in carrying out his task. I know that his deputy is equally sincere—

Senator Marshall: But!

Senator Robichaud: —but—yes there is a but—it is beyond me how anyone can ignore the presence in this chamber—not in any chamber in Fredericton, Charlottetown, Halifax, St. John's, or in the House of Commons—of a number of senators from the Atlantic area.

I could say something more but I will refrain from doing so because I don't think this debate should be prolonged. I believe in the concept of the resolution before us; I believe in the formation of the joint committee that has been established, and I believe in the competence of all the people who have been appointed to the committee, including the 10 members of the Senate. I am not questioning the qualifications of any one of them. However, I am appalled that no honourable senator from the Atlantic region, regardless of what the Commons representation is on the committee, seems to be qualified to be a member of the committee.

● (2040)

Some Hon. Senators: Hear, hear.

Senator McElman: Honourable senators—

Senator Donahoe: Senator McElman will be in favour of it.

Hon. Charles McElman: Richard, even you can be surprised. I sincerely say to my honourable friend, Senator Donahoe, that it is as difficult for me to speak against something put forward by my party as it would be for him to speak against something put forward by his party.

Senator Donahoe: I don't often have that problem.

Senator McElman: I pay you that compliment. I agree that you don't often have that problem, and thankfully I don't often have it either. But I do tonight.

I cannot accept the argument put forward by my honourable friend, the Minister of State for Economic Development, that the objection to the appointment of a cabinet minister to sit on this committee is equivalent to the appointment of some person who has strongly expressed himself one way or the other with respect to the consideration under debate. It is entirely different.

I think our good friend, the former Premier of Manitoba, Senator Roblin, expressed the case very well: A cabinet minister is bound; a cabinet minister cannot go freely to such a committee; and a cabinet minister cannot fully express his conscience in such a committee unless he resigns. Of course, if he wants to resign his seat in the cabinet to sit on such a committee, then that is a decision for him to make but, falling short of that, I would hope that Senator Argue, after hearing the views of his colleagues in the Senate, would give them sufficient credit for their sincerity, which is a lack of confidence from both sides of the chamber, and gracefully retire

from the committee to make way for a senator from Saskatchewan of the Liberal persuasion. I believe we have several who are highly qualified and have great experience. Therefore, I see no problem in replacing Senator Argue on the committee. I would recommend this to those who are responsible on the government side.

I am delighted to hear from the Leader of the Government in the Senate that some corrective action is to be taken on the Commons side to do what was not done in the initial recommendation of members from that house, and that is to leave, from the Liberal standpoint, an absolute vacancy for Newfoundland. To my mind, it was unbelievable. The Liberal party in Canada today represents Canadians in greater or lesser degree from Newfoundland through to Manitoba, and yet Newfoundland was the only province that was not in the Liberal list which was initially supplied. I find it unbelievable that that could happen. It leads me to use a term of the sort I do not like to use, but it was a very "ham-handed" operation as is what I believe we are seeing here tonight—a very "ham-handed" operation.

Senator Donahoe, I am finding this as difficult as you would find it if you were back in your old slot in Nova Scotia standing in your house and speaking against the administration of which you were a part. I do find it difficult. This is a place where, although the allegiances to a party are strong, they cannot be so firm that when we find ourselves totally offended we have to sit in our seats and be quiet.

Some Hon. Senators: Hear, hear.

Senator McElman: I did not ask to be on this committee. I do not seek to be on this committee. At one point it was indicated that I would be on the committee. I am not surprised that I am not on the committee because of the views I have expressed elsewhere than here. The British parliamentary system sits on the one foundation stone that it cannot live without the party caucus. I impress on all senators that the system we enjoy has one firm foundation stone, and that is the caucus where we express ourselves freely, with emotion, and with all the force we can. One cannot speak here of what happens in that sort of situation. I can say that in all things I speak my conscience and my mind within the party caucus. I do not wish to be on this committee. However, I do think that those who are responsible for the selection in this chamber should perhaps ask for an adjournment tonight, and consider what they have done.

The Atlantic provinces constitute a very proud part of Canada. People today refer to "have" and "have-not" provinces. I do not like that term. I have used it myself, but I do not like it. I like to hear the provinces described as the "wealthy" and the "less wealthy", because every region of Canada is wealthy relative to other parts of this worried world we live in.

Two of the provinces of the Atlantic area are charter members of this Confederation—Nova Scotia and New Brunswick. I meant to speak of this yesterday if I had had the opportunity, but I was frozen out by the strictures of time, and

[Senator McElman.]

that is my own fault entirely. Anyone who has paid any attention to, or has any respect for, the history of the founding of this nation knows that in no circumstance would Confederation have been possible except on the basis of a bicameral system, which was demanded by New Brunswick and Nova Scotia—a bicameral system where they would be represented in the Senate not on the basis of population, but on the basis of fairness and looking to the future of the nation. That second chamber would have an absolute veto. Those were the terms on which New Brunswick and Nova Scotia came into Confederation. They did a little log-rolling along the way in connection with the Intercolonial Railway and that sort of thing, but those were the basic matters that determined Confederation, because without New Brunswick and Nova Scotia there would have been no Confederation.

At this point in time I find it inconceivable, and I find it unacceptable, irrespective of the fact that Newfoundland is to be represented on the Commons side, that there is to be no Senate representation from the Atlantic area, which includes two of the charter members of Confederation. I will not accept it; I do not accept it; and I ask those responsible to take this ill-advised list back to where it came from and revise it.

• (2050)

Hon. George I. Smith: Honourable senators, there are a few things I should like to say regarding this matter, and I should like to begin by saying to Senator McElman that I can understand very well how difficult it was for him to speak as he did. Therefore, I am prepared to give him a great deal of credit for having the courage and adherence to his conscientious beliefs to do so.

There is one thing that struck me with particular force. I remember last week how we were urged to press on, at no matter what time of day or night, to bring this resolution to a vote. I thought the honourable gentlemen opposite had selected their committee and were raring to go; that the committee could hardly wait to get started. Tonight I find they have not even got themselves ready to begin. The honourable gentlemen must not have had their list ready last evening when we took the vote at approximately nine o'clock. I find that to be an incredible situation. The point was laboured here that there could not be any further delay, that the government just could not wait, and then when they were free under the rules to draw up a list of senators to serve on the committee, they did not have it ready. I find that an incredible way to lead a house, to deal with the situation, and to treat senators of whatever political belief they may be. I say that I find that incredible, although, after the experiences I have had at the hands of the honourable gentlemen opposite, nothing should surprise me any more.

Two senators, perhaps more—Senators Riley and McElman I remember—specifically raised the point that this house was created to give proper representation to the regions of Canada. They pointed out that obviously this was not done as far as the selection of Senate members of this committee is concerned.

I want to say this, and I expect that I will say it a good many times—don't get impatient—that we are not fulfilling

that duty if we do not arrange our committees, especially joint committees, in such a way that that representation is given. So, those who are responsible for the leadership of the house have neglected one of the fundamental duties of the Senate.

Another thing is that all this difficulty, or much of it, springs from the fact that there are only 10 members, instead of 15, representing the Senate on this joint committee. All this could have been avoided or much alleviated had the honourable gentleman stood up for the rights of the Senate to be represented evenly and equally with the House of Commons.

The honourable gentleman, the Leader of the Government, said it was traditional that we have only 10 members on joint committees. I don't know whether that is true or not, but it should not be true in respect of a joint committee dealing with the Constitution of Canada, the very thing on which the Senate is supposed to represent the regions of Canada.

Senator Frith: That is out of order. That was decided.

Senator Smith: Sure it was decided, but I am referring to it and saying that the trouble could have been avoided had that amendment been accepted. It is no use for the honourable gentleman to say it is out of order, because if we do not say it here we will say it in other places where it will have as much effect. I say that the honourable gentleman, who readily acceded to that argument on the grounds that it was traditional, let down this Senate and did not fulfil his responsibilities as the Leader of the Government in this house.

I now come to Senator Argue. I will not spend much time on that point because it has been adequately canvassed by others. How, in the name of goodness, can the members of this house have any confidence that Senator Argue can take any other position except that put forward by the government at any given time, unless he resigns? We all know that that is so. That is no reflection on Senator Argue. He is an able, reliable, responsible and honourable man. He should not allow himself to be put in such a position, and perhaps he will not. Perhaps he was not even consulted. However, he is bound by all the traditions of his party, our party, and parties in parliamentary institutions of this kind everywhere, to follow cabinet solidarity, which means support what the government puts forth.

Those of us who have expressed firm opinions—and I have not made any secret of mine—have certainly put ourselves in the position that we are likely to maintain those positions if we are selected to serve on the committee, but we are not bound to, and if we hear something that appeals to us, we are at liberty to change our minds. I believe that that is the situation with regard to all other Liberal members named on this list. We know the views most of them have expressed. Therefore, we know how they are going to enter the committee, just as we know how we are going to enter the committee. We also know that they are not bound by any tradition of cabinet solidarity, and if they find reason to change their minds they can, just as we are not bound and can change our minds if we like. Whether we will or not is another matter.

There is one further matter I wish to mention. I think I have listened to most of the speakers in this debate. The remarks of those to whom I have not listened are recorded in *Hansard* and I know where they stand. It is significant to me that I cannot recognize on that list of Liberal senators anyone who expressed some hesitation or doubt regarding some parts of this resolution or the text that goes with it. I would have thought that if the government wished to give fair representation to its ranks it would have made sure that somebody from among the many who expressed some doubts and reservations would be on the committee, so that that substantial group of people could be confident that there was a member of that committee to give expression to their doubts and reservations. It is very significant to me that none of those honourable gentlemen are on that list, so far as I can tell.

When one couples that with the inclusion in the list of a cabinet minister, it is hard to avoid the impression that the honourable gentleman who selected these senators had in mind making sure there was no possibility of any of the government members of the committee wandering from the straight and narrow path of complete support. I think that is a most reprehensible and improper way to set up a committee. I think it would be an improper way to set up any committee, but when we come to set up one which deals with the very fabric of our constitutional being, the very existence of our nation as we know it, it seems to me to be beyond the pale of parliamentary words to express what should be thought of that type of action.

• (2100)

Senator McElman made an excellent suggestion, namely, that the people who made up this list should ask that this debate be adjourned, and should take advantage of the time between now and the next sitting to remedy some of the difficulties that have been brought so forcibly to their attention.

Senator Barrow: May I ask the Leader of the Opposition a question? In this list there are two senators from the province of Quebec—Senator Asselin and Senator Tremblay. Why can't there be a senator from the Atlantic provinces?

Senator Flynn: It is quite obvious that we had to make up there for the lack of representation from the House of Commons, and we have not as many on our side as you have to work with. If that is not sufficient explanation for you, I am sorry, but that is the only answer I can give you.

Senator Olson: Is that argument not equally true for the other side?

Senator Flynn: Well, I am not discussing that particular point. I raised the problem of Senator Argue's presence on the committee, and that problem is not solved. Others have raised the problem of the representation of the Atlantic provinces. That is something else.

Now, you, Senator Olson, said that we on this side had listed some people whose opinions are known. Senator Smith has replied to that, but I never criticized the fact that you would have on the committee people who supported the resolution as such. What Senator Smith mentioned, however, and what constituted the substance of my criticism, was the fact that you picked only people who had not expressed any

opposition to the resolution. That was my point. None of those who criticized the government has been selected. I don't know where some of the silent ones stand, but I have my suspicions.

In any event, as far as the problem of Senator Argue is concerned, I think it is a principle that we should dispose of in this house, and, therefore, I will move that his name be deleted from the list. That will leave a vacancy which will give an opportunity to the government leader to replace him by someone from either Saskatchewan or the Atlantic provinces.

Senator Asselin: Or a lady senator. There are no ladies on the committee.

Senator Flynn: That is true, there are no ladies either. I don't know if there are any lady senators from the Atlantic provinces.

An Hon. Senator: Senator Anderson.

Senator Flynn: Yes, of course, Senator Anderson. In any event, that is a problem for the government side. I am certainly not going to solve all their problems, but I will give them the opportunity to solve one problem by moving that the motion be amended by striking the name of Senator Argue from the list of senators mentioned there.

The Hon. the Speaker: Honourable senators, an amendment has been moved by Senator Flynn—

Senator Molgat: Honourable senators, on a point of order—

Senator Perrault: There is no motion before us to amend.

Senator Flynn: Yes, there is.

Senator Molgat: On a point of order, Mr. Speaker.

The Hon. the Speaker: Is the point of order related to the amendment?

Senator Molgat: Yes, it is, Your Honour. I think the problem before us is that Honourable Senator Frith asked leave to move a motion, but leave was not granted—

Senator Flynn: Leave was granted.

Senator Perrault: Leave was not granted.

Senator Flynn: Certainly it was.

Senator Smith: It certainly was.

Senator Molgat: No. I for one am not prepared to grant leave, and leave has not been granted. Therefore, there is no motion before us.

Senator Flynn: That's not so!

Some Hon. Senators: Oh, oh!

Senator Flynn: You were stupid to fall into that trap.

Senator Tremblay: So leave was not granted by Senator Molgat.

Senator Frith: Leave not having been granted, honourable senators, and to give an opportunity—

Senator Phillips: Leave was granted.

Senator Flynn: If you say that leave was not granted—

[Senator Flynn.]

Senator Perrault: Leave was not granted.

Senator Flynn: Well, we will check tomorrow, but if leave was not granted, then you can move that it be put over until tomorrow.

Senator Frith: That is precisely what I was about to do.

Senator Flynn: Gee whiz! What lack of frankness. I don't mind. I agree with postponing this. We have been asking you to postpone it until tomorrow. Now, just to save your faces, you say that leave was not granted.

Senator Perrault: Oh, no. Now, come on. Sit down.

Senator Flynn: That is shameful. Shame!

Senator Frith: It is certainly difficult to be frank or anything else, when I am not able to get two words out of my mouth before someone is on his feet.

Senator Flynn: You said that leave was not granted.

Senator Frith: Well, I just heard that it was not.

Senator Godfrey: You have to ask the question before you can get the leave.

Senator Frith: Honourable senators—

Senator Roblin: Honourable senators—

Senator Frith: I sat here pretty patiently listening to your side.

Senator Roblin: On a point of order.

Senator Perrault: He is on a point of order.

Senator Roblin: Are you on a point of order? If it is a point of order, I will sit down.

Senator Frith: Honourable senators, it seems that we have a problem of order. Either the motion is before us with leave having been asked but not granted, or the motion is before us with leave having been asked and granted. In either case, in view of the many comments that have been made with reference to the motion, it seems to me that an opportunity should be given to put before the government the many suggestions that have been made here today.

In short, then, honourable senators, I suggest that in either case the matter should be put off until tomorrow, and we can do that either on the basis of leave not having been granted, in which case I now give notice, or, if leave has been granted, I move the adjournment of the debate.

In either eventuality, I feel the matter should certainly be brought forward again tomorrow and I assure honourable senators that we will bring to the attention of the government the constructive suggestions, and the perhaps less constructive but, in any event, important suggestions, made by senators on both sides.

Senator Smith: Honourable senators—

The Hon. the Speaker: Order, please! I think we have clarified the situation. Leave was granted, and now it is proposed that the debate be adjourned.

Senator Flynn: After the amendment has been moved.

The Hon. the Speaker: I will put the amendment, and after that there will be a motion that the debate be adjourned.

It is moved by Honourable Senator Flynn, seconded by Honourable Senator Roblin, that the motion be amended by deleting the name of Senator Argue.

Senator Frith: I move that the debate be adjourned.

The Hon. the Speaker: Senator Frith now moves that the debate be adjourned until tomorrow. Those in favour of Senator Frith's motion—

Senator Roblin: Is the motion to adjourn not debatable, Mr. Speaker?

Senator Perrault: No.

Senator Roblin: It is not?

Senator Hicks: The amendment must be put first.

Senator Frith: I am moving the adjournment of the debate on the amendment.

Senator Hicks: So you are moving the adjournment of the debate on the amendment? Very well, I agree.

Senator Roblin: Is no one allowed to speak before the debate is adjourned? I don't want to speak to the motion to adjourn; I want to speak to the amendment.

Senator Perrault: That is what he adjourned.

Senator Roblin: Are you foreclosing free speech in this house?

Senator Perrault: No; it is adjourned until tomorrow.

The Hon. the Speaker: Honourable senators, it is moved by Honourable Senator Frith, seconded by Honourable Senator Perrault, that the debate be adjourned until the next sitting. That motion is not debatable. Either you are in favour of the motion or you are against it.

• (2110)

Senator Flynn: It is not debatable, but one can rise on a point of order.

The Hon. the Speaker: Oh, yes.

Senator Flynn: The point of order is that if Senator Frith moves the adjournment of the debate, then, as he suggested on a previous occasion—that is, last Thursday—he will have forgone his right to speak on the amendment.

Some Hon. Senators: Oh, oh.

Senator Flynn: I mention that to show how ridiculous was the position the government side adopted two or three days ago. It was unfair. Anyway, I now withdraw my point of order.

Senator Frith: Honourable senators, let us be very clear about the point just raised by the Leader of the Opposition. The point is not that if a senator moves the adjournment of the debate he has lost his right to speak; it is if he moves the adjournment of a debate and the Senate rejects that motion that he loses his right. There is quite a difference. The authority for that is quite clear in *Bourinot*. There is, as I say, a big difference. If you move the adjournment of a debate and it is negatived, you then lose your turn to speak.

The Hon. the Speaker: Honourable senators, we have here a motion for that—

Senator Smith: Honourable senators—

Senator Perrault: His Honour is on his feet.

Senator Smith: I am listening.

Senator Perrault: Well, then, sit down.

The Hon. the Speaker: Honourable senators, we have before us a motion that the debate on the amendment be adjourned until the next sitting. That is a motion which is not debatable. So let us vote on it. If it is defeated, the honourable senator will be allowed to discuss all those points. I will put the question on the adjournment motion.

Will those honourable senators who are in favour of the motion that the debate be adjourned please say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are opposed, please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the yeas have it. The debate is adjourned until tomorrow.

On motion of Senator Frith, debate adjourned.

SPECIAL JOINT COMMITTEE—MOTION RESPECTING PROCEDURE FOR CHANGING SENATE MEMBERSHIP—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move—and I believe that in this particular matter I have the support of the Honourable the Leader of the Opposition, and perhaps I can ask that he second this motion since it was his suggestion to which we readily agreed—with leave of the Senate and notwithstanding rule 45(1)(i):

> That changes in the membership of the Special Joint Committee to consider a proposed Address to Her Majesty the Queen concerning the Constitution of Canada may be made by notification thereof, signed by the Leader of the Government in the Senate, or any senator named by him, with respect to government members, and by the Leader of the Opposition in the Senate, or any senator named by him, with respect to opposition members, being filed with the Clerk of the Senate who shall cause the same to be printed in the Minutes of the Proceedings of the Senate of that sitting, or of the next sitting thereafter, as the case may be; and
>
> That a message be sent to the House of Commons to inform that house of such changes.

The Hon. the Speaker: Honourable senators, it is moved by Honourable Senator Frith, seconded by Honourable Senator Perrault, with leave of the Senate and notwithstanding rule 45(1)(i)—

Hon. Senators: Dispense.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Joan Neiman: Honourable senators, I was going to speak a few moments ago before the previous debate was adjourned because of the very serious concerns and considerations which have been expressed here tonight about the selection of the minister. That is not what we are discussing at the moment, but the fact is that he has certain duties to the house and to his ministry. I am wondering, given 20 days from tomorrow until December 9, how a minister, if he remains a members of the committee, or any parliamentary secretary, could fulfil his duties. It is my understanding that we have at least four parliamentary secretaries on the Liberal side appointed to the committee.

It bothers me, and I have to express my concern because I feel we have so little time in which to discuss this important resolution, and the committee has to consider it. How can we permit the moving in and out of members when the committee has only 20 days in which to complete its task? That is all it is allowed at this moment. I cannot support this motion that will allow members of the committee, for in the short period of time that they are allowed, to be substituted.

Hon. Raymond J. Perrault (Leader of the Government): There are circumstances where it is absolutely essential that there should be substitution for certain members of any committee because of illness or indisposition. There are many other good reasons. The idea for substitution was advanced originally by the Honourable the Leader of the Opposition, and I think it is a constructive initiative. I think it would accommodate any problems which may arise not only among the membership in this chamber but in the other chamber as well. I think that the proposal is totally reasonable and certainly consistent with the parliamentary tradition.

Hon. Sidney L. Buckwold: Honourable senators, I have a question for the Leader of the Government. Would these new appointments come about because a member of the committee who has already been chosen is not able to be present or has asked to be replaced, or will he be replaced at the wish of the government?

Senator Perrault: Honourable senators, I hardly care to dignify that question with a reply.

Some Hon. Senators: Oh, oh.

Senator Perrault: I think honourable senators are well aware that substitution on committees is a standard parliamentary practice. It has been a feature of the parliamentary system for many years, not only here but in Great Britain, and if honourable senators wish to read anything ominous into the practice, then they are challenging a substantial parliamentary tradition.

Senator Buckwold: Honourable senators, I have a supplementary. I am very glad that the Leader of the Government in the Senate has deigned to answer my question. I must say that it upset me a little to hear his preamble, because quite frankly I am very much concerned about maintaining the regional balance. I am also concerned by Senator Frith's comment that he would like to bring what we are talking about before the government. Is it the government who is picking this committee or is it the Senate that is picking this committee? That is the question I would like to ask.

Hon. John M. Godfrey: Honourable senators, Senator Perrault said that this is an old parliamentary tradition. My understanding is that the parliamentary tradition in the Senate is that we do not have substitutions, so that we have people there who know what they are talking about. They hear the evidence, and so on. In the House of Commons they substitute something like 7,000 committee members a year and that is the reason why the committee system in the House of Commons has proved so ineffective. I can tell you that as far as the Joint Committee on Immigration, a joint committee of which I was a member five years ago, is concerned—and it dealt with a matter nearly as important as this, but not quite as important—we agreed that we would not have substitutions except when the committee held meetings outside Ottawa. Occasionally a local member or senator would turn up.

However, as far as I am concerned, I am completely opposed to our falling into that House of Commons routine, which has destroyed their committee system, of having substitutions—people coming in and out who do not know what has gone on, and who keep asking questions that were answered the day before.

Senator Perrault: Honourable senators, let me attempt to explain a little further, and perhaps the Leader of the Opposition may wish to supply a supplementary explanation, because the idea came from him. If the substitution rule is going to apply to the Commons representatives, and if a plague sweeps through this place and six of the honourable senators are taken away to hospital, I think it inconceivable that senators would be satisfied with a situation where because of illness or some other factor we are left with only four members to serve on the joint committee. I think, however, that very properly the Leader of the Opposition said that if the rules applied to the Commons membership, they should apply to ours. I would think that the Senate members of that committee would dutifully perform their responsibilities, and would do their best to be there for all the meetings. The honourable senator, I think, is basing his comments on observing some of the work habits of the other place; but I think the Senate attendance has been good, and I would think we would follow our usual role and practice.

● (2120)

Hon. Henry D. Hicks: Honourable senators, I have been trying to get a word in for quite a while, though it may not now be as necessary as it was before, because Senator Buckwold raised the point that I was interested in.

I was pleased that when Senator Frith moved this present motion he referred to the composition of the committee as being determined over the signatures of the leaders of the government side and of the opposition side. Before that, however, when Senator Smith moved his amendment, I was greatly distressed to hear him say that he would confer with the

government about the substitution of a member of the committee. It ought to be clearly understood that it is the Senate, not the government, that is determining the Senate membership of a joint committee.

Senator Frith: Honourable senators, on that point—

Senator Roblin: How many times are you going to speak?

Senator Frith: I have not spoken to this motion.

Senator Roblin: You moved it. That is speaking to it.

Senator Frith: Are you not allowed to speak to a motion that you move? That is a brand new one, I must say.

Senator Roblin: You had your chance.

Senator Frith: Honourable senators, I am not speaking on this, but on a point of privilege raised by Senator Hicks.

Senator Grosart: It was not a point of privilege.

Senator Frith: Honourable senators, I was referred to as saying something that was regretted. I just wanted to make it clear that of course the decision as to who from the Senate is to be on the committee is made by the Senate. If it is not made by the Senate, we would not be debating it; we would not be postponing it or considering any of those things. The decision has to be made by the Senate. I fully agree with both senators. I was talking about proposals that would be made, and I said that the views of the Senate would be taken into account in the hope that the decision could be made by the Senate and receive the full support of the Senate.

Senator Hicks: What you said was that the views of the government would be taken into account.

Senator Frith: I did not say that.

Senator Hicks: With respect, you did.

Senator Frith: I said that the Senate's views would be taken into account.

Senator Roblin: You did not say that.

Senator Flynn: Honourable senators, I want to confirm that the motion made by Senator Frith was made at my suggestion, but under the circumstances—

Senator Lamontagne: Oh, oh.

Senator Flynn: Wait a minute. Everything was going well before you came in, Senator Lamontagne.

Senator Lamontagne: I said, "Oh, oh".

Senator Flynn: Yes, and you need say no more in order to disturb the whole place. I was saying that in the course of the debate that took place before you came in, the climate of the discussion was very pleasant. So that I may explain—not to you, Senator Lamontagne, because I would never try that in my whole life—the reasons behind the motion, I now move the adjournment of this debate until tomorrow. It does not matter anyway, because we have to deal with the other motion tomorrow.

Senator Frith: It will be an interesting day tomorrow.

Senator Flynn: It surely will.

The Hon. the Speaker: It is moved by Honourable Senator Flynn, seconded by Honourable Senator Roblin, that further debate on the motion be adjourned until the next sitting of the Senate.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators who are in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it.

On motion of Senator Flynn, debate adjourned.

QUESTION PERIOD

[*English*]

THE CONSTITUTION

REQUEST FOR RULES COMMITTEE TO STUDY PROCEDURE RESPECTING REPORT OF SPECIAL JOINT COMMITTEE

Hon. Jacques Flynn (Leader of the Opposition): I know that honourable senators would like to be able to listen to the results of the U.S. election tonight—

Senator Hicks: Reagan has won.

Senator Flynn: If that is final, then we may carry on with the Question Period for longer than we had anticipated.

I have one question, which is directed to the Chairman of the Standing Senate Committee on Standing Rules and Orders, Senator Molson. In view of the debate with regard to the way the Senate can deal with the report of the joint committee when it comes to us, would his committee consider the problem, and if our rules are not clear enough, or if they are silent on this question, could he repeat to this house, and perhaps make some suggestions as to how to avoid having a debate on procedure when we are seized with the report.

Hon. Hartland de M. Molson: Honourable senators, I had better take that question as notice. As the committee is empowered to consider any matters which are of importance to the Senate, I see no reason why it should not be able to do as Senator Flynn requests; but I would like to have a minute or two to discuss it.

Senator Lamontagne: Sober!

Senator Molson: Sober second thought.

ETHNIC REPRESENTATION ON SPECIAL JOINT COMMITTEE

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government in the Senate. Since so much

emphasis has been placed on regional and political representation on the committee, has any thought been given to ethnic representation by the Leader of the Government and by the Leader of the Opposition?

Could I ask the honourable leader a supplementary question? Did he not think that Senator Yuzyk or Senator Rizzuto or Senator Haidasz could have made a valuable contribution to that committee? Furthermore, does the leader think that the only criterion by which members should be selected for this committee is expertise on the Constitution? Is the committee not a forum where the concerns and aspirations of all segments of our society may be considered?

I ask the Leader of the Government if he has given any thought to this particular aspect of the question?

Senator Perrault: Yes, a great deal.

ENERGY

THE BUDGET—POLICY RESPECTING CANADIAN OWNERSHIP OF OIL COMPANIES

Hon. D. G. Steuart: Honourable senators, I have a question for the Honourable Senator Olson. It has to do with PetroCan, and the government's stated objective of Canadianizing—if I can use that word—the oil industry and taking every possible step to encourage greater development in all aspects of the oil industry.

I have had complaints from some people in the service end of the oil industry in Alberta that PetroCan, in the major part of the service end of its business, turns to the international and multinational companies rather than to Canadian companies. I wonder if the minister has had a chance to look into this. If what I have reported is a fact, is there anything that can be done about it?

Hon. H. A. Olson (Minister of State for Economic Development): I thank the honourable senator for his question. He did not give me notice of it, but the same point has been raised directly to my office by a number of service companies. I am pretty sure that in the last few days an inquiry has gone forward from the minister responsible for PetroCan to find out whether there is any validity to the allegation, and, if there is, they will be encouraged to change their policy.

● (2130)

Senator Steuart: Honourable senators, we have the assurance of the minister that if it turns out that the company is favouring multinational non-Canadian companies, the government will exert all its efforts on PetroCan to see that this situation is changed, and that, all things being equal, the company will favour Canadian companies.

Senator Olson: In response to the honourable senator's question, I would refer to the positive side and say that it is the declared well-stated policy of this government to increase Canadian ownership in developing new energy resources, and, indeed, to own an increasingly higher percentage of those resources after they have been developed.

[Senator Bosa.]

THE CONSTITUTION DEBATE

STATEMENT BY CLERK OF THE PRIVY COUNCIL

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on October 21, Senator McElman asked a question concerning an alleged statement by Michael Pitfield.

I have been informed that Mr. Pitfield's remarks were of an informal nature and related to the American Constitution, not the B.N.A. Act. Unfortunately no transcript of Mr. Pitfield's remarks is available, and they were not accurately reported.

Senator Flynn: Did you say "unfortunately" or "fortunately"?

Senator Perrault: "Unfortunately."

THE ECONOMY

THE BUDGET—EFFECT ON NUMBER OF BANKRUPTCIES—INDUSTRIAL STRATEGY—MEASURES TO FIGHT INFLATION—JOB CREATION PROGRAMS

Hon. H. A. Olson (Minister of State for Economic Development): I should like to reply to questions asked by a number of honourable senators with respect to the budget measures announced last week by the Minister of Finance, with particular reference to the subjects of bankruptcy, inflation, industrial strategy and job creation.

As I promised during Question Period on October 29, I have prepared a copy of the budget statement for each of the honourable senators, with the relevant sections underlined for their attention. I will send a copy of the statement to Senators Charbonneau, Murray and Doody, and I trust that they will find the information they are seeking—in fact, I am sure they will. They will discover that in the budget, the government tried to be responsible and responsive to the needs of Canadians.

In addition, I should point out that the sections of the budget statement that I am bringing to the attention of honourable senators include reference to the national energy program. It is obvious that the measures the government is taking to ensure a secure energy future for the country will have a fundamental impact on our economic development during the 1980s. I will send a copy to each of the honourable senators, so that it will not be so difficult for them to find the information.

ENERGY

THE BUDGET—POLICY RESPECTING CANADIAN OWNERSHIP OF OIL COMPANIES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer in response to a question asked by Senator Murray on October 30.

The honourable senator should be informed that the Canadian Ownership Special Charge is part of the ways and

means motion. It will be introduced as an amendment to the Petroleum Administration Act, which will provide Parliament with the opportunity to review this specific provision.

With regard to Senator Murray's specific questions on the legality of this charge and the precedents, I would refer him to the Petroleum Administration Act. The contents of that act will provide him with the authority for this charge and a list of the precedents.

NOVA SCOTIA

OFFSHORE MINERAL RIGHTS—HISTORICAL FACTS—BRITISH COLUMBIA REFERENCE CASE—INQUIRY STANDS

On the Inquiry by the Honourable Senator Smith:

That he will call the attention of the Senate to some of the historical facts relevant to the claim of Nova Scotia to minerals off its shores which distinguish that claim from the British Columbia claim as dealt with by the Supreme Court of Canada in *Reference re Ownership of Offshore Mineral Rights* (the British Columbia Reference case), (1967) Supreme Court Reports, 792, and (1968) 65 Dominion Law Reports (2d), 353, and submit that the said decision does not decide the ownership of minerals off the shores of Nova Scotia.

Hon. George I. Smith: Honourable senators, I withdraw my threat of last night, and ask that this Inquiry stand.

Inquiry stands.

The Senate adjourned until tomorrow at 2 p.m.

80084—74

THE SENATE

Wednesday, November 5, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—SENATE MEMBERS—COMMUNICATION FROM THE HON. HAZEN ARGUE, P.C.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have received the following communication from the Honourable Senator Hazen Argue:

> I very much regret my absence from the chamber today, but I have been advised as to the debate in the Senate yesterday.
>
> Because my independence to act as a member of the proposed special joint committee to examine the constitutional proposals has been called into question, and there seems to be doubt in the minds of a number of senators as to the advisability of a cabinet minister acting as a member of the committee, I would ask you to please withdraw my name from those indicated to serve on the committee.

That message is signed by the Honourable Hazen Argue, P.C.

Some Hon. Senators: Hear, hear.

• (1405)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in view of the communication that has just been read, and in view of certain other considerations in connection with the debate that took place last evening, as well as observations made by honourable senators from both sides of the house, I would ask honourable senators to agree to proceed directly to Order No. 2 on the Orders of the Day. My explanation is that I have a motion to present which I believe amends the main motion, the subject of Order No. 2, and which I hope will resolve the concerns expressed by some honourable senators last night with reference to a cabinet member being a member of the joint committee. That subject has just been dealt with, partly, at least, by the Leader of the Government in the Senate. The proposed motion also resolves the other concern, or at least responds to it, which is the need for a senator on the committee from the Atlantic provinces.

I informed my friends on the opposite side of my intention to present this amendment and I asked for their leave to do so, and they graciously consented. It seems to me that we now face the amendment proposed by Senator Flynn, which he may wish to have voted on, and which could be voted on in the light of what has been said. When that has been disposed of we could proceed with my amendment to the main motion, and, hopefully, after debate, it could be voted on. As I have said, I hope that my amendment will meet the concerns expressed by some honourable senators last night.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I understand that in simple terms what the deputy leader is asking is to bring on Order No. 2 immediately in order to accommodate some people who want to leave early today. We agree with that. When the question is put, we can deal with whatever proposal the deputy leader has to offer.

The Hon. the Speaker: Do I understand that leave is granted to Senator Frith so that Order No. 2 can be proceeded with immediately?

Senator Flynn: With regard to Order No. 2, yes.

SPECIAL JOINT COMMITTEE—APPOINTMENT OF SENATE MEMBERS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Frith, seconded by the Honourable Senator Perrault, P.C.:
>
> That rule 66(1) be suspended in relation to the nomination of senators to serve on the Special Joint Committee to consider a proposed Address to Her Majesty the Queen concerning the Constitution of Canada;
>
> That the following senators be appointed to act on behalf of the Senate on the said Special Joint Committee, namely, the Honourable Senators Argue, Asselin, Austin, Connolly, Frith, Goldenberg, Hays, Lamontagne, Roblin and Tremblay; and
>
> That a Message be sent to the House of Commons to inform that House accordingly, and
>
> On the motion in amendment thereto of the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Roblin, P.C., that the motion be amended by striking out the name of the Honourable Senator Argue.—(*Honourable Senator Frith*).

MOTION ON AMENDMENT NEGATIVED

Hon. Royce Frith (Deputy Leader of the Government): I ask honourable senators, although this is Senator Flynn's amendment, that they agree to having the question put on the amendment now, and that we then proceed to deal with the main motion. I hope there was enough debate on it last night, but that is up to others.

Hon. Jacques Flynn (Leader of the Opposition): I am ready for the question to be put now, but it seems to me that, in view of the position taken by Senator Argue, the amendment should

be accepted at this time. The deputy leader could then move his amendment.

• (1410)

Senator Frith: I prefer to leave it for honourable senators to vote on the amendment, taking into account the feeling of the Leader of the Opposition that it should be carried or not carried depending on each senator's reaction to what the Leader of the Government said on behalf of Senator Argue.

Senator Perrault: Honourable senators, in connection with the amendment—

Senator Flynn: Let the Speaker put the question on the motion in amendment.

The Hon. the Speaker: It is moved by the Honourable Senator Frith, seconded by the Honourable Senator Perrault, that rule 66(1) be suspended in relation—

Some Hon. Senators: Dispense.

The Hon. the Speaker: In amendment it was moved by the Honourable Senator Flynn, seconded by the Honourable Senator Roblin, that the motion be amended by striking out the name of the Honourable Senator Argue.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yea.

Some Hon. Senators: Nay.

Senator Steuart: What are we being asked to vote on—the amendment or the motion?

The Hon. the Speaker: On the amendment.

Will those honourable senators in favour of the motion in amendment please say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion in amendment please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion the "nays" have it.

Senator Flynn: We have to call a vote; after all, we will be put in a very difficult position if you do not agree with the amendment.

Senator Frith: Honourable senators, I suggest that some senators voted against the amendment because they felt that the effect of the amendment had been achieved by reason of the statement made on behalf of Senator Argue.

Senator Roblin: Let's have the vote.

Senator Frith: I do not see that we are put in any difficult position at all. Some honourable senators thought they should support the amendment in the light of that statement. Some thought that they would not vote for the amendment since Senator Argue had already withdrawn. That is a difference of opinion. I do not see that it puts us in any difficult position at all.

Senator Perrault: Honourable senators, in view of the statement—

• (1415)

Senator Grosart: On a point of order, it seems to me that the Speaker has called for the "yeas" and the "nays". Surely there can be no debate after the Speaker has called for the "yeas" and the "nays".

Senator Frith: I agree, and I did not intend to debate it. I simply wanted to say that I do not think its result puts us in a difficult position.

The Hon. the Speaker: I said that in my opinion the "nays" have it.

And two honourable senators having risen:

The Hon. the Speaker: Please call in the senators.

• (1420)

Motion in amendment of Senator Flynn negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Beaubien	Macquarrie
Bielish	Marshall
Charbonneau	Molson
Choquette	Muir
Donahoe	Murray
Doody	Nurgitz
Flynn	Phillips
Fournier	Roblin
Grosart	Smith
Hayden	Thompson
Lang	Walker
Macdonald	Yuzyk—24.

NAYS

THE HONOURABLE SENATORS

Adams	Giguère
Anderson	Godfrey
Austin	Goldenberg
Barrow	Graham
Bell	Haidasz
Bird	Hastings
Bonnell	Hays
Bosa	Hicks
Buckwold	Lamontagne
Cameron	Langlois
Cook	Lapointe
Cottreau	Leblanc
Davey	Lewis
Denis	Lucier
Deschatelets	McElman
Everett	McGrand
Frith	McIlraith

THE HONOURABLE SENATORS

Molgat	Robichaud
Neiman	Rousseau
Olson	Rowe
Perrault	Sparrow
Petten	Steuart
Riel	Thériault
Riley	van Roggen—49.
Rizzuto	

The Hon. the Speaker: I declare the motion in amendment defeated.

Honourable senators, is it your pleasure to adopt the main motion?

● (1425)

FURTHER MOTION IN AMENDMENT RESOLVED IN THE AFFIRMATIVE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, seconded by the Honourable Senator Petten, in amendment, that the motion be amended by striking out the second paragraph thereof and substituting therefor the following:

> That the following senators be appointed to act on behalf of the Senate on the said special joint committee, namely, the Honourable Senators Asselin, Austin, Connolly, Goldenberg, Hays, Lamontagne, Lucier, Petten, Roblin and Tremblay; and".

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Frith, seconded by the Honourable Senator Petten, in amendment, that the main motion be amended by striking out the second paragraph thereof and substituting therefor the following:

> That the following senators be appointed to act on behalf of the Senate on the said special joint committee, namely, the Honourable Senators Asselin, Austin, Connolly, Goldenberg, Hays, Lamontagne, Lucier, Petten, Roblin and Tremblay; and".

● (1430)

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I rise on a point of order. Although it is well disguised, this motion runs clearly against the decision just made by the Senate to keep Senator Argue on the committee. Therefore you cannot ask the Senate to change its decision unless you give notice. Then, you would need a certain majority of senators for the motion to carry. Therefore, as far as the absence of the name of Senator Argue is concerned, this motion is entirely out of order.

Senator Frith: Honourable senators, the motion just dealt with was seeking a particular amendment to the main motion. That motion in amendment was defeated. We are now moving another amendment to the main motion, and I suggest that it is completely in order and ask that it be proceeded with.

Senator Flynn: When my honourable colleague says it is in order, the only thing it changes in the main motion is two names. It replaces Senator Argue by Senator Petten—

[The Hon. the Speaker.]

Senator Petten: By Senator Lucier.

Senator Flynn: Well, if you want to say that you can, or it replaces Senator Frith by you. But I would agree that it was the intention to replace the deputy leader by the whip. That is obvious. In any event, it is not by changing a paragraph that you change the substance. The substance is that the name of Senator Argue is replaced by the name of Senator Lucier, and by the vote just taken the Senate has decided to keep the name of Senator Argue on the list.

Some Hon. Senators: No, no.

Senator Flynn: So you are asking the Senate indirectly to decide exactly the opposite of what has just been decided. You cannot rescind an order of the Senate—and this is mentioned in the rules—unless you give notice, and unless it carries with a definite majority, and my honourable friend, the deputy leader, cannot contest that. It is not a face-saving device that will work with us.

Hon. Allister Grosart: Honourable senators, I rise to support the position taken by the Leader of the Opposition. I think it is quite clear that this is in no way an attempt to delay the proceedings.

Some Hon. Senators: Oh, no?

Senator Grosart: It is not an attempt to delay the proceedings. If it were, I would not be on my feet. It is an attempt to convince the leadership of this house to keep to the rules. It is about time such a decision was made by the Senate.

I suggest that the Leader of the Opposition is quite right when he says that the vote just taken was a vote to have Senator Argue's name remain on that list. The amendment was that it do not remain, and the negative vote was, therefore, that it *do* remain. That was the decision of the Senate. It was a clear decision of the Senate that Senator Argue's name should remain. Now we have a motion absolutely reversing that, because that was the whole purport of that motion. Now, this completely reverses the decision the Senate made a little while ago. I therefore suggest, with respect, if His Honour is going to make a ruling, that for once we keep to our rules.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the tactics are, of course, transparent.

● (1435)

Senator Flynn: On your side, of course.

Senator Perrault: No. We have listened to the senator's agitated eloquence for the past ten minutes, but may I suggest—

Senator Flynn: You are noisy.

Senator Perrault: May I suggest that in view of the forthright action by Honourable Senator Argue to communicate to this chamber his unwillingness to serve owing to the concerns expressed in the Senate chamber yesterday afternoon, it is obvious that he will not be a member of the joint committee. Accepting this statement from Senator Argue, the government has proposed that another senator occupy the committee vacancy that has been created on the Senate list by Senator

Argue's expressed unwillingness now to serve on the joint committee. Furthermore, it is proposed that yet another change be made in the Senate list for that committee.

The essence of the question before us is not the procedural one advanced by opposition senators. The question relates to one of our colleagues and a decision he has taken. The fact is that this respected colleague, the Honourable Senator Argue, in deference to remarks made during the debate held in this chamber yesterday, has stated: "I am unwilling to serve because of the criticism that it is not appropriate for a member of the cabinet to serve on the committee."

I think the best description of the position taken by the—

Senator Flynn: That is not relevant.

Senator Perrault: The best description of the position taken by the official opposition is that their reaction to Senator Argue's decision to withdraw his name constitutes a particularly ungenerous act—

Senator Flynn: Oh, horsefeathers!

Senator Perrault: —and it is unparliamentary in its spirit.

Senator Flynn: What was ungenerous was that you would not accept the amendment.

Senator Perrault: I suggest that we proceed to support the initiative of the house leader of the government and allow the joint committee to commence its important work.

Senator Flynn: That is not on the point of order.

Hon. George I. Smith: Honourable senators, I should like to address the point of order, if I may, and I would ask honourable senators to turn to rule 47, which was mentioned by the Leader of the Opposition. It reads:

> 47. (1) A motion shall not be made which is the same in substance as any question which, during the same session, has been resolved in the affirmative or negative, unless the order, resolution, or other decision on such question has been rescinded as hereinafter provided.
>
> (2) An order, resolution, or other decision of the Senate may be rescinded on five days' notice if at least two-thirds of the senators present vote in favour of its rescission.

All the honourable gentlemen opposite had to do to avoid this difficulty was to agree to the motion. Why did they object to it? It only sought to achieve officially what they had announced Senator Argue was wanting to do by means of a letter, and, therefore, unofficially so far as the motion was concerned. If they now find themselves in the embarrassing position of having excavated a hole for themselves into which they have fallen, they have nobody to blame but themselves.

As my colleague and former Speaker, Senator Grosart, who is known to be well versed in the rules, has just said, surely this house, whether it results in delay or not, will follow the clearly enunciated rules. We have to have some rules, and if we are going to have them we should follow them. That rule is perfectly clear and it should be followed. It is exactly as the Leader of the Opposition said.

• (1440)

As for the honourable gentleman's saying it is an ungenerous act, that is not so. It is an act to enforce the rules, and all the honourable gentleman had to do was forget his partisanship for a moment and say, "Sure, we don't mind adopting an opposition motion that will accomplish what we have already decided should be accomplished." That is where the trouble started. Had the honourable gentleman simply said, "Well, sure, let us adopt the motion", then officially Senator Argue's name would have been off the list and we would not be in this difficulty.

Hon. Charles McElman: Honourable senators, I should like to speak to the point of order that has been raised. In some circumstances this point of order would be quite appropriate, but I suggest that in the current circumstances it is not. If the amendment, as proposed by the Leader of the Opposition, had carried, there would have been one name removed from the list. That would have left a vacancy. The number of Senate members would not be up to the maximum provided for the committee. Therefore, it is not the same situation.

The amendment now proposed is entirely different, in that it proposes not only the removal of the name of Senator Argue but also one other, and their replacements, and it brings the complement of Senate representation on the joint committee up to what it is intended to be, namely, the 10 members that we are entitled to have. So I suggest that the point of order in this circumstance is not valid and that the purpose of the present amendment is entirely different. It is for two removals and two replacements.

Hon. George J. McIlraith: Honourable senators, I should like to say a few words—

Senator Grosart: May I—

Senator McIlraith: I was about to speak—

Senator Grosart: It is more a point of privilege. I will sit down.

Some Hon. Senators: Oh, oh!

Senator Grosart: I am not objecting. I merely said to Senator McIlraith, "It is more a point of privilege, so I will sit down." That is all I said before the noise started.

Senator McIlraith: If the honourable senator wishes to raise a point of privilege, I have no objection. In any event, I wanted to address myself to the point of order and rule 47, which has been quoted. I will not repeat it here. We should look at the amendment on which we voted a few minutes ago, to see whether it comes within the ambit of what is referred to in rule 47.

We should recall the circumstances very carefully. An amendment was moved yesterday to remove the name of Senator Argue from a list of names comprising 10 senators, three supplied by the opposition, in keeping with our tradition for choosing committees, and seven supplied from the government side, making a total of 10.

The amendment moved yesterday was simple and direct. It was that the name of Senator Argue be removed from the list in the main motion before the house. That being so, and bearing in mind the wide-ranging discussion that we had last night, some of it involving Senator Argue directly, as a person, and the suitability of his serving on the committee, and a good deal of it involving the lack of representation from the Senate of a vast region of this country—two vast regions, in fact: one being the Atlantic provinces—

Senator Flynn: That is irrelevant. Speak to the point of order.

Senator McIlraith: —and the other being the Yukon and the Northwest Territories. That was the nature of the discussion. What happened when the house met today? A message was read from Senator Argue to the effect—I have forgotten the exact terminology—that he had been apprised of last night's debate and asking that his name be removed from the list. It was a perfectly simple and appropriate request for an honourable senator to make, under the circumstances.

That message having been read, the Deputy Leader of the Government announced his intention to accede to that request and make a change. He did not develop that—

Senator Flynn: Why did you vote against the amendment? Come to the point.

Senator McIlraith: Hear me out. Be courteous. I tried to be courteous with you. Let me make my argument, rightly or wrongly. Let it come forward. The Deputy Leader of the Government indicated that he proposed taking action, in view of the message, at the appropriate time. That was agreed. He then proposed that the subject be brought forward as the first item of business today, and that was concurred in by the Leader of the Opposition. That we have done.

The amendment—I believe I have described it accurately—was voted upon. That amendment being out of the way, there is room for a new amendment, which the Leader of the Opposition has called in question. But what does the new amendment do? It does several things—

Senator Flynn: Oh, oh!

Senator McIlraith: The Leader of the Opposition may laugh, but we would get on better if we listened to some of the views of others as well as those of the Leader of the Opposition.

The new amendment before the house does something quite different. It sets up a whole new combination of representation of the Senate on that joint committee. It sets up a representation that will take account of the desire to have representation from that vast territory in the north of this country—a territory that is small in population but vast in area—

Senator Flynn: You are not discussing the point of order.

Senator McIlraith: Yes, I am, and I hope to stay strictly within the rules.

Senator Flynn: You are not.

[Senator McIlraith.]

Senator McIlraith: The amendment represents an attempt to bring forward the name of someone to represent that vast territory, bearing in mind the nature of that territory and the fact that the native people form a large proportion of the total population—another point that was raised in last night's debate—and removes the name of a senator to enable that to be done. It then brings forward an action that would give representation from the whole Atlantic region—those four provinces that were not represented by the choice of names in the original motion.

Senator Flynn: You are speaking to the amendment and not to the point of order.

Senator McIlraith: I am speaking on the point of order. I wish to make my argument. The Leader of the Opposition persists in interrupting. I don't mind. If he wishes to do so, that is all right; but surely—

Senator Flynn: Mr. Speaker, I would ask you to decide whether the honourable senator is speaking to the merit of the amendment or to the point of order. As I see it, he is speaking to the merit of the amendment.

Senator McIlraith: No, I am not speaking to the merit of the amendment. It will be demonstrated that I am right, even to the satisfaction of the Leader of the Opposition.

Senator Flynn: Next year!

Senator McIlraith: That is the nature of the amendment before us. It does something wholly different. In its effect, it appoints a new group of senators to the committee, a whole new type of representation by the Senate—and that is completely different from the motion that was voted on.

Some Hon. Senators: Hear, hear.

Senator McIlraith: It is quite in order, because it involves the removal of two senators and calls for their replacement by senators from different regions. This is the first time that I have seen a situation in either house where, after a member has asked that his name be withdrawn from a committee—bearing in mind the necessity of having names coming from each side of the house—and action has been taken to accede to the members' wishes, the house pursues the matter, as was the right—

Senator Flynn: You did. You voted against the amendment.

Senator McIlraith: As was the right—but that is another matter. Perhaps I am getting away from the rule there, but I invite honourable senators to look at what the action would have been had that motion carried. It would have been perceived to be not merely an action which would have the legal effect of removing the name, but, since the procedural practice for removing the name had already been put in motion, it would also have been perceived to have been vindictive. I am not going to pursue that, however. I am sorry this happened, but it is perhaps another matter.

• (1450)

For the reasons I have given I think the amendment is perfectly in order.

Senator Grosart: Honourable senators, the reason I was perhaps overanxious to rise a few minutes ago was to make clear my protest against the statement by the Leader of the Government that an action in which I participated was "unparliamentary" and "ungenerous." I would ask him to withdraw that, because I made it very clear that I was rising only to support a point of order. I was not discussing the merits of the amendment in any way. I agree with Senator McIlraith that all of us owe Senator Argue thanks. He made the right decision—a difficult decision, I am quite sure—and I for one give him all the respect it is possible to give any senator for the kind of action he has taken.

There is nothing personal in any way in the position I am taking, but when I rise to discuss a point of order, which is my right, particularly when I am supporting a point of order raised by my leader, I object strongly to, and ask for withdrawal of, the statement that I was in any way ungenerous or unparliamentary.

Senator Perrault: Honourable senators, the remarks I made were not directed specifically at any one senator. They were directed, rather, at the attitude of the official opposition. I described what in my estimation are their questionable initiatives this afternoon as being "particularly ungenerous." In the circumstances, after a senator has sent a communication of the kind sent by the Honourable Senator Hazen Argue, I would have thought it would have been more in the parliamentary tradition for the official opposition to have withdrawn their amendment, the point having been made.

Senator Flynn: Since the Leader of the Government suggests that our actions are directed at the person of Senator Argue, may I remind him that the objection to his presence on the committee was because of his position, not his person. It was on that principle that I believed the government side would have accepted the amendment, recognizing that an error had been made on its part in suggesting that the name of a minister be put forward for this particular committee. That is the point.

As far as concerns the argument of Senator McIlraith, to the effect that it is an entirely new proposal, I disagree entirely. I do not know if the same situation exists with regard to Senator Frith. He did not resign, yet he is being replaced. Since Senator Argue, however, has accepted the principle of the discussion of yesterday, the government side should have accepted the amendment we proposed. Now, however, they come in by the back door and say, "We want Senator Argue removed." I say they have made a decision and they should stick by it.

Senator Grosart: I appreciate the point made by Senator McIlraith, that in his view a whole new situation has arisen in respect to this. If that is so, I submit that it will be necessary, if this is an entirely new thing, and not just an ordinary amendment or a change, to go back to rule 61 and obtain leave of the Senate to introduce this completely new situation with regard to the appointment of a senator to a committee.

Senator Frith: Your Honour, may we have a ruling?

The Hon. the Speaker: Thank you, honourable senators, for your contributions to this discussion. Here is how I see the problem.

Honourable Senator Flynn would be right if rule 47 were applicable. A resolution cannot be changed during the same sitting, or even after it, without appropriate notice. This, however, is not a resolution. It is a motion, with an amendment, that was not voted on. The motion in amendment would have deleted the name of the Honourable Senator Argue from the resolution, and that was defeated.

Senator Flynn: The Senate said, "No".

The Hon. the Speaker: If a body as important as the Senate orders that the name of a senator be deleted from a list, the problem is to know whether that is the same as that senator's offering his resignation. Of course, if the Senate wishes to discuss the merits of the resignation, whether it was a tactic or a manoeuvre or something else, that is another matter.

If Honourable Senator Flynn is suggesting to me that the second amendment is the same as the first one, I cannot agree. Perhaps the letter should have been read after the first amendment had been defeated. Although it was read before, it has exactly the same meaning. If Honourable Senator Argue notifies the Senate that he does not want to serve on the committee, that is surely not the same thing as an amendment, adopted by the Senate, saying that his name is to be withdrawn from the list.

In my view, the amendment is in order.

Some Hon. Senators: Question.

Senator Flynn: Your Honour has decided that the amendment is in order. We respectfully disagree, but we will not appeal the ruling.

I would say that it is a very interesting motion in itself. Senator McIlraith discussed this at length, and dealt with the substance of what it meant. On the point of order he explained that we were replacing someone with a senator from the Yukon, Senator Lucier, whom we will welcome on the committee, of course. The other change consists of replacing the deputy leader. I do not see in practice what change there is in that, unless it is merely to hide the fact that he had agreed that a minister should not be a member of the committee. Instead of admitting, very simply and very clearly, that a minister should not be on the committee, he uses that device. In any event, the motion can carry, but the record will speak for itself.

Hon. Daniel A. Lang: Just for purposes of the record, honourable senators, I should like to speak to the motion. I am not objecting to the composition of this joint committee, but I think it should be fully recognized for what it is. Before saying any more, however, I will say that I have the greatest respect for the experience, knowledge and wisdom of Senator Connolly. I know that in connection with the work of this committee there is imposed upon him a very serious obligation, and I am only sorry that he is the only member of the Senate on that committee from Ontario. This, to me, is a rather astounding distortion of our demographic limits in view of the fact that Ontario represents one-third of the population of Canada.

Let us look at this committee for one moment. Newfoundland has a representative on the Senate section, Quebec has four, British Columbia has one, Ontario has one, Alberta has one, Manitoba has one, and the Yukon has one.

I am not going to vote against this motion, but I do not want you, my colleagues, or the public or the press, to think that I am unaware—and I hope they are aware—of how badly this committee is loaded against the main population, and, in fact, the main economic base of this country.

Hon. Lowell Murray: Very briefly, I want to say that before honourable senators move to appoint members to this committee they should be aware of very serious restraints that are being put on the work of the committee by various spokesmen for the government, including two ministers and a parliamentary secretary, who are interviewed in today's edition of *La Presse*.

● (1500)

In an article by Gilbert Lavoie, it is clear from the interviews with the two ministers, the Minister of Industry, Trade and Commerce, Mr. Gray, and the Minister of Consumer and Corporate Affairs, Mr. Ouellet, that the government has decided, not to cede an inch of ground to the requirements of the Senate concerning the amending formula and, in particular, section 44.

The point is made that, in the same way that the government wishes to provide for a mechanism to break an impasse with the provinces, it is necessary also to provide for a mechanism to break any impasse with the Senate.

In particular, I want to draw your attention, honourable senators, to the reference to the two ministers of the Crown and to the parliamentary secretary to the Minister of Justice, Mr. Irwin, who is to be a member of the committee, as I understand it, and also a reference to another member of Parliament, Mr. Lapierre of Shefford. If I may quote from the text of the article, Mr. Lavoie says:

[*Translation*]

> Interviewed separately, two ministers, Mr. Herb Gray and Mr. André Ouellet, gave the same answer practically word for word and stated that they could not see why the Senate ought to be exempted from the proposed resolution which empowers the government to abolish the monarchy in Canada if it so desires. Mr. Ron Irwin, Parliamentary Secretary to Justice Minister Jean Chrétien, made a similar statement, adding that the whole question had already been the object of lengthy discussions but that it had been impossible to reach a compromise.

[*English*]

Then the article goes on in much the same vein and quotes another member of Parliament, Mr. Lapierre of Shefford, who is to be a member of the committee, as I understand it. It says that one of the reasons for putting in place this mechanism to break any possible deadlock with the Senate would be if the government wished to abolish the monarchy and the Senate objected. I will give honourable senators the precise quotation:

[*Translation*]

> Mr. Lapierre pointed out that it would not be logical to allow the Senate to stand in the way of constitutional reform—

And then, in quotation marks:

> "after giving ourselves the means to go over the heads of the provinces". He expressed the opinion that within two years Canada will definitely break all ties with the British monarchy.

Again in quotation marks:

> "If we were to do so and appoint a head of state in Canada the Senate might object and everything would amount to naught . . . that would be inadmissible". "Similarly, if we wanted to change the Senate, the senators would be both judges and party if we leave them with the right of veto".

[*English*]

Then Mr. Lapierre, referring to himself and to his colleague, Mr. Serge Joyal, makes some remarks that some honourable senators may find insulting about their attention to their duties and their property qualifications in various provinces.

To give him credit, and as one might expect, Senator McIlraith, who was interviewed, said:

[*Translation*]

> —Liberal Senator George McIlraith said it is revolting to see members of the Commons censure the Senate in advance and hold it responsible for the constitutional impasse. "In 70 years the Senate has never been at the origin of an impasse. Now and then it did send bills back to the Commons so they could be improved, period". Mr. McIlraith said he did not know how his Liberal Senate colleagues would react if the proposed resolution is not amended, etc—

[*English*]

I simply think it is important, before the Senate moves to appoint its members to the committee, that they know precisely some of the constraints that are being put on this committee by two ministers of the Crown and by the parliamentary secretary to the Minister of Justice—the minister who has the responsibility in the government for constitutional reform, as I understand it—who will also be a member of the committee, and by a member of the Liberal majority in the other place, Mr. Lapierre of Shefford.

I think it important that honourable senators be aware of those facts before they proceed to vote.

Hon. D. G. Steuart: Before the vote is put on the motion as amended, I should just like to say a few words. While I recognize that with only 10 members representing the Senate of Canada on this joint committee, it is practically impossible to represent all provinces and territories—and I did support and I do support the principle that a cabinet minister should not be on this committee—nevertheless, I must rise to say a word for those of us on this side who represent regions which are not represented on this committee. While Lorne Nystrom,

an NDP member from Saskatchewan, is a fine young man, he will in no way reflect the views of a great many on this side who come from Saskatchewan.

Having said that, I do not propose to vote against the motion but, in view of what was said by the honourable senator who just spoke, I am greatly concerned by the way this committee was chosen. I am aware that the way these names are brought forward is not particularly democratically. However, we are having a vote and, of course, a vote is a democratic way to proceed.

I have great respect for the members of that committee, and I hope that they will, in fact, represent the various views that have been expressed on this floor by members on both sides and, certainly, in the caucus. This will be a difficult job because when the final stage of this constitutional Address comes to this house, there will be no practical way to amend it in substance. That means that when it comes back here, if the views of a great many members are not in fact represented in the final draft—and statements have been made which would lead one to suspect that they may well not be—then we will be faced with the very difficult choice of all or nothing—either voting entirely against it and defeating it, or voting in favour of it—take it or leave it.

A great many senators have already indicated that they do not intend to follow party lines but that they will, in fact, follow their conscience and the best interests of their regions.

Senator McElman: Honourable senators, having spoken last evening on this subject, I should like now to say just a few words. I am grateful that government representatives here have shown flexibility and a spirit of compromise in the light of the comments made in the Senate last evening. I appreciate very much that the Atlantic provinces will now be represented. I commend them also for their good judgment in placing the name of the Honourable Senator Paul Lucier before the Senate to represent that important part of Canada, the Yukon and the Northwest Territories.

Having expressed my appreciation, I would just like to say, a few words in reply to Senator Lang who said that Ontario, with one-third of the population, would have only one spokesman from the Senate. I draw to his attention that in the Senate we do not deal in demographic terms and we do not deal with representation in the Senate on the basis of population. That is something all of us have to bear in mind always. It is regional representation in this chamber.

● (1510)

Senator Lang: It is a pretty large region.

Senator McElman: It is regional representation in this house, and I believe I am accurate in saying that the Province of Ontario will now have on the total committee six members out of 25, and that is not bad regional representation—not bad at all. I do not think we should take too seriously any representations that may be made here that the Province of Ontario, because of its population and acknowledged economic strength within the Canadian community, is being badly done by.

Senator Smith: Honourable senators, I should like to say a few words on this motion containing the revised list of senators recommended to be accepted by the Senate for membership of this committee. I certainly take no personal exception in any way to any of the members on that list—they are all very estimable gentlemen—but I do draw the attention of the Senate to the fact that the leadership of the Senate missed a glorious opportunity to remedy two very obvious omissions which were mentioned last night.

First, they have clearly omitted any representative of those senators who have expressed reservations about the contents of this document that we are dealing with, that is, the Joint Address and the suggested statute that goes with it. There was an excellent opportunity of putting up a new list. I realize, of course, that the Leader and the Deputy Leader of the Government pay no attention to what is said by anybody except themselves anyway, so I do not object to the fact that they are making a racket over there and paying no attention to me. That is perfectly all right. I would not expect to impress them in any event, but I repeat there was an excellent opportunity to put on that committee someone who, at the very heart of the deliberations, could represent the views of those senators—and clearly there are quite a number of them—who have some reservations about the content of the resolution and what goes with it.

The second very clear omission was mentioned last night by Senator Bosa, that is, there appears to be no one who could be said to represent what he referred to as ethnic groups. Surely when this new list was being formulated, those two omissions could readily have been taken care of with a little foresight and a little attention to the interests which are represented in this Senate and in this country and which ought to be represented in the persons of the Senate members of this joint committee. I think it is most unfortunate, indeed, that this oversight was permitted to occur.

Senator Grosart: Honourable senators, the Deputy Leader of the Government informed the Senate yesterday that he regarded it as important that he consult the government. This appears on page 1156 of yesterday's *Hansard*. On two separate occasions he made it clear that he thought it necessary to bring the suggestions, comments, and so on, to the attention of the government. I would ask him now if he has done that and, secondly, if the agency known as the Federal-Provincial Relations Office was consulted on the decision to put before the Senate this list of names?

Senator Frith: Honourable senators, the procedure that has always been followed in my experience when a joint committee is to be established—and the only two I have had any experience with are the Joint Committee on Official Languages and this committee that we are now considering—is to discuss membership on the committee, first, with the other side in this house, and then with the Commons representatives, including those in the government. The exact procedure that I have been engaged in has been to forward the names of senators to act on behalf of the government party in the Senate, and then the other place put forward names. We discuss these names, and

in that sense both members of the House of Commons and members of the government were consulted. I did bring to the attention of the government and members of the House of Commons the debate that took place here last night. What was the second question?

Senator Grosart: The second question was whether the Federal-Provincial Relations Office was consulted?

Senator Frith: I did not consult them—not knowingly, in any event. Whether they were consulted—putting it in the passive sense—whether somebody consulted them about anything I dealt with, I don't know, but I was not dealing with a body by that name.

Senator Grosart: In fairness to the honourable senator, perhaps he may wish to correct the following sentence which appears in today's Ottawa *Citizen*.

> After a prolonged procedural wrangle, debate on the list was adjourned and Frith promised to consult the government, meaning the Federal-Provincial Relations Office which is masterminding procedure for the constitutional debate.

I would ask him, first of all, to comment and then to assure the Senate, if it is so, that that particular agency is not masterminding the procedures before us?

Senator Frith: Honourable senators, I do not think it is proper for me to comment on what was said in the newspaper, and I do not intend to do so.

Hon. Orville H. Phillips: Honourable senators, before the motion is put, I would like to make a few brief comments. I echo the sentiments expressed by Senator McElman during last night's debate. He did bring forward the appointment of a representative from the Atlantic provinces. However, I think of the treatment accorded the Negroes south of the border. In the United States the blacks are often afforded one member on a committee, or a member of the United States Cabinet, and this individual is referred to as the "token black". I hope that Senator Petten will not consider political colours too much, but rather that he will pay diligent attention to the Atlantic region.

I suggest to Senator Petten, with great respect as a friend, that he has a rather difficult task because we find that three former premiers from the Atlantic region, and now members of a chamber that is supposed to represent provinces and the regions, have been overlooked. I do not wish to discourage you, Senator Petten, but, rather, I want you to know that there is a very heavy burden on your shoulders, and we from the Atlantic provinces will be watching you.

I have great respect for the ability and experience of Senator Hicks. He is a Rhodes Scholar, a former university president, and a former Premier of Nova Scotia. He is a difficult man to replace. Then at the far end of the chamber we have Senator Robichaud, a former distinguished Premier of New Brunswick, and a former Chairman of the Canadian Section of the International Joint Commission. He has a lot of experience and a lot of knowledge, which will take a lot of special effort on the part of Senator Petten to equal. I don't mean Senator Petten does not have the ability, but rather that it will take a lot of work on his part.

• (1520)

Last night it was suggested that Senator Argue would not have the time to attend the committee because of his duties as a cabinet minister. I suggest, with the same thought in mind, that Senator Petten will not have time to be the Liberal Whip and a member of that committee. The committee will be meeting morning, noon and night, and he cannot continue as Liberal Whip in this chamber. I don't like to see him lose his salary as Liberal Whip, but I think he should resign in order to be able to attend the committee meetings. I am sure he would be very welcome. Not only his colleagues on the government side, but also those senators on this side, would welcome him back as Liberal Whip after the committee has finished its sittings.

I am also pleased that the Northwest Territories and the Yukon were considered in the composition of the committee. I do not wish to criticize Senator Lucier, but I am surprised that a senator such as Senator Adams, who was present throughout the whole debate and at every vote, was not appointed to the committee. I hope Senator Adams will take Senator Lucier aside and bring him up-to-date on the proceedings in this discussion.

Honourable senators, I have just received a note from my seat-mate suggesting that I overlooked Senator Smith when I mentioned the former premiers. I did not do so deliberately. His ability and experience are so well known that I did not consider it necessary to mention him.

Hon. Hartland de M. Molson: Honourable senators, I should like to ask the Leader of the Government in the Senate a question. After the last few days, during which there have been a great many provocative remarks, perhaps provocative questions, I want it clearly understood that there is no underlying provocation in my question.

Since the start of this debate there has been a question as to the procedure to be adopted when the resolution has gone to the committee and the committee reports back. The Leader of the Opposition suggested yesterday that the Standing Committee on Standing Rules and Orders look into the matter of the procedure. I replied that it sounded like a reasonable request and that I would examine the question. Obviously I have not had time to do so. My question to the Leader of the Government is a very simple one. What does he propose the course of events will be when a report is received back from this Joint Committee on the Constitution and reaches the floor of the Senate? Would he mind explaining to us exactly what will happen then?

Senator Perrault: I understand that the report would be debated, as is every report which comes from a committee. The particulars of the report would be open for debate. I expect that certain honourable senators will wish to suggest changes. They may propose motions to alter the report, to change the report. If those motions are adopted, as I stated in an earlier discussion on this point, the report, with the assent

of the other place, would then go back to the joint committee for consideration by that committee, and perhaps subsequent revisions in that report might go to the joint committee. The report would then, of course, have to go back to both chambers for final agreement from the other place and from the Senate.

Senator Molson: Perhaps I could ask a supplementary question. That suggests that not only would the details, or the elements, or the clauses of the report be debated, but it would be possible to amend them if the Senate saw fit. Am I right on that point?

Senator Perrault: I have nothing to add to my statement.

Senator Molson: I was trying to clarify that position.

Senator Perrault: I want to say to the Honourable Senator Molson that I am sure the house leader in the other place, and certainly officials who work with me as Leader of the Government in the Senate, will co-operate in any way to attempt to assist the honourable senator's efforts in preparing a summary for the Senate.

Hon. Duff Roblin (Deputy Leader of the Opposition): I should like to ask my honourable friend to clarify a portion of his statement that I did not quite clearly understand. He said that amendments could be made to the report with the consent of the other place. Did he really mean to say that?

Senator Perrault: I didn't say that.

Senator Roblin: The honourable senator said something that sounded very like it to me. Perhaps I could put my question in another way. I trust it will be possible for this house, on its own initiative, to make amendments in detail with respect to the report that is received back. Is that a correct statement?

Senator Perrault: I regret very much that the Deputy Leader of the Opposition seems to want to read the worst into things. I never stated there would have to be agreement in the other place before an amendment could be advanced in the Senate. I am sorry the honourable senator would even presume for a moment that any suggestion of that kind would emanate from this side. Of course, such a procedure would be totally contrary to Senate tradition.

What I did say, and what I stated some days ago, and what is a matter of record, is that, because this is a joint committee, when the report of the committee comes to the Senate and if after debate certain proposals are made in the Senate to change certain sections of the Address to Her Majesty or to the proposed draft bill, those proposed changes would be proposed in the form of a motion duly seconded and, if passed here by honourable senators, sent back to a re-constituted joint committee. However, in order for the committee to resume its activities to study these proposed Senate changes the co-operation and the agreement of the other place would be required in order to revive or re-establish the committee.

Senator Flynn: Do you mean you won't raise any procedural objections to amendments being made either to the report or to the proposed resolution?

Senator Olson: Just a minute.

Senator Flynn: Well, that's what I want to know. In other words, do you intend to claim that the report cannot be amended when it comes before us—legally, I mean?

Senator Perrault: The report will be dealt with like any other report that comes to the Senate, according to the rules, which the Leader of the Opposition frequently states he reveres so much.

Senator Flynn: I did not say that. On the contrary. That is why I suggested to Senator Molson that he should have his committee clarify and, if necessary, establish rules that would clearly indicate what procedure we will follow when that report comes to us. I suggest that that committee should meet and establish that. The Leader of the Government said that we were masters of our own rules. Therefore we can establish those rules in order to avoid any objections based on procedure that could be made by the Leader of the Government or by someone else.

Senator Perrault: I said that the Senate is master of its own rules, but it must be borne in mind that when we are involved with the other place in a joint committee the usual rules pertaining to joint committees apply. Of course, the honourable senator is aware of that.

Senator Flynn: I am speaking of the report and what the Senate can do with it. The Leader of the Government said that as far as the report and the document to which the report will refer are concerned, we are masters of our own rules, and that is why I suggest that we clearly establish what rules we want to follow when this report comes to us.

Some Hon. Senators: Question.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Frith, seconded by the Honourable Senator Perrault, that rule 66(1) be suspended in relation to the nomination of senators to serve on the—

Some Hon. Senators: Dispense.

The Hon. the Speaker: In amendment, it is moved by the Honourable Senator Frith, seconded by the Honourable Senator Petten, that the motion be amended by striking out the second paragraph thereof and substituting therefor the following:—

Some Hon. Senators: Dispense.

• (1530)

The Hon. the Speaker: Will those honourable senators in favour of the amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are opposed to the amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion the yeas have it, and the motion in amendment is carried, on division.

Will those honourable senators in favour of the main motion, as amended, please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are opposed to the main motion, as amended, please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion the yeas have it, and I declare the motion, as amended, carried.

Motion, as amended, agreed to.

QUESTION PERIOD

[*English*]

ENERGY

NEGOTIATIONS BETWEEN THE FEDERAL GOVERNMENT AND GOVERNMENT OF ALBERTA

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to ask the Minister of State for Economic Development some questions with respect to negotiations between the federal government and the Government of Alberta on the oil question.

I asked my honourable friend some time ago when he thought these negotiations would start, insofar as the federal government has indicated it is willing to negotiate with Alberta. Could he tell us what the schedule is?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, as my honourable friend Senator Roblin knows, Premier Lougheed has suggested that negotiations begin at the officials level. That is now being explored, and perhaps there will be some progress to report as to when the officials will find some means or some basis on which negotiations can resume. At this stage, I am unable to give him the date when that will begin, or at what level. Indeed, I am unable to give him the date on which it might move from there to the ministerial level.

Senator Roblin: Honourable senators, I wish to follow up on this with one or two more questions. The Prime Minister stated that he was willing to reopen negotiations with Alberta, in order to avoid a confrontation. To my mind that implies that there are areas where negotiation is possible. This is followed in the next paragraph by a statement attributed to the Minister of Energy, Mines and Resources, the Honourable Marc Lalonde. He said that the federal budget announced on October 28 would not be changed. This leaves me in a bit of a quandary as to where the area of negotiation might be.

That being the case, I ask my honourable friend to clarify the policy of the government as to the area of negotiation which might be possible with respect to this matter. Is it possible to negotiate any changes in the tax regime that the government has announced?

Senator Olson: What the honourable senator is trying to do is something that I should caution him against at the outset, because he is not going to succeed. He is trying to pre-empt the basis of negotiation that might take place after some preliminary discussions have taken place. My honourable friend knows that the entire energy package that would be most appropriate to both the producing provinces and to the federal government, and the people it represents, is a large and complex package.

Discussions at the officials level are taking place now, but I am not going to be drawn into a discussion on what sections there is absolutely no possibility of negotiation on, and what sections are open. We can talk about things of significance, such as bringing on more Canadian supplies, the terms and conditions under which that might be done, and so forth. It would be foolish for any minister to set these things out prior to negotiations taking place.

I remember that when I was on that side of the chamber I made inquiries as to where the negotiations were at, and I got exactly the kind of answer I expected when the opposition was sitting on this side of the house. I was told that while negotiations were under way they would not give any staging of them, because that could frustrate the negotiations. I am sure my honourable friend will understand that that will be the response about all the details he is trying to get out of me now. I am sorry, but it just will not happen, and I would not like him to be involved in an exercise in futility. I can promise him now that that is what it will be.

Senator Roblin: I appreciate the co-operative spirit of my honourable friend's response. Just to show him that there are no hard feelings, I can tell him that I see the point of his argument. I shall try to make my question a little easier, so that we will be able to get some kind of an answer.

Can the minister tell us, as a general principle, and without reference to specific areas, in regard to the question of taxation, the question of price, the question of incentive, the question of division of revenue, whether in any of those areas there is room for negotiation?

The reason I ask the question is that we have this interesting statement by the Minister of Energy, Mines and Resources which gives me the impression that there is no room for negotiation in these areas. If that is the case, I should like to know where the room for negotiation is. So, without wishing to embarrass my honourable friend by having him show his hand, in any respect, could he give me a general impression as to where the negotiations may fruitfully be expected to lead us?

Senator Olson: I can, in general terms. It is obvious that the conciliatory statement made by the Premier of Alberta, and the very conciliatory statements made by the Minister of Energy, Mines and Resources, and by the Minister of Finance in the budget documents, express a sincere hope on both sides that a basis for negotiation can be found so that an agreement can be reached. This would be highly desirable for everyone in Canada.

Senator Roblin: May I ask my honourable friend if he can conceive of any areas in which the federal government is

willing to make some concessions to meet the Province of Alberta?

Senator Olson: Yes, I can, and I will report them to this chamber as soon as there is some discussion with the producing provinces so that we can go forward with them.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government. I have been trying to find out since July 14 what the actual understanding is between the Government of Canada and the Government of the United States with respect to the Garrison Diversion Project in the state of North Dakota and the Province of Manitoba. I have elicited from him over these many months very little with respect to the matter.

We now have a change in the administration in the United States and it becomes more pressing than ever that I repeat the question. I asked whether he could give the Senate the aide memoire, note, or whatever it was, which established the actual undertakings of the American government given verbally to the Canadian representatives, and indeed who gave those representations?

Now that there is a new administration, the soundness of those undertakings certainly will have to be examined carefully. I wonder if my honourable friend could co-operate by providing this information asked for many weeks ago.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, as a philosopher, I know the Deputy Leader of the Opposition knows that good things come to those who wait. I do have some information this afternoon, but it may not specifically meet all his stringent requirements.

● (1540)

We understand that no decision has yet been taken in the United States regarding the expenditure of recently appropriated funds for this project. Pending such decision, the United States Department of the Interior office in North Dakota is continuing with essentially administrative activity, including a general invitation to bidders to examine the site before winter, in anticipation of a possible tender call in the spring. This preliminary administrative procedure may have led to speculation that a decision had been taken and a call for tenders made. United States authorities have confirmed that they will provide Canada with warning of any such decision.

In view of the results of the presidential election yesterday in the United States, I shall seek from the office of the Secretary of State for External Affairs any further information which may be available as to any new initiatives with respect to this matter.

Senator Roblin: I thank my honourable friend for the information he has given me. He had a proverb and I have one—Hope deferred maketh the heart sick. Hope has been deferred for a very long time in respect of getting an answer on this particular matter.

I now ask my honourable friend if he has already asked the Secretary of State for External Affairs for an answer to the question I put to him several months ago, and perhaps he might tell me when he asked him.

Senator Perrault: Honourable senators, the request for information was submitted to the office of the Secretary of State for External Affairs some considerable time ago. Great care is taken in the preparation of these replies so that they will be accurate in every respect. This one has taken a particularly long time to prepare.

Senator Roblin: I have no answer to that.

ENERGY

OIL—FORECAST REDUCTION IN EXPLORATION DEVELOPMENT

Hon. Richard A. Donahoe: Honourable senators, I have a question to address to the Minister of State for Economic Development. The President of the Canadian Association of Oil Well Drilling Contractors has predicted that the combined effect of the budget and the cutback by the Alberta government on production could reduce available funds for exploration and development by 40 per cent. The same gentleman further said that, as a result, only 5,500 wells will likely be drilled in Canada next year compared with nearly 9,000 in 1980. Would the minister inquire of his colleague, the Minister of Energy, to ascertain whether federal government figures corroborate the expectations of Mr. Porter?

Hon. H. A. Olson (Minister of State for Economic Development): Yes, I will, honourable senators.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—REPORTING PROCEDURE

Hon. Allister Grosart: Honourable senators, I would like to direct a question to the Leader of the Government in the Senate arising out of the answer he gave to Senator Molson regarding the procedure in the matter of the proposed Address to Her Majesty. Did I understand him to say that the situation would be as follows; if there is concurrence in the report of the joint committee, that will not be assumed to be or deemed to be a resolution for an Address? In other words, is there a further stage? He has mentioned stages 1, 2, 3 and 4, which are not quite distinct in my mind, although I have read his comments over several times. Will there necessarily be a fifth stage, where there will be introduced into Parliament a resolution for an Address?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I will take the question as notice, because it is an important matter and it is vital that the correct information be communicated. The question to which I addressed my remarks related to the possible changes in the so-called constitutional package and how they might be put in place. I would like to take this question as notice, to make sure that an accurate reply is provided.

Senator Grosart: I have another question that is somewhat allied to that question, and certainly related to the last comment the Leader of the Government made. In the event that there is no immediate concurrence by the Senate in the report of the joint committee, and that there is a motion to return the report to the committee, suggesting or recommending certain amendments, and that the House of Commons refuses to agree to the joint committee's being reconstituted, is it the position that the Senate's recommendations will automatically die and therefore will not be heard by that committee? If the House of Commons does not agree to the reconstitution of the committee, perhaps on that I might also ask him—if not now, certainly at some time in the future—to give us the authority for the statement that when that joint committee reports it automatically ceases to exist.

We have had many examples here of special committees and joint committees reporting. Perhaps I should not say joint committees, but certainly there are many examples of special committees reporting, time and time again. In relation to the authority for the automatic ending of the mandate of a committee, has the leader considered, or has there been taken into consideration, the possibility that that committee might—to protect the Senate in this case, and also the House of Commons—bring in an interim report?

Senator Perrault: Honourable senators, on the latter point relating to the cessation of the committee mandate and its responsibilities, and indeed the life of the proposed joint committee, may I cite Chapter 15 of *Beauchesne* Fifth Edition, page 206, section 663.

Senator Grosart: May I ask the date of that edition?

Senator Perrault: The printing is 1978, published by The Carswell Company Limited.

> 663. A special committee ceases to exist at the moment its final report is presented to the House. Therefore the report cannot afterwards be sent back to the committee with instructions to amend it in any particular way unless the House agrees to revive the committee by adding the following words to the motion for recommittal: "and that the Committee for such purpose be revived."

This is the only citation which I have available at the present time. We have been involved in recent hours in helping to bring into being a special committee, as the honourable senator is aware. I understood that when this special joint committee has completed its work, it will submit its report simultaneously to the other place and to the Senate. Both houses will debate and discuss the report. They may wish to make changes in the committee report. If the changes are proposed by the other place, concurrence to re-establish the joint committee would have to be obtained from the Senate in order to have that joint committee consider the proposed Commons changes. Similarly, agreement by the other place would be necessary should the Senate wish to have the joint committee re-established in order to consider Senate changes in the joint committee report. In any case, the Joint Address could not proceed to Her Majesty unless and until it had the support of both the other place and the Senate.

• (1550)

Senator Grosart: Would the honourable senator agree that the key word in that quotation, if it is valid, is "final"? And there may be some question as to the validity because of the date. I understand that that particular edition is unrevised and is just a reprint of the 1958 edition. But assuming that it is so, would he not agree that the key word in that description of the procedural situation is "final"? That is the point I made.

To protect the Senate, surely it might be suggested that it be not the final report of the committee; because—and I don't think the leader has fully answered my question—in the event that the House of Commons says, "We will not revive that committee," the situation will be that anything that has been done or recommended in the Senate will be dead, useless.

An Hon. Senator: Oh, well—

Senator Grosart: No. I ask for an answer to that. Let me repeat it. We make recommendations; we make amendments; we spend perhaps days and propose amendments; then we vote to send the report back; and the Commons says, "No, we won't agree to revive the committee. We are not prepared to agree to revive this committee." Is the effect then that everything that has been done in the Senate is dead? Nullified? Useless? A waste of time? Is that the situation?

Senator Perrault: I cannot imagine any advice ensuing from the Senate that would be useless and of no value; but, apart from that—

Senator Grosart: Of course it could be ineffective!

Senator Perrault: Honourable senators, I stated a number of days ago that established parliamentary practice would be to obtain the agreement of the other chamber in order to revive the committee; and I suggested that in the ordinary course of parliamentary practice, parliamentary tradition, the spirit of Parliament, there would be no difficulty in obtaining the support of the other chamber.

For example, I can think of no circumstance that would have the other place seeking Senate approval for the re-establishment of a joint committee in which the senators would not, with their usual generous spirit, extend their support for such an action. However, I will take that portion of the question as notice so further information can be sought on the point raised by the Honourable Senator Grosart.

SPECIAL JOINT COMMITTEE—SENATE PROCEDURE FOLLOWING PRESENTATION OF REPORT

Hon. Douglas D. Everett: Honourable senators, I have a question for the government leader in the Senate. What will happen when the report of the joint committee has been tabled and we wish then to make the Address to Her Majesty the Queen?

In the motion it says:

That the Senate do unite with the House of Commons in the appointment of a Special Joint Committee to consider and report upon the document entitled "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada" published by the Government on October 2, 1980, and to recommend in their report whether or not such an Address, with such amendments as the Committee considers necessary, should be presented by both Houses of Parliament to Her Majesty the Queen;

I would like to know this: Once the report is made and tabled in the Senate, how do we then formulate the resolution for the Joint Address? Is a resolution then put forward to unite with the House of Commons in a Joint Address? All this motion says is that the joint committee will report, whether or not an Address should be made.

Let us assume that the committee reports that an Address should be made; that does not constitute an Address in itself.

Senator Frith: You simply concur in the report.

Senator Everett: Well, we can concur in the report, but it does not seem to me that that constitutes an action by the house. All we will have done is to have concurred in a report of the joint committee. We will have said, "We agree with you. What you say is correct. An Address should be made." But that is different from saying, "We are now about to make the Address." When we do make the Address, somebody has to stand and move "that we unite with the House of Commons and make an Address."

That is what has been bothering me all along. Maybe I am obtuse—

An Hon. Senator: Not at all.

Senator Everett: —but I keep reading the resolution over and over again, and all it says is that this joint committee will be giving its view as to whether or not both the Senate and the House of Commons should unite to make such an Address. It does not say that by adopting the report we have thereby made the Address.

The deputy leader says that the rules do. Well, if they do, then I think it would be useful to know what the rules are that do that for us so that we will know what we are getting into.

Senator Grosart: No rules do that.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Everett has asked an important question. When this committee schedules its meetings, I am sure that that the honourable senator's question will be one of the matters discussed by the committee. At some point during its deliberations it must determine the form of its report to Parliament.

It may be that its report will take the form of an interim report. Indeed, I mentioned the other day the possibility of an interim report. Our distinguished Clerk has advised us that it may be possible for the committee to issue an interim report, saying, for example, "In view of the great number of witnesses, this committee seeks approval from Parliament to have constitutional proposals."

So an interim report appears to be at least a possibility. But the final form of the report would, of course, be determined by that joint committee. However, the form of the report and how it is developed or drawn up finally is a matter that has yet to be determined. No doubt those senators participating in the work of the joint committee will have a great deal to say about how the report is written and the manner in which the Address to Her Majesty will be presented to Parliament for final approval.

From the standpoint of the government, the latest information I have is that no hard and fast rule has been established with respect to the final form of the report. It is expected that the committee itself will do a great deal of work to determine the most acceptable form of the report.

Senator Everett: Honourable senators, I have a supplementary question. It seems to me that there is a well-established principle that a body to whom authority is delegated cannot take on greater power than that which is delegated to it.

Senator Roblin: That is right. That is bang on.

Senator Everett: Therefore, it follows that it is hardly within the power of the committee to determine what the Senate will do with its report. It can do no more than the Senate asks it to do.

Senator Perrault: That's right.

Senator Everett: The resolution says that the Senate asks the committee to report whether or not such an Address should be presented to Her Majesty. That is as much as the committee is enabled to do. It cannot make any rules that would bind the Senate, that would force the Senate to say, "If we accept your report, we have automatically made an Address." All it can say is whether, in its view, the Senate should or should not make the Address.

• (1600)

It would seem to me that the job of the committee is to hear evidence as widely as possible and to attempt to come up with a form of Address that would be acceptable to both the Senate and the House of Commons. A motion would then be constructed on that basis and put before the Senate, subject to debate, subject to amendment.

It seems clear to me, from reading this, that there is no doubt that once that report comes back, a motion must then be put forward for this house to unite with the House of Commons for a Joint Address to Her Majesty.

Senator Perrault: The honourable senator's observations are, of course, of great interest. I hope that he will make his views known to those senators who will serve on that committee—or perhaps he may wish to appear before that committee at some point. Honourable senators are, of course, free to attend the meetings of the joint committee. The honourable senator's proposals are most interesting, as are his views regarding the form of the Address to Her Majesty.

Honourable senators, as in my earlier reply to Senator Grosart, I suggested that I would take the question as notice, and more information will be sought.

Senator Everett: Honourable senators, I should like to reply to the Leader of the Government in this respect. Of course, I will not make such a submission to the joint committee, because I would then be suggesting that they had the power that I am suggesting they do not have. I make my representation to the Senate, and the Senate then decides whether or not that joint committee has the power.

Some Hon. Senators: Hear, hear.

BUSINESS OF THE SENATE

POINT OF ORDER

Hon. Lowell Murray: Honourable senators, I wish to rise on a point of order. The leadership on this side of the house agreed today to have the Orders of the Day re-arranged to accommodate the government, or some senators on the government side who had other matters to attend to. In doing that, I was not aware that the leadership on this side agreed to forego the Question Period, which, with great respect to the one minister who is remaining, results from the absence of the other two ministers—the departure of the Minister of State for Economic Development, as well as the continued absence of the Minister of State for the Canadian Wheat Board, who was not here yesterday. He obviously is following the deliberations of the chamber with quite avid interest, and he is close enough to Parliament Hill to get a letter to us overnight. I cannot believe that he is very far away, given the efficiency of the Post Office. In any case, a number of us on this side of the house have questions for the Minister of State for Economic Development and for the Minister of State for the Canadian Wheat Board, which there is no point in pursuing in their absence.

I simply wish to state, on the point of order, that the leadership of the government should not think that in future the Question Period can either be abbreviated at their whim, by getting us to accommodate them on the Orders of the Day; nor can it be cut off by the sudden departure or absence of ministers. We are not going to put up with that sort of thing.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the circumstances today were rather special. The Honourable Senator Argue, of course, is battling agricultural problems in North Battleford, Saskatchewan—

Senator Murray: Who is winning?

Senator Perrault: I am pleased to report that the Liberal government is winning.

Senator Nurgitz: In Saskatchewan?

An Hon. Senator: That will be the day!

Senator Perrault: As for Senator Olson's absence—a rare absence, as honourable senators must admit—he is dealing with some vital matters on behalf of Canadians from coast to coast, regardless of party. May I say, however, that in my humble way I will attempt to answer any questions that the honourable senator may have.

BANKING

ELECTRONIC TRANSFER OF FUNDS

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government. A newspaper account yesterday reported Mr. Robert MacIntosh, President of the Canadian Bankers' Association, as saying that the technology is available, and has been for some time, for government to electronically transfer funds to the accounts of recipients of such government benefits as Unemployment Insurance, Old Age Pensions and Family Allowances—and, I assume, a whole raft of other government benefits.

Mr. MacIntosh, in a speech made at a Toronto press conference, said that the government tried the system some five years ago but declined to adopt it, despite the potential saving of millions of dollars to the taxpayers of this country. He alluded to the fact that it would be upsetting to the Post Office.

Can the leader confirm that the government did experiment with a system of electronic transfer of funds, and, if it did, can he tell us why implementation of a cost-saving system like this has been rejected or delayed?

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—SENATE MEMBERS

Hon. David Walker: Honourable senators, I have a question for the Deputy Leader of the Government. He has been flitting to and fro. Senator Frith, may I ask you a question? It's nice to have you back. It is a very innocent question, of course.

Senator Perrault: Yes—lost innocence.

Senator Walker: Did my honourable friend—I am speaking of you, Senator Frith—bring to the attention of the government the question of the composition of the committee, which has resulted in the change in personnel that has been tabled today? It is a simple question. Did you bring the matter to the attention of the government before changing the names of the representatives from the Senate on the joint committee? Did you bring this matter to the attention of the government before re-arranging your list and bringing it back to the house today?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the answer to that question will depend on what the honourable senator means by the words "attention of the government." I certainly discussed it with our caucus.

Senator Walker: Did you discuss it with the government? You just said the caucus.

Senator Frith: I discussed it with the caucus, and there were members of the government present at the caucus.

Senator Walker: Members of the cabinet were there, were they?

Senator Frith: Yes.

Senator Walker: And was it as a result of that, that you decided you would make the changes you have made?

Senator Frith: Honourable senators, I will not say anything further about what took place in caucus.

Senator Walker: I am not asking you to, but was it as a result of your deliberations in the caucus, and only in the caucus, that you made these changes?

Senator Frith: I cannot answer that question.

Senator Walker: You refuse to answer it?

Senator Frith: No. I am saying that I will say nothing more about what took place in caucus than what I have already said, and that the decisions were made by the Leader of the Government, myself as Deputy Leader of the Government, the whip, and representatives of the Senate caucus.

Senator Perrault: Recommendations.

Senator Walker: Yesterday you were being questioned by Senator Hicks, and this is what was said as reported at page 1159 of *Hansard*:

> SENATOR HICKS: What you said was that the views of the government would be taken into account.
>
> SENATOR FRITH: I did not say that.
>
> SENATOR HICKS: With respect, you did.
>
> SENATOR FRITH: I said that the Senate's views would be taken into account.
>
> SENATOR ROBLIN: You did not say that.

Which one is right?

Senator Frith: If I understand it correctly, both were right. I took the views of the Senate into account, discussed them with the persons that I have already mentioned in reply to Senator Grosart, and with the persons that I have mentioned to you. There was an exchange, and the exchange of views and information resulted in a decision being made by the government party leadership in the Senate and the government Senate caucus as to whom would be put forward by this side.

Senator Walker: Under all the circumstances, you did not do as you promised to do at page 1156, namely:

> I assure honourable senators that we will bring to the attention of the government the constructive suggestions—

Senator Frith: In the sense that I have just answered the question, I did exactly that.

Senator Walker: That is a question of opinion. Two and two usually make four, except with you.

• (1610)

SPECIAL JOINT COMMITTEE—SENATE PROCEDURE FOLLOWING PRESENTATION OF REPORT

Hon. George I. Smith: Honourable senators, I should like to direct a question to the Leader of the Government. It relates to the questions and supplementaries asked by the distinguished senator from Manitoba, Senator Everett.

As I understood his question originally, it was to the following effect: Is it not correct, under the terms of the resolution, and under the rules and practice of the house, that all the joint committee can do is make a report to the house as to whether or not a loyal Address should be forwarded, and that, before further progress can be made, or the Address can be dispatched, it is necessary to have a resolution of the Senate to that effect?

I also understood the leader—perhaps I misunderstood him—not to agree with that assertion, but to characterize it simply as an interesting suggestion which perhaps the senator should put before the committee. By that answer I took it that the leader was not willing to agree that the suggestion made by Senator Everett was correct. If that is so, and if that is the view of the leader, then what alternative has he in mind?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I do not wish to cast myself in the role of attempting to make advance rulings with respect to matters to be raised in a joint committee which will come into existence very shortly as a result of our actions today. I want to assure honourable senators, as I stated before, that the government fully expects that certain amendments may come before that joint committee. It does not regard the joint committee's responsibility as being that of merely approving or disapproving of the proposed Address to Her Majesty in its present form. The government expects that there may be changes proposed by the joint committee and dealt with by Parliament before the final form of the Address to Her Majesty is accepted by Parliament. There could be changes recommended by the joint committee in the report which will follow the termination of its activities on December 9. It will then be for both houses of Parliament fully to debate the report and any proposed changes which may have been recommended by the committee.

Senator Smith: I thank the leader for his explanation, which is much appreciated. It does not, it seems to me, answer the question raised by Senator Everett, and now raised by myself. I do not think Senator Everett was asking, and certainly I am not, the Leader of the Government to predict what the committee might do. What we are concerned with is what this house will do, or has the power to do, when the committee reports.

Let me go over this again, so that we will be clear on what I am asking—if it is possible to make it clear. I understood—and certainly if Senator Everett was not asking about this, then I am—that when the report comes back, it will be necessary, before an Address can be forwarded with the concurrence of this house, for someone in this house to move that the Address, containing whatever it might contain, be forwarded to Her Majesty, with the concurrence of the House of Commons. I understood the Leader of the Government, also, in the way he answered Senator Everett, not to agree that that was the procedure, but to suggest that perhaps Senator Everett should try to persuade the committee that it should be.

That leads me to believe that the Leader of the Government, since he does not agree with the suggestion of Senator Everett, must have some other course of action in mind which the Senate could and might take. I am asking, therefore, if he would be kind enough to say what alternative there is to the suggested procedure which Senator Everett put to him.

Senator Perrault: Honourable senators, the resolution route could very well be the procedure which the Senate would follow. I would like to take this question as notice. I believe the joint committee may well recommend to both houses what procedure should be followed when the Joint Address comes back here. No one has any way of knowing. I would rather take the question as notice and attempt to provide a fuller reply during some later Question Period.

Hon. Allister Grosart: Honourable senators, so that I can be clear on this point, is not the question raised by Senator Everett and Senator Smith exactly the same one that I raised and on which the Leader of the Government said he would make a full statement? Am I correct in that?

Senator Perrault: Yes.

Senator Grosart: Fine.

Senator Roblin: He made a statement, but did not say anything.

ENERGY

ATLANTIC REGION—HOME HEATING—CONVERSION GRANTS

Hon. Orville H. Phillips: Honourable senators, I would like to direct a question to the Leader of the Government in the Senate. Yesterday the energy minister, the Honourable Marc Lalonde, announced that the Atlantic provinces must prove that they are not burning imported oil to generate electricity, before homeowners there can qualify for grants to assist in converting their home heating to electricity. This unilateral action on the part of the Minister of Energy has altered the proposals outlined in the budget—but then, unilateral action seems to be popular this year.

Would the Leader of the Government assure us that this discriminatory action will be delayed until the federal government has completed the drafting of anti-pollution guidelines for the generating plants converting to the use of coal?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I am rather surprised at the political edge that I detect in the Honourable Senator Phillips' comments. It is rather unusual for him to engage in that kind of thing. I must say that my colleague, the Honourable Marc Lalonde, has not made available to me a copy of the statement in which the Honourable Senator Phillips alleges these remarks appear. As a result, it would be unfair of me to offer many comments on that subject.

Honourable senators, I think that all Canadians support the idea of having $460 million spent under the Energy Program in the Atlantic region to meet increasing energy problems. The program is an impressive one, as some honourable senators are aware.

[Senator Smith.]

I am sure that the Honourable Senator Phillips is enthusiastic about more natural gas going to the maritimes, via a new pipeline, just as he must be about an acceleration of offshore development, ensuring local purchases; a utility off-oil fund—that is, conversions to coal—financing of interprovincial electrical connections; a $200 million equity contribution for the Lower Churchill; financial support for local technology in the Donkin mine feasibility studies; coal research and development; coal utilization technology; extension of the Prince Edward Island conservation and renewable energy agreement; up to 50 per cent of the cost of energy efficiency improvements in industry; an enhanced conservation program in Newfoundland and Prince Edward Island; and many, many other measures which I am sure will bring great benefits to the Atlantic region.

I know that the Honourable Senator Phillips must be very supportive of these measures, despite the fact that they originated with a Liberal government.

Senator Phillips: The fact that the Leader of the Government in the Senate is unaware of the announcement of the Minister of Energy, an announcement made before a committee of the other place, confirms my view that it was a unilateral action. I cannot imagine the Honourable Marc Lalonde operating without the consent and knowledge of the Leader of the Government in the Senate. Is the Leader of the Government in a position to tell us how long it will take to convert an oil-burning generating plant to coal?

• (1620)

Senator Perrault: Honourable senators, the latter question I will take as notice. As to the senator's earlier observations, that he is surprised I had not read the Honourable Marc Lalonde's latest speech, let me assure honourable senators that I have spent a very busy 24 hours, and I am somewhat behind in my reading.

Senator Flynn: It was right in your field of expertise.

AIRLINES

GREAT LAKES AIRLINES SERVICE

Hon. Andrew Thompson: Honourable senators, my question to the Leader of the Government relates to a question I asked about six months ago concerning the regularity of the Great Lakes Airlines service to Peterborough. I realize this is a technical question and that the department will have to give this matter careful consideration. However, I have waited almost four or five months for an answer.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I believe I presented an answer to that question some time ago. The honourable senator may not have been in the chamber at the time. The Ministry of Transport did provide me with a rather extensive summary of the take-offs and landings, cancellations, and other problems which have afflicted a particular carrier, which may have been Great

Lakes Airlines. If I am wrong, I shall most certainly find out why there has been a delay in obtaining that information for the honourable senator. I believe the information brought to the chamber related to Great Lakes Airlines.

INDUSTRY

IMPORTATION OF JAPANESE AUTOMOBILES

Hon. David Walker: Honourable senators, I spoke to the Leader of the Government some time ago about the influx of Japanese cars into Canada. The situation has become critical and tens of thousands are unemployed, because of the easy manner in which the Japanese are able to export their cars to Canada. Canadian automobile firms are on the verge of bankruptcy, and as a result the Canadian government, which means the taxpayer in the final analysis, is paying subsidies to certain automobile companies to keep them afloat. All this is the result of the Japanese being allowed to export their cars to Canada.

Is any consideration being given, in cabinet or out of cabinet, to imposing an embargo or quota on the importation of Japanese cars or is a tariff being proposed which would certainly greatly diminish the flow of those cars into Canada? Once when things were bad in Canada, the Conservative Party adopted as an election slogan, "No truck nor trade with the Yankees!" That slogan appeals to me now in connection with the importation of these Japanese cars.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, some weeks ago I believe I replied to a question regarding imported automobiles. However, it may have been a question other than the one posed now by Senator Walker. The question will be taken as notice and the reply brought to the chamber just as quickly as possible.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—PROCEDURE FOR CHANGING SENATE MEMBERSHIP

The Senate resumed from yesterday the debate on the motion of Senator Frith:

> That changes in the membership of the Special Joint Committee to consider a proposed Address to Her Majesty the Queen concerning the Constitution of Canada may be made by notification thereof, signed by the Leader of the Government in the Senate, or any Senator named by him, with respect to government members, and by the Leader of the Opposition in the Senate, or any Senator named by him, with respect to opposition members, being filed with the Clerk of the Senate who shall cause the same to be printed in the *Minutes of the Proceedings of the Senate* of that sitting, or of the next sitting thereafter, as the case may be; and
>
> That a message be sent to the House of Commons to inform that house of such changes.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, when I moved the adjournment yesterday, it was to give the Leader of the Government and the deputy leader some breathing space.

This motion was moved at my suggestion, as I said, yesterday, the idea being that the normal procedure to change the members of a committee, be it a standing, special or a joint committee, is to have a motion before the Senate.

This joint committee will probably sit five days a week, whereas the Senate usually sits only two and a half days. Replacement could be required on short notice, and problems might occur if the Senate were not sitting. I suggested, therefore, that the same rule which applies in the House of Commons be applicable to us in this place.

Senator Perrault: A good idea.

Motion agreed to.

HOUSING

RESIDENTIAL REHABILITATION ASSISTANCE PROGRAM—INQUIRY WITHDRAWN

On the Inquiry of Senator Marshall:

> That he will call the attention of the Senate to certain problems in the Residential Rehabilitation Assistance Program and to the desirability of improving the program to better meet its original objectives.

Hon. Jack Marshall: Honourable senators, with leave, I ask that Inquiry No. 2 standing in my name be withdrawn.

The Hon. the Speaker: Is leave granted?

Hon. Senators: Agreed.

Inquiry withdrawn.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, November 6, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

REMEMBRANCE DAY

Hon. Jack Marshall: Honourable senators, in a few days' time, on November 11, Armistice Day, Canadian veterans will commemorate and pay homage to their comrades who fell in two world wars and in the Korean conflict—battles that after 62 years, unfortunately, fade in memory.

Lord Julian Byng of Vimy, a famous Canadian Corps Commander, and a former Governor General of Canada, once said:

> Manliness, courage, loyalty—these are the qualities that make our Canadian troops famous; qualities that gained them their splendid series of victories; that brought them through the critical times; and these qualities of the fighting men were characteristic of the whole nation.

Honourable senators, I think it is appropriate, too, to repeat the words of the late Honourable Dan J. MacDonald, who in a Vimy address given two years ago, commemorating a battle in which Canadians distinguished themselves, said this:

> Let us mourn our fallen sons and daughters, but let us remember that they did not die in vain. They died for the high principles they believed in—peace, freedom and democracy.
>
> It is my firm conviction—

He said

> —that we Canadians will continue to play an important role in the advancement of the great causes of mankind—peace, disarmament, human rights, and ultimately, social justice—those same virtues that Canadians fought and died for on foreign soil sixty years ago.

It is significant, honourable senators, that we are debating changes in the make-up of our nation, changes which will determine whether or not the words of these two great Canadians mean anything to those who are charged with the responsibility of designing our future.

In the name of those who sacrificed their lives for a better Canada, "We should remember them."

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, may I join in the very eloquent tribute paid by Senator Marshall to those who sacrificed so much for Canada.

We have almost reached another November 11, and memories of all sorts fade a little further into the past. But no one should forget the magnificent sacrifice made by thousands of Canadian men and women who fought for this country and worked for this country and died for this country in World War I, World War II, the Korean War and other conflicts and peace-keeping missions.

In recent weeks we have been engaged in a vigorous discussion of human rights and whether or not they should be entrenched or enshrined as part of a new Constitution. Perhaps the fundamental question to be asked by every Canadian is this: Had it not been for the sacrifice of those thousands of men and women—many of whom are dead and many of whom are living, some still suffering from the physical and psychological wounds of those conflicts—we would not be enjoying our present freedoms. Indeed, we would not even enjoy the freedom to discuss whether human rights should be entrenched or protected in some other manner.

I know that all honourable senators will join in the Honourable Senator Marshall's tribute. The sacrifice of those who served must never be forgotten.

• (1405)

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

> Report on Supplementary Estimates (B) for the fiscal year ending March 31, 1981.
>
> Report of the Superintendent of Insurance on the Administration of the *Investment Companies Act* for the fiscal year ended March 31, 1980, pursuant to section 27(1) of the said Act, Chapter 33, Statutes of Canada, 1970-71-72.

PRIVATE BILLS

MONTILAC LTD. AND SOCAM LTD.—FIRST READING

Hon. Fernand-E. Leblanc presented Bill S-13, to revive Montilac Ltd. and Socam Ltd.

Bill read first time.

Senator Leblanc moved that the bill be placed on the Orders of the Day for second reading on Wednesday, November 12, 1980.

Motion agreed to.

TREMUS INDUSTRIES LIMITED—FIRST READING

Hon. Fernand-E. Leblanc presented Bill S-14, to revive Tremus Industries Limited.

Bill read first time.

Senator Leblanc moved that the bill be placed on the Orders of the Day for second reading on Wednesday, November 12, 1980.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Wednesday next, the 12th of November, 1980, at 2 o'clock in the afternoon.

Motion agreed to.

THE ESTIMATES

SUPPLEMENTARY ESTIMATES (B) REFERRED TO NATIONAL FINANCE COMMITTEE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

> That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Supplementary Estimates (B) laid before Parliament for the fiscal year ending March 31, 1981.

Motion agreed to.

● (1410)

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Standing Senate Committee on National Finance have power to sit while the Senate is sitting on Wednesday, November 19, 1980, and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Jacques Flynn (Leader of the Opposition): I would like an explanation for the record.

Senator Frith: The explanation given to me by the committee chairman—and he might wish to add something—is that he has a witness appearing at that time who has an extremely busy schedule. The chairman wants to be able to give the witness that much notice to appear on that date.

Hon. Douglas D. Everett: Honourable senators, we are studying the main estimates for 1980-81. We are also studying government policy on regional disparities. We want the President of the Treasury Board to appear before the committee to give us an overview of those estimates. When we adjourned before the recess we had booked a number of witnesses to appear before the committee with respect to government policy on regional disparities. At that time we had not foreseen the need to have the President of the Treasury Board appear as a witness, but now the need is apparent. Taking into account his busy schedule and our limitations under the block system, the most suitable time for the committee to hear this witness is November 19. For that reason we are seeking the approval of the Senate to allow the committee to meet while the Senate is sitting on that day.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—ELECTION OF SENATOR HAYS AS JOINT CHAIRMAN

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I should like to ask the Deputy Leader of the Government to inform the Senate what transpired at the first meeting of the joint committee on the so-called package on the Constitution. I am using the words of the Leader of the Government when I describe it in that way. Do I understand that our colleague, Senator Hays, has been elected joint chairman?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I was not present at that meeting. I could ask Senator Goldenberg, who is a member of the committee, or Senator Lamontagne who is a member of the committee, to answer that question, if that is the wish of the Leader of the Opposition.

Senator Goldenberg: Senator Hays was elected joint chairman of the committee.

Senator Flynn: I regret his absence very much, because I would have asked him to report to the Senate what took place after his election as joint chairman.

Senator Olson: Ask Senator Goldenberg or Senator Lamontagne.

Senator Flynn: If the Senate gives me leave to do that, I shall. Normally I can only address questions to the chairman of a committee. I am wondering whether some important decisions were made.

● (1415)

Senator Olson: Several members of your caucus were there.

Senator Flynn: Yes, but I can hardly ask them.

Senator Olson: Why not? Aren't they talking to you?

Senator Flynn: It is not in accordance with the rules, and you know how I respect our rules.

NEWSPAPER ARTICLE—ALLEGED STATEMENTS BY CABINET MINISTERS

Hon. Lowell Murray: Honourable senators, yesterday I read into *Hansard* portions of an article that appeared in *La Presse* of November 5, reporting on interviews with two ministers of the Crown and a Parliamentary Secretary, as well as with one of the government party's nominees on the Special Joint Committee on the Constitution.

The question I wish to address today to the Leader of the Government is whether the Minister of Industry, Trade and Commerce and the Minister of Consumer and Corporate Affairs, as well as the Parliamentary Secretary to the Minister of Justice, were speaking for the government in making the remarks that are attributed to them in the article in question; in particular in regard to the intention of the government not to cede an inch to the demands of the Senate concerning the amending formula and, in particular, section 44 of the resolution, and whether the statement by Mr. Lapierre that one of the reasons for dealing with the Senate in this way is to provide against the possibility that the Senate might try to block a government attempt to abolish the monarchy.

Would the Leader of the Government tell us whether or not those gentlemen are speaking for the government in that regard?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, these honourable members of the other place have a right to speak for themselves and express their own personal opinions.

Senator Flynn: Opinions different from those of the government?

Senator Perrault: The views, if reported correctly, certainly do not represent the official position of the government. Furthermore, may I say that the honourable senator persists in quoting from truncated and abbreviated newspaper reports, largely taken out of context—

Senator Murray: I resent that.

Senator Perrault: I wonder if the honourable senator is prepared to provide me with the full text of the remarks which are supposedly covered by this article. That would be most helpful, and I think probably fairer to those to whom the remarks are attributed.

Senator Murray: Yesterday I read into *Hansard* what I honestly regard as being the relevant excerpts from the article. I can table the article, a copy of which I have here; I can send a copy of it to the Leader of the Government; or I can read the entire article into the record now so that it will appear in both French and English in today's *Hansard*, if the honourable senator wishes. But I would not have thought that he would want me to take up the time of the Senate with that. I can do it, if he wishes.

[Senator Olson.]

I resent the implication that I have quoted the article deliberately out of context in order to create an impression that the article does not give. I have read the article very carefully, and I think I have omitted nothing that was relevant to my remarks yesterday or to my question of today. If the leader wants me to read the whole thing, I shall do so. In fact, I think I will anyway since he has made the point. It will then appear in both official languages—

Senator Leblanc: Order.

Senator Murray: —for the edification of honourable senators. Who is calling me to order?

It is stated in *La Presse* of November 5, 1980, under the headline:

[*Translation*]

> "Non-compliance of government with Senate's demands."
>
> Although the Trudeau government claims to be open to amendments to its constitutional reform project, it seems agreed that it will not cede an inch to the demands of the Senate concerning the amending formula, and, in particular, Section 44 of the resolution which would allow the House to go over the head of the Senate in amending the Constitution.
>
> This is what came out of the series of interviews given by *La Presse* to Liberal members and ministers who were all in agreement: In the same way that they had to provide for a mechanism to break a deadlock with the provinces, it is necessary also to provide for a mechanism to break any deadlock with the Senate, should the Senate stand in the way of constitutional reform. Interviewed separately, two ministers of the Crown, Mr. Herb Gray and Mr. André Ouellet, gave the same answer practically word for word and stated that they could not see why the Senate ought to be exempted from the proposed resolution which empowers the government to abolish the monarchy in Canada, if it so desires.
>
> Mr. Ron Irwin, Parliamentary Secretary to Justice Minister Jean Chrétien, made a similar statement, adding that the whole question had already been the object of lengthy discussions but that it had been impossible to reach a compromise.
>
> The honourable member for Shefford, Mr. Jean Lapierre, who is also going to be a member of the committee, went even much farther. "It would not be logical to allow the Senate to stand in the way of constitutional reform which is the wish of the people. The Senate cannot demand such power, since its qualification with regard to representation is rather dubious" he said.

• (1420)

[*English*]

Senator Olson: You are out of order on about ten different counts, but go ahead.

Senator Murray: I beg the pardon of the Minister of State for Economic Development, but an imputation has been made

that I quoted the article yesterday out of context. "Truncated, abbreviated, press articles out of context," was the phrase used, I think. I did not omit yesterday anything that was relevant, and I will proceed now to read the article in question.

Senator Frith: The Leader of the Government asked for a copy. He did not ask that it be read; but anyway, carry on.

Senator Murray: Well, clearly the honourable gentlemen opposite do not like to hear what is being said by their colleagues in the other place.

[*Translation*]

> Mr. Lapierre maintained that it was the natural survival instinct of senators which makes them object to section 44 which, among other things, would enable the government to abolish the Senate whether senators agree or not.
>
> He went on to say: "I am not worried, I think that many senators will be wise enough to put the interests of the country and the needs of the electorate before their instinct for survival." Mr. Lapierre pointed out that it would not be logical to allow the Senate to stand in the way of constitutional reform—

And then, in quotation marks:

> "after giving ourselves the means to go over the heads of the provinces". He expressed the opinion that within two years Canada will definitely break all ties with the British monarchy.

Again in quotation marks:

> "If we were to do so and appoint a head of state in Canada the Senate might object and everything would amount to naught, that would be inadmissible". "Similarly, if we wanted to change the Senate, the senators would be both judges and party if we leave them with the right of veto".
>
> Mr. Lapierre revealed that he and his colleague Serge Joyal had looked into the extent to which senators can be said to be provincial representatives. He declared that in many cases they are not. "Several of them have nothing more than a small $4,000 parcel of land in their province and they do not even know the exact location", he added.

[*English*]

Perhaps some honourable senators would like to deal with that matter on a question of privilege.

[*Translation*]

> The risk inherent in that line of thought on the part of Liberal members of the Commons is that it may well lead to confrontation between the Senate and the Commons. Contacted yesterday by *La Presse* Liberal Senator George McIlraith said it is revolting to see members of the Commons censure the Senate in advance and hold it responsible for the constitutional impasse. "In 70 years the Senate has never been at the origin of an impasse. Now and then it did send bills back to the Commons so they could be improved, period." Mr. McIlraith said he did not know how his Liberal Senate colleagues would react if the proposed resolution is not amended, but he predicted that "there will be so much trouble among the public and in Great Britain" that the project will be aborted if the government does not change its attitude.

• (1425)

[*English*]

I have now read the entire article into the record, and I repeat that no part of it that I left out yesterday was relevant to the questions I put to the minister then. Today I will repeat my question to him: Were the ministers and the parliamentary secretary stating the position of the government?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that question has already been answered. If they were made at all, these appear to be personal comments expressed by members of the other place. Because the honourable senator has not been in the chamber very long—

Senator Flynn: Which makes no difference for anyone who has been here as long as you have.

Senator Perrault: —I think it would be useful for him to know that in 1964 the Special Committee on Procedure and Organization recommended the following guidelines, which were subsequently concurred in by the House of Commons, to be used by members in asking or answering oral questions:

> (b) not inquire whether statements made in a newspaper are correct;
>
> (e) not be of a nature requiring a lengthy and detailed answer;

Even the framing of the question should not be too lengthy. I did not ask Senator Murray to read that lengthy and detailed newspaper article to the chamber. I suggested that he may wish to provide me privately with the complete text of the alleged statements made by the honourable members of the other place who, if the reports are accurate, were speaking for themselves.

Senator Murray: I apologize for having taken up the time of the Senate, but the fact of the matter is that an imputation was made by the minister in his reply that I was quoting out of context. I thought it necessary to put the entire text on the record. I thank him for reminding me of the rule that goes back to 1964.

I should now like to remind him of a rule that goes back a couple of hundred years, and it is the rule of collective responsibility in the cabinet. I ask him whether it is now open to ministers of the Crown in the other place to express personal opinions on a matter of this importance—personal opinions which do not bind the government.

Senator Flynn: There is no answer.

FOREIGN AFFAIRS

PURPOSE OF MINISTER'S VISIT TO UNITED KINGDOM

Hon. Martial Asselin: Honourable senators, my question is to the Leader of the Government. Apparently the Secretary of

State for External Affairs, Mr. MacGuigan, is expecting to be in London at the beginning of next week. I would like to know the purpose of his visit and whether he has been instructed, ordered, or invited by Lord Carrington, the Secretary of State for Foreign and Commonwealth Affairs in Great Britain, to report on the progress of the resolution for patriation which is now before the special joint committee of the House of Commons and the Senate.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I shall take that question as notice.

[*Translation*]

Senator Asselin: On a supplementary. When the minister answers the question I just put to him, given the objections coming from almost every political circle, especially from the British government in London, would the minister arrange to meet with government officials, particularly Lord Carrington who is in charge of this file, and assure him that the Canadian government will drop its Charter of Rights from the amending formula and will be content with asking the British Parliament to patriate the Constitution with an amending formula?

[*English*]

Senator Perrault: If the minister arrives safely in London, it is certainly obvious that he will attempt to see Lord Carrington.

Senator Asselin: Why?

Senator Perrault: A number of observers have speculated that the Secretary of State for External Affairs and Lord Carrington may discuss the British North America Act. It would be surprising if that subject did not come up. However, the minister does not envisage that if the meeting takes place with Lord Carrington, it will have a constitutional focus. He has already seen Lord Carrington on that question and will probably wish to dwell more on north-south issues which, as the senator is aware, are most important.

• (1430)

Senator Asselin: Could you tell me why the minister is not accompanied this time by his colleague, the Honourable John Roberts, the Minister of the Environment? The last time he was accompanied by him, and together they met the Queen, the British Prime Minister and a few other ministers. Why is he going alone this time to discuss the constitutional matter?

Senator Perrault: Honourable senators, the honourable ministers are extremely busy these days, and it is not necessary at all times on overseas visits—

An Hon. Senator: To save travelling expenses, too, would be just as good a reason.

Senator Perrault: —for two ministers to go together to the United Kingdom or any other country. I fail to see why any ominous implications flow from the decision of Mr. MacGuigan to go to London without the Honourable John Roberts.

ENERGY

NEW BRUNSWICK—HOME HEATING—CONVERSION GRANTS

Hon. L. Norbert Thériault: Honourable senators, I have a question for the Minister of State for Economic Development. My question arises from an article in the *Telegraph-Journal* of Saint John, New Brunswick, dated October 31, and the headline: "New Brunswick Won't Get You a Grant."

Honourable senators, I am fully aware of the intention of the grants system for transfers of fuel usage in the country, that is, to make sure that less and less imported oil is used in heating homes and businesses, but I fail to understand why New Brunswick was placed in the same category as the other Atlantic provinces. For the information of the Senate and the minister, I would like to point out that at the present time more than 50 per cent of electricity produced in New Brunswick is produced by either hydro or coal-fired plants, and, when Lepreau comes on line, almost 80 per cent of the power used in New Brunswick will be generated from sources other than oil. In addition, honourable senators, given the fact that New Brunswick is still roughly 50 per cent rural, it is hard for me to imagine the gas pipeline, when it comes down to the Atlantic provinces, serving the rural areas of New Brunswick.

Therefore, I would ask the minister to inquire if the Department of Energy, Mines and Resources would consider allowing those fuel grants to be made to residents of New Brunswick for conversion to wood-burning or electric furnaces.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will make an inquiry of the Department of Energy, Mines and Resources, and try to get an answer as soon as I can.

THE BUDGET—POLICY RESPECTING CANADIAN OWNERSHIP OF OIL COMPANIES

Hon. Richard A. Donahoe: Honourable senators, I have a question for the Minister of State for Economic Development. I would have asked this question yesterday but affairs of great and vital importance to the future of the nation took the minister out of the chamber before the Question Period was concluded. I pause here to express the hope that those affairs were carried out to the great advantage of the Canadian people. I am pleased to see the minister back in his seat for this Question Period.

The chairman of the Royal Bank of Canada was quoted today—I wrote this question yesterday because I intended asking it then, so it was yesterday that he was quoted but he spoke the day before—as saying that the budget, that is, Mr. MacEachen's budget, has "the very real prospect of creating uncertainty, confusion and disruption in the energy industry," and he has counselled that rather than penalizing foreign-owned oil companies, the wiser course would have been to provide incentives for Canadian investors to purchase shares in them, thereby increasing Canadian control.

My question is: In the light of Mr. Frazee's comment, and many other similar comments made since last Tuesday, is the

government reconsidering its policy of promoting Canadian ownership with the stick rather than with the carrot?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, of course that is a matter of interpretation and, as usual, my honourable friends opposite try to put the worst possible interpretation on the proposals of the budget, which is a perfectly normal thing. Opposition parties have done that for the last hundred years, too. However, I will—

Senator Donahoe: I didn't know Mr. Frazee was in the opposition party.

Senator Olson: No, I was talking about the general attitude of the opposition for the last hundred years—even our attitude when we were in opposition.

An Hon. Senator: Were you there, too?

Senator Olson: I was there for a while, yes.

An Hon. Senator: Do you recall the speeches you made in the other place at that time and the questions you were asking there?

Senator Olson: Yes, I am an expert in designing speeches and questions that seek out the weaknesses in the government's policy because I was probably in the opposition longer than my honourable friend. I was there for 10 years, so I have some knowledge of what I used to spend a great deal of time doing.

I will take the question as notice and refer it to the Minister of Finance for his comments, because that is, of course, where this was made, but I can say at the outset that the principles involved in Canadianizing the oil and gas industry, and to put Canadian companies in an advantageous position in doing that in the future, are not negotiable. That is the stated policy of this government, and what may be adjusted are some of the methods of doing it, but what is in the budget stands in that respect.

I would like to mention also, I appreciate that members opposite missed me yesterday afternoon. Senator Donahoe was not the only one. I read that Senator Murray missed me. I should like to draw to their attention that I was here for about 30 minutes of the Question Period in spite of the change of order. The answer to the second part of that first question is, yes, there were some very important matters of state that were probably being very well managed.

Senator Donahoe: Honourable senators, may I ask a supplementary question? I was very interested in the answer, and in light of it I would like to draw the minister's attention to the headline story that appeared in yesterday's—that is, the day before yesterday because of the time when this question was written—*Globe and Mail's* "Report on Business" which stated that since the budget, stock market trading has actually caused Canadian ownership to decrease. My question with respect to that headline is: Will the minister now concede that it makes no sense to have thrown away the goal of self-sufficiency in this decade for a policy which is having the opposite effect to that intended, and will he commit his government to act to rectify this situation?

Senator Olson: Honourable senators, that is how we get into difficulties here. The honourable senator is now saying that the government has thrown away the goal of self-sufficiency in this decade. Of course, that is absolutely, unreservedly, unequivocally untrue. We have not. In fact, the goal has a higher priority now than it had under the previous government, or even prior to the election campaign of 1980. It is well known that that policy was, is and will continue to be our policy, and if that is so, then all the rest of the question may as well be thrown in the ash-can.

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development. It concerns Petro-Canada. Would the minister explain to us how Petro-Canada's finances are arranged in terms of their buying into the various consortia in exploration, and in terms of the various projects that they are getting involved in, for example, the acquisition of companies and the building of oil rigs, and so on. I realize that there is no share capital available, but how exactly is the money put together or found?

Senator Olson: That is a fairly complex question. My honourable friend will realize that it is a program that will evolve not only over a number of months but a number of years. I could bring my honourable friend a report on some of the principles involved in that if he was unable to grasp them by reading the budget and the energy papers. Certainly, for his edification, it would be necessary to have updates on that from time to time. If he asks me for them, I will see that he gets them.

• (1440)

Senator Doody: I have a supplementary question. The budget reference to PetroCan is really not very helpful in trying to determine what the original financial structure of the operation was. It was acquiring rights in various oil exploration groups long before this particular budget was presented. I think it would be a rather futile exercise for me to try to find it, even with the aid of the yellow highlightings that the honourable minister was kind enough to supply. They were very helpful. It must have taken his staff all of three minutes to go through that exercise.

I must say, however, that we had a *quid pro quo* on that particular day. I offered to get him a copy of John Turner's comments. I have them now, and I shall ask a page to take this document to the minister. It was not available in Ottawa, so I had to send to Toronto for it. I can't understand why it was not welcome in Ottawa. It will make some late bedtime reading for the Minister of State for Economic Development.

In the minister's quest for information on PetroCan structuring, I wonder if he will try to find for me the rationale in using some of these moneys—which are not private moneys, obviously—to buy $300,000 worth of paintings. I understand that PetroCan has recently acquired $150,000 worth of Canadian art, and is intending to buy another $150,000 worth in the near future. Would the minister determine whether that is a proper use of PetroCan funds in its ongoing desire to Canadianize, if I may use that terrible word, the oil industry?

Of course, these may be oil paintings. That may be the explanation.

Senator Olson: To the extent that that is a serious question, and I assume it is, I will make a reference to the minister responsible for PetroCan and obtain the answer.

Senator Doody: Excuse me, but you may have to get two answers, one from the minister in charge of cultural affairs and another from the Minister of Finance. I rather imagine they have different views on this acquisition.

NATIONAL HARBOURS

PROPOSED LEGISLATION

Hon. Ann Elizabeth Bell: Honourable senators, I have a question that I should like to address to the Leader of the Government in the Senate. Can he tell us when we can expect the government to introduce the promised legislation concerning Canada's ports? I believe this is something that he is as anxious as I am to see introduced. Is there any indication as to when we can expect this legislation?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, no date has yet been set for the introduction of the west coast ports legislation, but certainly legislation is in the course of preparation. I can understand the Honourable Senator Bell's great interest in this subject because of the importance of ports in her area of responsibility.

Senator Bell: If I may ask a supplementary, would the leader use his persuasive ability to see if we could have the ports legislation introduced here in the Senate where we could give it a thorough scrutiny, as we usually do in our committees, and members of the other place could then confidently pass the legislation with dispatch?

Senator Perrault: As usual, the honourable senator has advanced a constructive idea and certainly representations will be made in that direction, but if the proposed ports legislation contains certain financial clauses its introduction in this chamber may not be possible. However, I fully support the implementation of Senator Bell's request, if at all possible.

Senator Bell: This is not exactly a supplementary question, but perhaps I could point out that the particular legislation I have in mind will probably save the taxpayers' money and not spend it.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—QUESTIONS RESPECTING PROCEEDINGS—POINT OF ORDER

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, now that we are blessed with the presence of Senator Hays, the joint chairman of what I suppose I can call the Constitution Committee, I wonder if I could ask him to inform the Senate of the main decisions taken at this morning's meeting, and whether they are positive or negative.

[Senator Doody.]

Hon. Harry Hays: Honourable senators, I am pleased to answer the honourable gentleman's question. The committee met this morning at 9.30 and proceeded to choose two joint chairmen, one from the House of Commons and one from the Senate. Nobody seemed to vote against the selection of either of the nominees, so I suppose they must have been satisfactory.

This was very important business because this is probably the most important committee ever convened in the last 113 years, and I think we are right on the brink of success. I certainly hope we are.

The next item of business was the appointment of the steering committee, in which we got a great deal of help from members of the opposition in the persons of Senator Flynn's deskmate, the senator who sits immediately behind him, and the senator who sits on Senator Roblin's left. Senator Flynn has probably not conversed with these committee members since the meeting this morning. They were at the meeting and were of great help.

The make-up of the steering committee is the two joint chairmen, three Liberals and three Progressive Conservatives—I thought that was a pretty fair way to do it, and I am sure the honourable senator will agree—and one member of the NDP.

Senator Olson: There are too many Conservatives.

Senator Hays: Then we moved on to whether we should advertise. This was really an organization meeting which has not been completed yet. We considered how we should inform the Canadian public as to how the committee is going to proceed, in the committee, and agreement on that was achieved by about 12.30. Anyone who wants to attend meetings of this committee will, by and large, be welcome.

Hon. Royce Frith (Deputy Leader of the Government): I rise on a point of order. Since the members opposite, particularly yesterday and earlier, displayed such an interest in compliance with the rules, I would draw their attention to chapter 9, page 129, of Beauchesne, on the subject of questions:

> A question oral or written must not . . .
>
> (hh) seek information about proceedings in a Committee which has not yet made its report to the House.

Senator Flynn: That is all right, but that is not in our rules. You can go back a hundred years but you will find that that is not in our rules. Questions here may be put to any chairman of a committee on the activities of that committee. That is what I was doing.

Are you really objecting to my question? Do you want another ruling by His Honour the Speaker? Do you want him to rule as you wish?

Senator Frith: I am answering your question as to whether I want a ruling, and your other questions. My answer is that yesterday and previously we had honourable senators on the other side and on this side raising points of order. We sat and listened to them, and I want to put on the record that the honourable senator's question is out of order according to

Beauchesne. Now, it may be in accordance, as frequently is the case, with the rules according to Flynn, but it is not with the rules according to Beauchesne.

[*Translation*]

Hon. Martial Asselin: Honourable senators, I have been sitting in the Senate for nearly nine years now and our rules, and indeed our customs, have always allowed senators to put questions to all committee chairmen. We have done that in many instances, and never did government representatives attempt to stop us. Committee chairmen have always accepted questions from senators concerning committee work, so today why should we change the rules and customs that have prevailed for all these years?

• (1450)

[*English*]

Senator Frith: It depends on whose ox is being gored. We raise a point of order and the objection is that it is being raised. So it depends on who is raising it. Anyway, that is what it says.

Hon. Duff Roblin (Deputy Leader of the Opposition): I would like to address the point of order, honourable senators, if I may. I refer the house to page 7 of *Rules of the Senate*. I do not refer to Beauchesne but to section 20 of our own rules, which reads as follows:

> (1) When the Speaker calls the question period, a senator may, without notice, address an oral question to . . .
>
> (c) the chairman of a committee, if it is a question relating to the activities of that committee.

So the third person to whom questions may be addressed is the chairman of a committee, if they relate to the activities of that committee.

Senator Asselin: That is right.

Senator Roblin: That seems to fit precisely the proceeding initiated by my honourable friend the Leader of the Opposition. He wished to address a question to the chairman of a committee relating to the activities of that committee. I submit, according to our own rules—which, in my opinion, take precedence over *Beauchesne*—that the Leader of the Opposition is in order.

I will leave the point of order, seeing that it is groundless, and ask the permission of the house to make an addition to the report given us by the joint chairman.

Senator Frith: Honourable senators, as the Honourable Senator Roblin says, a question to the chairman of a committee about its activities is in order, but the proceedings of, and what is taking place in, the committee are not the same as its activities. For example, it is perfectly proper to ask a question about when the committee will meet.

An Hon. Senator: You are splitting hairs.

Senator Frith: It is proper to ask if the committee intends to meet later or when it is going to meet, but it is not proper to ask about the proceedings in the course of its meetings before it has made its report. For example, there is no entitlement to ask questions about evidence given before a committee until the committee has made its report.

Senator Flynn: I did not ask that, anyway.

Senator Roblin: That is an interesting interpretation of the word "activities". For all I know, it may be a correct interpretation, but I don't think it is. I think the word "activities" means exactly what it says, namely, what went on. That is what "activity" means to me. It means what went on. We have not asked the honourable joint chairman for anything more than a short report on what went on.

Senator Frith: You were there.

Senator Roblin: But I have to say, with respect, that he omitted the most important thing that went on this morning, which I feel perhaps should be brought to the notice of this house.

Senator Perrault: What was that?

Senator Roblin: That was the question of whether or not we were going to open the windows and the doors and let the people of Canada in by means of television and electronic devices, because the proceedings of this committee could be broadcast by television and radio to all the people of Canada.

It would be out of order, I think, if I attempted to deal with any of the arguments, but I merely wish to report the fact that the matter was raised by the committee, and I am unhappy to say that the motion was defeated.

Senator Frith: Order. We are talking about a question to the chairman. Surely, honourable senators, we should try to come to some understanding about this, because this committee will be meeting every day. In my opinion, it is not good to have a scrap over this and have a ruling on it. I think we should try to come to some understanding about how we will interpret these rules, and to see if we can have a consensus on it. No one wants to choke off questions or to choke off debate, but when a question is asked to the joint chairman about the proceedings of the committee so that it becomes necessary for him to give an interim report, I submit that that is out of order. Admittedly, there is a nice distinction as to how the words in the rule should be interpreted. I understand Senator Roblin's view and he understands mine. We do not agree with each other, but we see our two points as arguable positions.

There is another point. Will the members of the Senate who are members of that committee continue what has taken place here this afternoon? Will they continue to ask the joint chairman about what has taken place at a committee meeting at which they were present?

Senator Flynn: Where decisions were taken.

Senator Frith: And will they then make comments on the answers that are given, thus, in effect, making an intervention which is tantamount to a debate on the answers given?

We should get together to see if we can find some balance on this matter, so that, while we do not totally ignore the activity of the committee, we nevertheless do not proceed to

have reports every day on what is taking place there, especially when we already have representation on the committee.

Senator Roblin: Speaking to the point of order, I was careful to ask permission of the house to add to the report given by the chairman, and I would like that point to be noted. So far as I am concerned, that permission was granted or I would not have continued with my remarks. It seems relevant to me that the most important thing the committee did should be reported.

The Hon. the Speaker: Honourable senators, the joint committee will be holding meetings every day for a considerable time. For that reason, and because I think the matter is of sufficient importance, it is my opinion that the point of order that has been raised requires some clarification so that both sides will know where they stand, not just in respect of today but for the future as well.

I do not want to be caught in the position of prematurely confirming the position of either side at the moment. I shall therefore reserve my judgment on the matter.

TRANSPORT

WESTERN CANADA—GRAIN HAULING SUBSIDIES

Hon. Martha P. Bielish: Honourable senators, I should like to direct a question to the Minister of State for the Canadian Wheat Board. I am sure he must be feeling neglected this afternoon, not having had any questions directed to him.

Senator Marshall: Neglected and rejected.

Senator Flynn: He was rejected yesterday. Today he is neglected.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I just could not get any attention.

Senator Bielish: Is the minister aware that in Valleyview, Alberta, as well as in other locations in western Canada, grain companies have offered to bear all of the costs involved in constructing an offline elevator, if they can be assured that hauling subsidies will be available?

Is the Minister of State for the Canadian Wheat Board in a position to indicate whether western farmers can anticipate implementation of a policy to subsidize the hauling of grain by truck, where the producers have to haul more than 20 miles?

Senator Argue: Honourable senators, I will take that question as notice.

Senator Bielish: I have a supplementary question. If you intend to do that, can you offer the complementary assurance that sufficient additional car allocations will be granted in order to move the increased volume of incoming grain?

Senator Argue: I make the same reply.

ENERGY

THE BUDGET—EFFECT ON OIL AND NATURAL GAS EXPLORATION

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to address a question to the Minister of State for Economic Development. My question has to do with the oil business.

I presume he saw the interesting headline in the paper this morning about Canadian Hunter shifting to the United States in the wake of the budget. The story goes on to say that the company is making that move because it appears to them, at any rate, that the value of their holding has been reduced by one-third by the instrumentality of Mr. MacEachen's budget.

I will not enter into any discussion with the minister on that or query that particular point, because it is subjective with respect to Canadian Hunter. I do wish to ask him, however, whether or not these shifts in the oil industry in Canada will be included in the work of the Petroleum Monitoring Agency. That agency has been set up to examine the shifts of capital investment and profits, and other things like that, and activities of the petroleum industry generally in Canada, and it seems to me it would be important that they be instructed to take account of the shift and movement of petroleum activity from Canada to the United States in order that we might have some objective standards for measuring the effectiveness of the government's oil sufficiency policy.

Hon. H. A. Olson (Minister of State for Economic Development): I will take as notice that part of the question dealing with whether they have looked specifically at the movement of exploration activity, or, in fact, whether they have asked the oil and gas development companies to give them indications of the movement of their rigs in and out of the United States. Of course, we have other ways of obtaining information concerning the movement that goes both ways, but I will take as notice that part of the question concerning whether they are asking about that specifically.

• (1500)

As to the newspaper headline, that is the opinion, I guess, of the President of Canadian Hunter. He should be well advised to inform himself about some of the other aspects of the budget, because if he does that, he might come to the conclusion that several other Canadian companies came to. That is the objective of Canadianizing the industry, and it may be in his interest more than he is willing to acknowledge.

Senator Roblin: I am not challenging the minister's opinion, because he is entitled to it. I am asking him to monitor what actually takes place. I am not only interested in the movement of drilling rigs. I want to know about the movement of capital, because what is important to me in this story is the fact that the company is to move its entire capital investment to the United States in 1981, and that is a sum of between $50 million and $100 million. The movement of capital is the significant point here, and I urge my honourable friend to have the Petroleum Monitoring Agency advise us on this, because it might become a very important matter.

Senator Olson: Honourable senators, it is a little difficult to quantify and qualify intentions. Perhaps they could be asked about this. As I said, I will take that part of the question as notice. Whether they might have spent $70 million or $100 million, and now intend to spend less, makes a difference in the

market availability of, in this case, natural gas and other things. I am sure my honourable friend will have some sympathy, because to be precise about intentions is not always easy.

Senator Roblin: I agree with my honourable friend that that does present a problem, but the government is continually assessing intentions in the economic field in order to conduct its activities, so I suspect it can do so in this case.

NEGOTIATIONS BETWEEN FEDERAL GOVERNMENT AND GOVERNMENT OF ALBERTA

Hon. Duff Roblin (Deputy Leader of the Opposition): I should like to refer to a question I asked my honourable friend yesterday concerning areas of negotiation that might be open between the federal government and the Government of Alberta. My honourable friend, in his coy style, refused really to give me an answer of any kind on that. Yet, I find that the day before the question was asked, the minister responsible, the Honourable Marc Lalonde, stated that there was an area of negotiation, and, in fact, said that Alberta was to get a new offer with respect to the unconventional oil sands production—at least the heavy oil production—or things of that sort. I expect my honourable friend can now confirm that there is an area in which negotiations are taking place. Has the minister any information as to whether the Province of Alberta has agreed to negotiate with the federal administration with respect to these areas?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I assumed that there was nothing wrong with my honourable friend's memory, and there certainly is nothing wrong with mine. I told him and other senators at least four or five times that one of the priorities of this government is incentive to bring on synthetic oil, whether from mining operations, the Cold Lake type of enhanced recovery, Lloydminster, Peace River, or half a dozen other places where that quality of oil is. There is just no question that we are willing and ready to negotiate. As a matter of fact, we have already made what we think are significant offers in that respect. We offered as much as $38 plus inflation, which is more than twice as much as the present conventional price in the stream now.

To get back to the specific question of whether that is the subject of further negotiations, we certainly hope it will be one of the subjects. I can tell my friend that there has been some communication since the budget between officials from the Department of Energy, Mines and Resources and the Province of Alberta. We hope that serious negotiations will take place soon on a number of specific points. They made no secret at all that one of the subjects will be the one that my honourable friend has identified. We regard bringing on more supplies as holding the greatest potential for increasing Canada's oil supplies, and we are very anxious to renegotiate that.

Senator Roblin: I guess I am really regretting that my honourable friend did not tell me that yesterday.

Senator Olson: I told you that four or five times.

Senator Roblin: I am sympathetic with him and sincerely hope that negotiations with the Government of Alberta do result in an agreement on what might be done with those matters. I urge him to exercise a little flexibility, because that is what we are always told is the hallmark of the administration.

AGRICULTURE

ATLANTIC REGION—PROPOSED VETERINARY COLLEGE

Hon. Robert Muir: Honourable senators, my question is for the Minister of State for the Canadian Wheat Board. I ask this question of him, knowing of his vast experience in agricultural matters, having observed him for many years and having heard his dissertations on questions put in the other place.

I should like to ask him if he can advise the Senate of the status of the proposed veterinary college in Atlantic Canada. Is this proceeding at the moment, or will it come to fruition? I would not mind the minister taking the question as notice and bringing to the Senate a full and comprehensive report so that we can all get up-to-date on where it stands at the moment.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): It is quite obvious that this is not within my jurisdiction; I am not here to answer on behalf of any particular minister. The question has been considered by members of the Standing Senate Committee on Agriculture on previous occasions. A great deal of interest has been shown in having a veterinary college in Atlantic Canada. I will take the question as notice and obtain further information.

Senator Muir: The reason I posed the question is that I have heard so many conflicting stories about it. I am wondering whether there ever will be a veterinary college there. I would appreciate the minister contacting his colleague in the other place, the Minister of Agriculture, to find out what is happening on this matter.

HEALTH AND WELFARE

THE BUDGET—IMPACT ON LOW INCOME FAMILIES

Hon. Jack Marshall: My question is for the Minister of State for Economic Development. It relates to a question I asked last week with respect to the burden placed on pensioners and low income people because of the high cost of energy.

Some alarming statements have been made by the Canadian Council on Social Development. One is that the budget will add roughly $500 a year to the living costs of an average family. Another alarming statement, one that I thought we would never hear in Canada, is:

> —that social unrest is apt to rise over the next few years unless there is a basic change in federal social policy—

And there is another:

> Canadian society will pay a heavy price in lost productivity, personal bankruptcy and higher rates of domestic violence—

I wonder whether the minister read the report by the Canadian Council on Social Development, and if he has, whether it has been discussed with his colleagues with the aim of reviewing the high cost of fuel to poor people in the future.

Hon. H. A. Olson (Minister of State for Economic Development): I shall take that question as notice and refer it to my colleagues. It was asked in the other place several times. I could give the honourable senator the same answers, and he would expect me to do that. We have noted with some satisfaction that the cost to the consumer is somewhat less now than it was under the previous budget.

If my honourable friend has not seen those answers, I can send them to him. They appear in Commons *Hansard*. That is freely available to everyone here. I could identify the pages where those answers appear and draw them to his attention.

● (1510)

Senator Marshall: Honourable senators, I follow *Hansard* very carefully, but I neither appreciated nor accepted the answers given in the other place. Since the minister said, just a few moments ago, that he was an expert on questioning, I thought he might be an expert on giving the proper answers, too.

Senator Olson: My honourable friend would not be advising me now to give an answer different from that given in the other place, especially after he has heard his leader tell us about—

Senator Muir: Probably a more comprehensive answer.

Senator Olson: —about cabinet solidarity, and that if we support the policy we must all give the same answer. I am sure he would not expect me to give any different answer.

Senator Marshall: In the event that the minister is a little more sympathetic than his colleagues in the other place, perhaps he would, given the seriousness of the situation, take the question as notice and bring it up again.

Senator Olson: Honourable senators, all of the ministers in this government have demonstrated that they are substantially more sympathetic to this problem than were the ministers of the previous government.

Senator Flynn: What is the word for that? It is not parliamentary.

ENERGY

OIL IMPORTED FROM MEXICO—COST OF CONVERSION

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wish to respond to a question raised by Senator Charbonneau on October 29 last in which he was seeking information concerning oil imported from Mexico.

First of all, I should like to point out that all sales contracts that Mexico is now executing, including those with Canada and Japan, for example, relate to specified quantities of oil and do not specify quality. Therefore, the purchasers pay according to the quality received.

[Senator Marshall.]

With regard to the additional costs of refining heavy crude, the honourable senator should know that the refining industry is responsible for maintaining its equipment in a suitable and adequate condition. I would add that companies around the world understand that the world gravity of oil is getting lower. In other words, the percentage of heavier crudes is increasing worldwide and is not a problem facing Canada alone.

Keeping in mind the Canadian consumer, our government has obtained a commitment from four refineries in eastern Canada which will be prepared and able to handle the Mexican crude. In addition, Petro-Canada is looking into the possibility of upgrading another plant in Montreal.

I trust this answers the honourable senator's questions. He may also want to refer to pages 61 to 65 of *The National Energy Program*, which outline improvements for the efficiency of crude oil use.

CROWN CORPORATIONS—APPLICATION OF PETROLEUM AND GAS REVENUE TAX

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should also like to reply to questions raised on Friday, October 31, by Senator Steuart and Senator Roblin, concerning the petroleum and gas revenue tax. I should like to explain that federal crown corporations already pay taxes to provincial governments, both income taxes and other forms of levies and royalties. It should also be noted that the federal government exempts provincial crown corporations, including SaskOil, from paying federal income taxes.

The petroleum and gas revenue tax is a tax on a product and not on an entity. Therefore, the tax is to be levied on the output, including that of both federal and provincial crown corporations, without consideration for the ultimate beneficial ownership of the entities involved.

I trust this response will answer the questions raised by both honourable senators.

CONFERENCE ON SECURITY AND CO-OPERATION IN EUROPE

VISIT OF PARLIAMENTARY DELEGATION TO BRUSSELS, BELGIUM

Hon. Stanley Haidasz rose pursuant to notice of Thursday, June 12, 1980:

> That he will call the attention of the Senate to the proceedings and results of the IV Interparliamentary Conference on European Co-operation and Security held in Brussels, Belgium, from 12th to 18th May, 1980.

He said: Honourable senators, I welcome this opportunity to inform you on the IV Interparliamentary Conference on Security and Co-operation in Europe, held in Brussels, Belgium, from May 12 to 18, 1980. I had the privilege of serving as rapporteur of the Third Committee, dealing with humanitarian issues, as well as being a member of the Canadian

delegation, along with Senator Balfour and three members of the House of Commons.

We prepared ourselves for this conference by holding intensive briefings, which helped us a great deal in preparing a text of draft resolutions of our own, covering all three committees, plus the follow-up questions.

As we arrived in Brussels last May, we sensed an atmosphere of apprehension and expected a stormy and even inconclusive meeting. Without exaggeration, international relations at that time were going through perhaps the most dangerous period since World War II. A few months earlier, Soviet troops had invaded Afghanistan. Détente was chilled and a new cold war was beginning to develop. With American hostages still prisoners in Iran, the Soviet military build-up accelerating, the Western alliance strained, prospects for détente, and even peace, were indeed dim.

Many delegates wondered whether this meeting would produce concrete results and provide a helpful input to the forthcoming November inter-governmental CSCE review meeting in Madrid, or whether our conference would lead to more confrontation and a breakdown in the CSCE process.

The Canadian delegation entered the Brussels conference well prepared, with the dual objectives of keeping the CSCE process alive and maintaining our strong position on such questions as the principles of security, economic co-operation, and especially human rights.

The Canadian delegation played an active role in the debates, drafting groups and informal sessions. Our draft resolutions were submitted to the conference and, owing in part to the fact that Canada was represented well on all of the committees and drafting groups, our interests were fully taken into account.

We expressed the hope that the Brussels conference would be a positive contribution to the forthcoming Madrid Review Conference. We strongly felt that it was necessary to reaffirm the commitment to peace, security and justice, that détente should be regarded as indivisible, and that the principles contained in the Helsinki Final Act should be implemented in their entirety. We emphasized in our interventions that Principle Seven, dealing with human rights, was most important, and that it was necessary to reaffirm this and other obligations contained in the Final Act so that the CSCE process could go forward.

In a speech to the plenary session, one of our delegates emphasized that the principle underlying all the others was respect for the sovereignty of states and for agreements and commitments made. Mr. Frank Hamilton, one of the three members of the House of Commons on the Canadian delegation, focussed on the question of economic co-operation, and particularly on the role of food in European and world relations. He stressed that the production and distribution of food was a major factor in attempts to promote stability, co-operation and security, and he went on to warn us that the food situation in the world would approach crisis dimensions within the next 20 years.

The effectiveness of the work of the Canadian delegation in the committees and drafting groups may be judged from the progress that was made in our deliberations and final resolutions. For example, the First Committee drafting group helped to secure new clauses on human rights and hostage-taking; our activities in the Second Committee drafting group led to the incorporation of new language on business contacts and information; while the Third Committee drafting group helped to gain acceptance for strengthened wording on family re-unification and new clauses concerning religious groups and the protection of authors' rights, introduced by Mr. R. Gourd. All of these were submitted by the Canadian delegation, and our success in the Second Committee drafting group was due mainly to the efforts of Senator Balfour.

In the working group on the Follow-up Committee, the Canadian draft resolution provided the basic text for discussion and drafting. After heated discussions and brinkmanship tactics by the U.S.S.R. delegation, the Brussels Conference produced agreement on a set of concluding resolutions arrived at by consensus.

● (1520)

I believe the preamble to the concluding resolutions adequately reflected parliamentarians' assessment of the current European and world situation. It noted the recent deterioration in international relations and urged those states guilty of armed intervention against other sovereign states—such as the invasion of Afghanistan by the U.S.S.R.—and violations of human rights, to end them without delay, and adopt global and indivisible détente as the objective for the states participating in the CSCE process. At the same time it declared itself for the continuation of the CSCE process in all appropriate ways, and stressed the significance of holding the Madrid Conference on the appointed date.

The concluding resolutions of the First Committee, dealing with security, détente and disarmament, reaffirmed the absolute validity of the ten basic principles of the Helsinki Final Act, called on the Madrid Review Conference to work out a mandate for a conference on military aspects of security and disarmament, and stated that such a conference should be an integral part of the CSCE process. It contained a list of confidence-building measures which could possibly be agreed upon by the CSCE states. These included, among others, measures to reduce considerably the threshold of notification of, and the ceiling for, military maneuvres; to reduce the threshold of notification of major troop movements, and of all major military manoeuvres; to refrain from carrying out multinational manoeuvres in certain zones, according to agreed criteria; to initiate regulations on the international transfer of conventional weapons; to seek the definition of a valid method of assessing the degree of balance of military forces and installations in Europe with a view to the progressive reduction of their level; and to expand the provisions of the Helsinki Final Act to include wider and more binding measures enforceable in defined geographical areas.

This set of concluding resolutions was also notable for two considerable advances on the final text of the 1978 Vienna

Conference, namely, several clauses stressing the importance of respect for human rights and the rights of national minorities, and a new paragraph calling on parliaments and governments to co-operate, in accordance with international law, in combating the taking of hostages and all other acts of terrorism.

The concluding resolutions of the Second Committee, which dealt with co-operation in the field of economics, science, technology and environmental problems, were very similar to the text agreed on in Vienna, although with some updating and additions. The main new features included a recommendation to governments to ensure economic co-operation and development of trade "on a mutually advantageous basis", strengthened clauses on the provision of business information and new items dealing with improvements in business contacts, co-operation between the European Economic Community and the Council for Mutual Economic Assistance, and future meetings on energy and transport. It also noted the importance of extensive exchanges of information on energy matters as a basis for closer international co-operation in this field.

The concluding resolutions of the Third Committee, on co-operation in humanitarian and other fields, contained sections on contacts between people, information and culture, which represent a reinforcement of the Vienna text. The provisions on family visits, family reunification and bi-national marriages were not only reaffirmed, but improved. The same is true for the sections on fees charged for passports, the gradual elimination of administrative and financial obstacles to travel, access to information for the general public, facilitation of the work of journalists and improvement of the possibilities for cultural exchanges. There were also new clauses dealing with such matters as contacts among religious and other groups, and also the protection of authors' rights, which did not appear in the final text of the Vienna Conference, but which were submitted at this meeting by the Canadian delegation and adopted unanimously.

The committee on follow-up to the conference recommended that the concluding resolutions be conveyed to parliaments and governments, so that they may be taken into account in the preparatory work on the CSCE meeting in Madrid, and it also advocated various ways of continuing the CSCE process at the inter-parliamentary level.

So, after six days of intensive work and stormy sessions, we breathed a sigh of relief. We overcame many difficulties posed by the hard line stance and brinkmanship of the U.S.S.R. delegation. Maybe it was through the knowledge that some common ground could be found, despite the serious state of international relations, or maybe through the realization that east-west relations being so poor, an extra effort was needed to prevent a total break-up and its awful consequences, that a consensus was reached in the final hour of the conference, just before the closing of the plenary session.

All the concluding resolutions, however, were adopted unanimously, and I am happy to say that progress was made in many provisions of the Helsinki Final Act. The final text was a definite improvement over the one passed at the III Interparliamentary Conference held in Vienna two years earlier. Therefore, the Brussels concluding resolutions should provide a very useful input to the preparations and deliberations of the governmental Madrid review meeting which is to begin on November 11.

Since this UPU meeting on the CSCE, some senators and MPs have spoken at meetings of representatives of ethno-cultural organizations and the ethnic press, which is greatly interested in the monitoring process and the forthcoming Madrid review meeting.

In its efforts to meet concerns expressed by parliamentarians and the interested public, the government decided to have a subcommittee of the House of Commons Committee on External Affairs and National Defence hold special hearings. Senators were invited to attend these hearings, and three or four senators did take an active interest in this work and contributed to the writing of the report.

The committee received 115 submissions and heard 71 witnesses from various organizations, corporations and governmental bodies who came with interesting and constructive comments during 47 hearings. An overwhelming majority of witnesses urged that the Canadian delegation take a strong stand in defending all of the aspects of human rights and seek to promote a balanced approach to détente. In particular, we were asked to press for a thorough review of the implementation of all the provisions of the Helsinki Final Act, and to elaborate a satisfactory final document, reconfirming the commitments made by the signatory countries, without exception.

One very interesting and, indeed, desirable recommendation called for the establishment of an international monitoring committee as part of an on-going follow-up process.

The Amnesty International brief called on the Canadian government to make a serious effort to ensure that the Madrid concluding document contain a definite reference to the legitimacy of citizens' monitoring groups.

• (1530)

The representatives of the Lithuanian and Latvian organizations expressed great concern over the erosion of the national identity of their former homelands due to the great influx of Russians into these countries, and the efforts of the U.S.S.R. authorities to "Russify" their culture and language.

Other ethno-cultural organizations asked us to plead forcefully on behalf of the persecuted human rights activists, prisoners of conscience, and separated spouses and families.

Representations were made by businessmen to strengthen our trade commissioner service in eastern Europe and to increase assistance to Canadian companies which are trying to improve our trade with eastern European countries, for example, by greater Canadian participation in foreign trade fairs.

The role of Radio Canada International was also reviewed, and opinions were expressed that this government agency should be given more resources to expand its broadcasting to the U.S.S.R. and eastern Europe.

The subcommittee also turned its attention to Canada's responsibilities in fulfilling its commitments to the Helsinki

Final Act by urging Parliament and government to enhance women's rights to equality, such as equal pay for work of equal value, equal job opportunities, equal treatment when marrying outside their native group, equal benefits under the law, and to accelerate the processing of reunification of spouses.

I recommend to honourable senators the report of the subcommittee, which was tabled in the other place yesterday afternoon. This report, consisting of 51 paragraphs, includes 30 recommendations that our Canadian delegations should take into account at their meeting at Madrid. I believe this report is a comprehensive one and that it faithfully reflects the views of our witnesses. It should serve as a useful guide to our delegation.

Honourable senators, I hope you will also have the opportunity of reading the minutes of the proceedings of that committee, for they really shed a great deal of light on the views of various ethno-cultural organizations and business corporations, especially the concerns of various sectors of the Canadian people as to the continuing development of that process and, in particular, the violations which have been committed by certain signatory countries.

We should also exert our influence as parliamentarians to ensure that the Secretary of State for External Affairs and the official delegation to the Madrid review meeting, which begins on November 11, maintain a very vigilant position, as so many attempts are being made by the Soviet bloc delegations to curtail the review of the implementation of the provisions of the Helsinki Final Act. Unfortunately, to this day, the preparatory meetings which began on September 9 in Madrid are at an impasse, having failed to reach an agreement on an agenda and a method of procedure for the review meeting.

Honourable senators, the Helsinki Final Act is basically a solemn, international compact freely negotiated between the U.S.S.R. and the other states of Europe as well as Canada and the U.S.A. The agreements reached at Helsinki have become a beacon of hope for human rights compaigners and those who are working to improve co-operation in the economic, environmental and cultural fields in Europe, to which we are so closely tied. This international compact, which was born in Helsinki, must not be allowed to die in Madrid. I, therefore, urge honourable senators to join in this noble effort to ensure peace and justice.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, may I ask Senator Haidasz a question of elaboration?

Some Hon. Senators: Agreed.

Senator Frith: I understand that he may well be, or is expected to be, a delegate to Madrid; is that correct?

Senator Haidasz: Yes.

Senator Frith: I heard the news reports which Senator Haidasz referred to. Does he feel able—both in terms of having the necessary information and opinion to do so, and of the appropriateness of his doing so—to elaborate on two matters? This is in the context of the news reports and the wrangling which is going on in Madrid which, in turn, follows some analysts' opinions that the Soviet Union will use the Madrid Conference to make it the last conference and thereby undermine the Helsinki Final Act. Does Senator Haidasz feel that the subject of the report that he has just given, and the decisions made at Brussels, lay the foundation for us to answer this threat?

My question is: Does he think there is any reality to the threat that the Soviet Union will try to undermine the Helsinki Final Act by the Madrid meeting, and does he think the meeting in Brussels laid any foundation to prevent that happening?

Senator Haidasz: Honourable senators, in reply to the questions posed by Senator Frith, I must say that I am not in a position to say what the intentions of the U.S.S.R. will be in the future, as far as the continuing process of the CSCE review is concerned. Of course, several analysts think that the whole CSCE process may die in Madrid, but some of them, however, are saying that the U.S.S.R. is really biding its time, waiting for the results of the elections in the U.S.A. before deciding what its next step will be, this depending on who will be chosen as the next President of the United States.

As far as the second part of the question is concerned, both the concluding document of the IPU Conference on the CSCE which took place in Brussels, as well as the report of the subcommittee which was tabled yesterday in the House of Commons, strongly urge all parliaments and governments to continue their efforts to have regular follow-up conferences and I hope this will be the case.

The Hon. the Speaker: Honourable senators, as no other honourable senator rises to speak, or wishes to adjourn the debate, this inquiry is considered as having been debated.

STATUTE LAW (MILITARY AND CIVILIAN WAR PENSIONS, COMPENSATION AND ALLOWANCES) AMENDMENT ACT, 1980

HEALTH, WELFARE AND SCIENCE COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. Jack Marshall, pursuant to notice of Wednesday, November 5, 1980, moved:

> That the Standing Senate Committee on Health, Welfare and Science be authorized to examine and report upon the subject matter of the Statute Law (Military and Civilian War Pensions, Compensation and Allowances) Amendment Act, 1980, Chapter 19, Statutes of Canada, 1980, and any regulation that may be made thereunder.

Hon. Royce Frith (Deputy Leader of the Government): May we have an explanation?

Senator Marshall: Honourable senators, you will recall that on July 10, 14 and 15 we debated Bill C-40, to reduce the burden on widows of surviving war pensioners and the qualifications for a pension below the 48 per cent level. We agreed unanimously in order to allow time for the administrative process, that the bill should receive Royal Assent without delay, which it did on July 17. We did that on the condition

that in the fall the subject matter of the legislation could be referred to the Standing Senate Committee on Health, Welfare and Science. In that way, we could delve into the clauses of the bill that were contentious and which we still feel are unfair.

• (1540)

Senator Frith: Honourable senators, I thank Senator Marshall for that explanation, and I do recall what he has said. I suggest we adopt the motion, and I defer, for further explanation, to Senator Lafond.

Hon. Paul C. Lafond: Honourable senators, I have no further explanation. It seems to me that what Senator Marshall has proposed is the normal procedure of the Senate on a subject of great importance. The subject of the study is evident from the title of the legislation. I think the Senate should adopt this motion immediately.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I would remind you that, in accordance with a motion that was adopted earlier, the Senate will reassemble next week on Wednesday, November 12, 1980, at 2 p.m. Tuesday is Remembrance Day, and the House of Commons will sit neither on that day nor on Monday.

The Senate adjourned until Wednesday, November 12, 1980, at 2 p.m.

THE SENATE

Wednesday, November 12, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—CHANGES IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate that the names of Messrs. Tobin and Lapierre had been substituted for those of Messrs. Lapierre and Henderson, and that the names of Messrs. Baker (Nepean-Carleton), Malone, Nowlan, Chénier and Gimaïel had been substituted for those of Messrs. Fraser, Baker (Nepean-Carleton), Beatty, Irwin and Mackasey on the list of members appointed to serve on the Special Joint Committee on the Constitution of Canada.

DOCUMENTS TABLED

Hon. Royce Frith (Deputy Leader of the Government) tabled:

Report of the Department of National Health and Welfare for the fiscal year ended March 31, 1980, pursuant to section 13 of the *Department of National Health and Welfare Act*, Chapter N-9, R.S.C., 1970.

Report on the administration of the *Canada Pension Plan* for the fiscal year ended March 31, 1979, pursuant to section 118 of the said Act, Chapter C-5, R.S.C., 1970.

Report of expenditures and administration in connection with the *Family Allowances Act* for the fiscal year ended March 31, 1979, pursuant to section 14 of the said Act, Chapter F-1, R.S.C., 1970.

Report of expenditures and administration in connection with the *Old Age Security Act* for the fiscal year ended March 31, 1979, pursuant to section 26 of the said Act, Chapter 0-6, R.S.C., 1970.

Copies of a Statement related to the Changing of the Definition of Acrylic Yarn to the Import Control List, issued by the Department of Industry, Trade and Commerce pursuant to section 5 of the *Export and Import Permits Act*, Chapter 29, R.S.C., 1970.

Copies of a Statement related to the Addition of Whaling Apparatus and Appliances to the Import Control List, issued by the Department of Industry, Trade and Commerce pursuant to section 5 of the *Export and Import Permits Act*, Chapter 29, R.S.C., 1970.

Report of the Auditor General to the Solicitor General on the examination of the accounts and financial statement of the Royal Canadian Mounted Police (Dependants) Pension Fund for the fiscal year ended March 31, 1980, pursuant to section 55(4) of the *Royal Canadian Mounted Police Pension Continuation Act*, Chapter R-10, R.S.C., 1970.

Revised Report of Atomic Energy of Canada Limited, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1980, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C. 1970.

Copies of Agreement between Canada and France on Social Security, signed at Ottawa, February 9, 1979, together with Order in Council P.C. 1980-2859, dated October 23, 1980, approving same.

QUESTION PERIOD

[*Translation*]

THE CABINET

ABSENCE OF MINISTERS FROM CHAMBER

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, we had questions for the ministers but I can see they are not here today. In the circumstances, I doubt that it was advisable to have the Senate meet this week only today and tomorrow, just for the convenience of committees. Apparently, the ministers, and probably the government, do not consider these days as important. So they stay away. The Deputy Leader of the Government can perhaps give us some explanation.

Hon. Royce Frith (Deputy Leader of the Government): Yes, honourable senators, the Senate was convened today not only for the convenience of committees. I think Senator Argue is in town. He is here today. I do not know what keeps him away from the Senate at the moment.

Senator Perrault has other engagements in his home province.

I believe Senator Olson is also in Ottawa, and I am sorry he is not here now.

I am quite willing to take questions and transmit them to the appropriate department.

Senator Flynn: This is disgraceful. One cannot say they are overly concerned about their responsibilities towards the Senate.

• (1405)

[*English*]

THE CONSTITUTION

STATUS OF REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE

Hon. Lowell Murray: Honourable senators, I have a question for someone who is here, namely, the Chairman of the Legal and Constitutional Affairs Committee. My question, which I think I raised some days ago, is this: When may we expect the report from his committee on the work that they were doing this summer, and what is the reason for the delay in its submission to this chamber?

Hon. H. Carl Goldenberg: Honourable senators, the report was finally approved in substance and it is in the hands of our Parliamentary Counsel and staff for completion. We found quite a number of errors in translation. I expect to be able to present that report any time, but obviously it will not be this week. I will speak to the Parliamentary Counsel again today, but it is out of my hands and out of the hands of the subcommittee. The remaining work has to be done in order to present the report in proper language and style.

Senator Flynn: Will it be presented before December 9?

Senator Goldenberg: If the Leader of the Opposition insists that I present it after that date, I will be glad to consider accommodating him.

Senator Flynn: I am not the one to insist on that, but I hope that nobody else will.

Senator Goldenberg: I assure honourable senators that I will present the report as soon as it is ready, whether it be next week or the week after at the latest. That is my intention. I do not intend to hold it back.

[*Translation*]

Hon. Martial Asselin: Honourable senators, I have a supplementary.

Is it the intention of Senator Goldenberg, who is chairman of that Senate committee, to appear as a witness before the Joint Committee of the Senate and the House of Commons to table this report and explain to members of that committee the document prepared by him and his colleagues on the various subcommittees that sat last summer?

Is it his intention, before a decision is taken about patriation and the matter relating to the Senate, especially section 44, to appear before the committee as a witness in order to submit the views of the Senate as to the transformation of this chamber?

Senator Goldenberg: No, I do not intend to do so, because the report will not be a Senate report, but rather a committee report.

Senator Asselin: A Senate committee report?

[Senator Frith.]

Senator Goldenberg: A Senate committee report, yes, but not necessarily approved by the Senate.

[*English*]

Hon. G. I. Smith: Honourable senators, I would like to ask the same chairman another question. Having in mind the fact that members of the subcommittee were requested to, and did, act very vigorously in order to produce a report during the summer, and then particularly to have it ready for submission immediately after the First Ministers' Conference in early September was completed, why is it that nearly two months have gone by since that conference and we still have not received the committee's report?

Senator Goldenberg: For reasons which Senator Smith, as a member of the committee, should know. He attended meetings of the committee and knows that various changes were suggested, and when changes are made they have to be carried out in both languages. I assure Senator Smith that our Parliamentary Counsel, and the translators, who created some difficulties for other reasons, have been working at it steadily. I can assure honourable senators that there is no deliberate delay. If it is in the minds of some senators that I have been asked to delay the submission of that report, I want to correct that impression. As I have already said, I intend to submit the report as soon as it is handed to me in correct form by the people who are now working on it. I believe it is in the final stages.

• (1410)

Senator Smith: Honourable senators, I might just comment that although it may be that I should and probably do know, I am not aware of any particular reason why it should be so long delayed.

Senator Goldenberg: If Senator Smith wants to check on my answer I give him permission to talk to Mr. du Plessis, our Parliamentary Counsel, and check with him. Perhaps he will believe Mr. du Plessis when he shows the honourable senator why the report has not yet been presented.

Senator Smith: I suppose the honourable senator and I can exchange pleasantries of this kind for quite a while. At least, I feel some coming on myself. If he would like to indulge himself further I can probably keep up with him. However, I don't know that I have to get his consent to ask the Law Clerk anything I happen to want to ask him. What he may answer me is, of course, another question.

[*Translation*]

Hon. Fernand-E. Leblanc: Honourable senators, at the last committee meeting the members present unanimously agreed that the chairman should proceed as quickly as possible and present to the Senate the final report of the committee. You even said at that time, Mr. Chairman, that you would act as quickly as possible in order to incorporate the changes which had been made at the last meeting and that you would table the report before the Senate as soon as possible.

Senator Asselin: Just answer!

Senator Goldenberg: That was not a question; it was a statement of fact, was it not?

[*English*]

THE CABINET

ABSENCE OF MINISTERS FROM CHAMBER

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I rise to solicit the good offices of the Deputy Leader of the Government with respect to the missing cabinet ministers. Question Period is one of the most invigorating and, I think, productive periods we have in this house.

Senator Walker: Inspirational.

Senator Roblin: It sometimes inspires questions. I am not so sure that it does much else in the inspirational line. We are looking forward to the chance of asking some questions of the two ministers, not the Leader of the Government, on this occasion. I wonder if it is possible for us to proceed to other business, send out a whip to find out where these two laggards are, and when they get back here we could return to Question Period and pose the matters we wish to secure information on.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in rising to deal with that question, I do not want to seem to adopt what seems to me to be a rather unparliamentary description of ministers of the Crown. I am sure the expression was used humorously.

Senator Roblin: I never use unparliamentary expressions. Well, hardly ever, and certainly not on this occasion. When I describe them as laggards, that, they obviously are.

Senator Frith: That may seem obvious to the Deputy Leader of the Opposition. The question of their presence here, or their absence here—

Senator Flynn: That is more precise.

Senator Frith: —as leading necessarily to conclusions or inferences of the type drawn by the Deputy Leader of the Opposition is, of course, for him. I am in a position, as has happened on previous occasions, including the period when honourable gentlemen opposite sat on this side, when for some reason a minister or ministers are not here, to take any questions as notice and refer them to the ministers. I also have some briefing that might enable me to answer some questions. I suggest, with respect, that we proceed with Question Period. I will take questions, as is often done, as notice, attempt to answer them, or refer them and see that honourable senators get answers as soon as possible.

● (1415)

If it turns out later on today that one or both ministers appear, I certainly would not oppose reverting to Question Period, but I cannot undertake to send someone out to get them while we proceed with other business. I again underline that I am briefed, to some extent, and am happy—indeed eager—to handle any questions I can and forward those I cannot to the government.

Senator Flynn: If you are eager, that worries me.

ECONOMIC DEVELOPMENT

THE BUDGET—WESTERN DEVELOPMENT FUND

Hon. Lowell Murray: In that case, I wonder if the deputy leader could consult his brief to tell the Senate which minister will be responsible for the Western Development Fund?

Hon. Royce Frith (Deputy Leader of the Government): My brief will not give that answer, but I will undertake to get one.

ROYAL CANADIAN LEGION

INTRODUCTION OF AMENDING LEGISLATION

Hon. Jack Marshall: Honourable senators, I have a question for the deputy leader. It has to do with the petition that Senator Godfrey presented earlier today with respect to the Royal Canadian Legion. Could the deputy leader tell us when this bill will be presented to the Senate, and how it will be dealt with?

Hon. Royce Frith (Deputy Leader of the Government): I understand that this petition was not presented on behalf of the government. Senator Godfrey presented this petition for a private bill, and with the permission of the Senate I will ask him to enlighten us.

Senator Godfrey: The bill will be presented tomorrow.

GRAIN

CROWSNEST RATES—INVESTIGATION OF CP RAIL

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am going to try the deputy leader out on his offer and find out how good his brief is. Could he tell us what the Minister of State for the Canadian Wheat Board meant when, speaking in Winnipeg late last week to the Manitoba Pool Elevators, he said that a federal government plan to investigate CP Rail would be a necessary first step in the proposed task force study of the controversial Crowsnest rate situation?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I will have to take that question as notice. So far, in spite of a lot of possible answers I have, no right question has come along.

Senator Murray: Give us the answers.

Senator Roblin: I will try again. Will he tell us whether it is the policy of the government that there should be a study conducted of CP Rail to investigate their continuing responsibility to transport grain at low statutory rates before any action is taken with respect to the Crowsnest rates situation?

Senator Frith: Honourable senators, I assume that if it were the policy of the government, it would have been either

initiated by or concurred in by the minister concerned. I really believe that I should leave the question to him. I will see that this question and the previous one are brought to his attention.

Senator Roblin: Honourable senators, I appreciate the answer given, but the whole point of the question is that that is what the minister said. I am really asking if the minister is speaking through the back of his head or if he is speaking on behalf of the government. I rather suspect it is the latter, because if he is true to form and lives up to his usual capacity to recognize the proprieties of a minister of the Crown, undoubtedly he is reflecting cabinet solidarity and is not freelancing. But I should like to get some confirmation of the situation.

Senator Frith: Honourable senators, even if this third question were less rhetorical, I am sure that the honourable senator would not expect me to be able to answer any question relating particularly to the front or back of the minister's head, so I will pass the question along.

Senator Roblin: My honourable friend has a great capacity to answer questions, so I feel nothing is really passing him.

Senator Flynn: But not to answer questions.

Senator Roblin: Well, it is the same thing.

TRANSPORT

CANADIAN NATIONAL RAILWAYS—RECAPITALIZATION

The Hon. the Speaker: Delayed answers to questions?

Hon. G. I. Smith: Honourable senators, I am sorry for being a little slow on my feet. I had not realized that all available questions had been exhausted or whether my colleagues had become discouraged in trying to ask them. I would suggest it was the latter.

I wanted to ask a question of the Minister of State for Economic Development, but I shall direct it now to the deputy leader, with his consent. I understand that the President of Canadian National Railways made a speech in Montreal last week in which he expressed some sentiments which seemed to be a little surprising to those of us who lived through the legislation recapitalizing the CNR.

● (1420)

I should like to draw attention to what it is the gentleman appears to have said and ask a question about it. Among other things, he appears to have said, referring to the CNR and its finances, that "if things are left essentially the way they are now, the CNR will be faced with the disagreeable necessity of returning to the bad old days of too much debt," and some similar comment to the general effect that the CNR "will soon need more capital than we can prudently raise."

Keeping in mind the extensive recapitalization of the CNR in 1952 and the even more extensive and very recent recapitalization of 1978 and the assurances then given as to the future of the CNR, I wonder if the honourable gentleman would be able to discover what it is that has now created the situation which the president feels may be something like the "bad old days of too much debt?" I ask that especially in view of the recapializations of 1952 and 1978.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I will see that that question is directed to the attention of the minister concerned.

Senator Roblin: That's a pretty good score so far.

Senator Frith: I don't know what the scoring system is.

THE CABINET

ABSENCE OF MINISTERS FROM CHAMBER

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the deputy leader. We have noticed the absence of the three ministers, and now I notice the absence of the Joint Chairman of the Special Joint Committee on the Constitution. Does the deputy leader know of his whereabouts, and does he know if he has decided not to appear in the Senate for the Question Period?

Senator Asselin: He is not on duty today.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I had not noticed that he was not in attendance. I spoke to him before the commencement of today's sitting, and I expected that he would be here. I, too, am surprised that he is not. I understand the committee is sitting this afternoon.

Senator Flynn: Yes, at 3.30 p.m.

Senator Frith: Yes. So I don't know the answer to the question.

TRANSPORT

AIR CANADA—TARIFFS BETWEEN MAJOR CANADIAN CITIES

Hon. Jack Marshall: Honourable senators, I have a question for the deputy leader. He may have to take it as notice.

Last week I brought up the question of exorbitant increases over the past 10 years by Air Canada, and I understand from today's newspapers that a further increase is being requested. The Leader of the Government in the Senate, in response to my earlier question, indicated that he would get some information. It now becomes more urgent, in view of the increase announced yesterday by Air Canada, that some explanation be received from the Canadian Transport Commission as to whether or not it will be allowed.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, without accepting the adjective "exorbitant"—or rejecting it, for that matter—if the information that Senator Marshall has brought to our attention is correct, then that is indeed good reason to try to get the answer to his earlier question as soon as possible.

Senator Flynn: Bravo! We now have one of the ministers in the chamber.

ENERGY

OIL SHORTAGES—PRECAUTIONARY MEASURES

Hon. Richard A. Donahoe: Honourable senators, I have a question that I had intended to address to the Minister of State for Economic Development. I would not demean the Deputy Leader of the Government by using him as a mere funnel, so I was not going to put my question. But I see that we now have the Minister of State for the Canadian Wheat Board in the house, and since this is a matter on which he might have some information from his attendance at cabinet, I shall direct my question to him.

The Minister of Energy, Mines and Resources, in the aftermath of Premier Lougheed's statements the other day, said that Canadians should not worry because—and this is what he said—"this country has enough friends worldwide who would supply Canada with its needs."

My question is: Can the minister, or either of them, tell us from what countries Canada has received any commitment that they are prepared to supply these additional needs?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I can tell the honourable senator that I have no information that would be helpful to him in endeavouring to reply to that question.

Senator Donahoe: A supplementary question.

I appreciate that the minister has no information, and he may have no information on this supplementary either, but perhaps he would agree to convey these questions to the minister in charge of economic development and get me an answer at a later time.

When he offered this assurance of the presence of so many generous friends around the world, the Minister of Energy, Mines and Resources must have had in mind a particular price which Canada could be expected to pay for that generosity. Would the minister indicate to us if that price is higher than either the existing price for Canadian drilled oil or the price requested by Alberta for the year 1981?

● (1425)

Senator Argue: I think it is pretty obvious, if I do not know about the source that might be involved and the countries that might be involved, there is no way I could know what the price might be. So I must give the same reply: If it is desired that I seek information from my colleague, the Minister of State for Economic Development, I shall be happy to pass on the question to him, or to the Minister of Energy.

Senator Donahoe: I have a final supplementary. Assuming that our friends abroad continue to be able to satisfy our energy needs, would the minister tell the Senate—and again I would hope he would refer this to the other minister—if the government has made calculations of the increase in the deficit which could be expected due to higher outflows from the Oil Import Compensation Fund?

Senator Argue: I suppose that calculation is one that would have been made, and I suppose it has been made. I am not really so pessimistic as to think that this cutback may be put in place, and may last a long time. However, that is a possibility. I shall pass that further supplementary on to the minister.

GRAIN

CANADIAN WHEAT BOARD—CONTROL OF FEED GRAINS

Hon. Martha P. Bielish: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board. Since the joint statement several weeks ago by the Advisory Committee of the Canadian Wheat Board and the Advisory Committee of the Canadian Livestock Feed Board to the effect that the membership of those boards unanimously favoured the placing of feed grains back under the complete control of the Canadian Wheat Board, has the minister received any representations from certain members of one or the other of those advisory committees suggesting that no unanimous agreement exists on this question?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Not to my knowledge or to my recollection. As far as I know—and I was at the meeting when the statement was made—there was certainly unanimity among all the members then present. I am not sure if all the members were there that day, but since that statement was made certain organizations and certain producers have said that they do not go along with it. But I think it should be kept in mind—and I know this is not exactly what the honourable senator has asked me—that this general agreement was based on two main considerations. There were several considerations, but there were two main ones. One was that there should be a security of supply of feed grains, and a method by which it could be taken off the market at reasonable prices. That is an important part of this agreement.

As far as the Canadian Livestock Feed Board advisers were concerned—this is the second part—they said that they supported the objective of feed grains going under the Canadian Wheat Board, but they wished to go back to their member organizations and check it out and get their further representations.

Senator Bielish: May I ask a supplementary question? It is my understanding that several members of the Canadian Wheat Board Advisory Committee have publicly disavowed their support for a policy of placing feed grains back under the control of the Wheat Board. In the absence of unanimous agreement, would the minister tell us what he is intending to do to rectify current anomalies in the system without taking the drastic step of placing feed grains under the control of the Wheat Board.

Senator Argue: Well, I personally am not aware of any member of the Canadian Wheat Board Advisory Committee who has disputed this agreement. I am not saying that that is not the case, but certainly all those who were at the meeting I mentioned supported it. Among those in attendance at that meeting were some whom I have come to know quite well, and who, if there was to be opposition, might well have shown it.

Obviously, there are some anomalies in this system, and one of them has been that the Canadian Wheat Board is forced to sell western feed grains in the eastern market at corn competitive prices. I am happy to report that at the present time the Canadian Wheat Board is not selling feed barley in the eastern market at corn competitive prices, and it has been agreed generally among the two boards and the officials here that during the present crop year the Canadian Wheat Board does not have to, and will not be obliged to, sell outside of the prairie area at corn competitive prices. The supplies of feed grains are pretty adequate in most parts of Canada.

● (1430)

Corn can come from the United States into both western and eastern Canada, so that anomaly has been removed. I believe that the advisers to the Canadian Wheat Board and the Canadian Livestock Feed Board were doing everyone a service when they came forward with this objective. A foundation of the objective is that there should be a system put in place whereby feed grains and surplus supply will be taken off the market at reasonable prices, preventing fire sale prices in the west and a relative advantage being given to prairie feed producers over feeders of livestock in other parts of the country. So that much of the anomaly has been removed.

Within the Grains Group there has been established what has been called the ad hoc committee on feed grains. That is not a policy committee. Its purpose is to look at the whole question of feed grains and their movement through the system, and to make suggestions as to what might be done under the current system to remove some of the anomalies that have been suggested from time to time, and to improve the situation. That report has not been finalized, but regular meetings have been, and are continuing to be, held and I would hope that apart from changing the policy itself, which is another issue, the committee might be able to come up with some practical suggestions to improve the present system.

Senator Bielish: Have the names of the members of the ad hoc committee been made public?

Senator Argue: Yes, they have, and I would be happy to bring the names to the honourable senator's attention. They have been made public.

CROWSNEST RATES—INVESTIGATION OF CP RAIL

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Senator Roblin may wish to repeat the question he asked earlier about the Minister of State for the Canadian Wheat Board.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Be careful. It might not be answered now.

Senator Frith: That's all right. I didn't have the answer, so they are no worse off.

Honourable senators, Senator Hays, the Joint Chairman of the Special Joint Committee of the Senate and the House of Commons on the Constitution of Canada, is now in the chamber, and there may be questions to be directed to him. I might ask His Honour the Speaker whether he is prepared to give a ruling on what questions are appropriate to be asked of a committee chairman before that committee has reported.

[Senator Argue.]

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, things are looking up all over. Two of our distinguished colleagues have decided to attend, and we are only two down. I would be glad to repeat my question to the Minister of State for the Canadian Wheat Board because I know, from observing him, that he always has an answer, and I am sure he has an answer for this one.

I was referring to the speech that my honourable friend made in Winnipeg the other day about the Crowsnest rates, and the suggestion contained in the news report that it was a matter of government policy now that there should be an investigation of CP Rail to determine its responsibilities with respect to the movement of grain before any further action was taken in setting government policy on the Crow.

I would ask my honourable friend if that statement is correct. Is it a matter of government policy to have this further study of CP Rail before the Crow is dealt with?

Senator Argue: Honourable senators, I would have to divide that question into two parts. I will give the honourable senator the government's policy as I understand it. There will be an inquiry into CP Rail. That inquiry will go forward. That is my understanding. I find that it sometimes takes a lot of time for the decision to be implemented by the commencement of the inquiry.

I did not say in Winnipeg—and certainly I did not intend to say—that the inquiry necessarily had to take place and be completed before anything was done on the Crow rate. I was grilled on this. I was asked the question a dozen times. What I said was that the two, as far as I could understand, could be going on at the same time, but that I did not think action on the Crow rate necessarily depended upon the conclusion of the other. The two have not been linked that closely together in any conversations in which I have taken part.

Senator Roblin: I thank my honourable friend for his explanation. My question was prompted by this report:

● (1440)

> During a question period, Argue said such an investigation would be preliminary to further study to determine needed changes.

That obviously refers to changes in the Crow. I presume the minister is telling us now that that is not the case. Naturally, I accept his statement on the matter.

Senator Argue: I do not know which one would come first. I would expect they would be likely to be going on at the same time.

Senator Roblin: Well, it seems to me, if I may offer a comment, that if the government is going to have an investigation of CP Rail in connection with their responsibility towards freight rates, then manifestly they should have it before they deal with the Crow, otherwise they may find that they have

made the wrong decision. I offer that piece of advice to the minister.

I would like to ask another question. If there is going to be an investigation of CP Rail, would my honourable friend undertake—and I gather from what he said that he does not have the information now—to tell us what form this investigation will take, when it will take place, and what the terms of reference will be.

Senator Argue: Well, I will be very happy to give that information, whenever the decision is made and whenever it is made public. As far as I know the precise date as to when the inquiry might commence, or even the composition of the commission, have not yet been determined. However, I do believe the principle of having an inquiry has been determined, and there will be an inquiry. That is the way I understand it.

Senator Roblin: I thank my friend, but I ask him to clarify for the Senate, the next time we meet, this relationship between the CP Rail inquiry and the Crow inquiry. He leaves me with the impression that they might come at the same time and, then, that they might not. What is the policy of the government going to be? Perhaps he could tell us the sequence of events.

Senator Argue: Well, I will make this commitment to the honourable senator. As soon as that sequence is known, and has become a matter of government policy, I will be happy to bring it to my honourable friend's attention, but as far as concerns his request today that I obtain the information and bring it here, I am not sure that I will be able to bring it here in the short time available.

Senator Roblin: I want my honourable friend to understand the dilemma in which he places some of us. He has, in one way or another, related this inquiry to the settlement of the Crow. It is important to find out exactly what he means in connection with this matter, because if he means the government is going to study CP Rail independent of the Crow rate decision, that is one thing. If he says they are going to discuss it at the same time as the Crow, that is another thing. If he says they are going to study it before they decide on the Crow, that is yet another thing. I think we need clarification of the government's policy as to which of these three alternatives—and there may be others—the governent intends to pursue.

I repeat: in connection with that I would like to know, when my honourable friend knows, how the investigation is going to be handled; what the terms of reference are going to be; when it is going to be; and who the investigators are going to be.

Senator Argue: As soon as a decision has been made as to how it is going to be undertaken, as to what person or persons are going to make the inquiry and so on, I will certainly bring that to the honourable senator's attention. I do not think there is any need to repeat what I have already said. I have given all the facts I know.

Senator Roblin: We just want a few more, that's all.

Senator Argue: That is all right. As soon as they are available I will bring them here as fast as I can get them, but, as you know, the various decisions I have talked about this afternoon are decisions that have been made. The precise timing is not known to me, and as far as I know that decision has not been made. I think the two things are associated, but I am in no position to say that you have to have one fully concluded before you do something with regard to the other. I am not sure that that is the way it is going to be.

Senator Roblin: Perhaps I owe it to my honourable friend to explain that when I was discussing this matter with the deputy leader, I asked him whether what the honourable senator said in Winnipeg represented government policy, or something else. I am afraid I was indelicate enough to say that I considered that he was talking out of the back of his head, though I did not really believe it, knowing my honourable friend the way I do. However, I do tell him that this matter of the study—not so much the study, but of the association with the Crow—and the timing of the Crow decisions, which are now becoming very critical, have raised a great many eyebrows with respect to what government policy is. So while my honourable friend tells me that he does not know what it is at the moment, I do urge upon him the necessity of having a decision very soon.

Senator Argue: I am not at all concerned about eyebrows being raised. I think that to get eyebrows raised in the right place might be very beneficial for all concerned. I have not talked about anything for a long time that has wider support than an inquiry into CP Rail. Even the friends of CP think it is a good thing to have it all out in the open. I think it is a very constructive thing to do.

Senator Roblin: We wait for the answers with much interest. I am not arguing with my honourable friend about the desirability; that is another debate. I do say, however, that we are entitled to know what the policy is, particularly in view of his last statement.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—QUESTIONS RESPECTING PROCEDURE—SPEAKER'S RULING ON POINT OF ORDER RESERVED

The Hon. the Speaker: Honourable senators, I asked the Clerk of the Senate to research the question raised by the Leader of the Opposition, and he has done so. For my own part, I examined the rules and tried to understand exactly what they mean. The Clerk and I met today and compared notes, with the intention of providing a written ruling tomorrow.

Unless honourable senators insist that I give my ruling today, I think I will reserve it until tomorrow.

SPECIAL JOINT COMMITTEE—TELEVISING OF PROCEEDINGS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I do not know if this question will be objected to by the deputy leader, but I would ask the joint chairman of the special joint committee whether or not the decision not to televise the proceedings of the committee is final.

Hon. Royce Frith (Deputy Leader of the Government): That question clearly deals with the activities of the committee and, for what it is worth, my opinion is that it is a perfectly proper question.

Hon. Harry Hays: To answer the question by the Leader of the Opposition, the ball is now in the House of Commons' court, and we are awaiting their decision. There has been no change insofar as the committee is concerned. We voted not to televise the proceedings, and that is the way it stands at the moment.

Senator Flynn: The honourable joint chairman says that the ball is in the House of Commons' court. Would he explain that to me? I am not too sure what exactly he has in mind.

Senator Hays: I should say "both houses." I suppose that they would have to indicate that the proceedings of the committee should be televised, and probably that would imply, that the Senate would have to make the same sort of ruling.

Senator Flynn: You are not referring to the fact that the House of Commons has more influence on the committee than the Senate? Of course, as we know, it has more members.

Senator Hays: I would hope that that will never be the case.

While I am on my feet, honourable senators, I should like to announce that over the weekend Senator Bielish was greatly honoured in the Province of Alberta. They are going to hang her photograph in the Agricultural Hall of Fame. We are very proud of her.

Hon. Senators: Hear, hear.

ECONOMIC DEVELOPMENT

THE BUDGET—WESTERN DEVELOPMENT FUND

Hon. Lowell Murray: Honourable senators, I wonder if the Minister of State for the Canadian Wheat Board could help me with a question that I put earlier to the Deputy Leader of the Government, when I asked him who will be the minister responsible for the Western Development Fund.

I might ask a related question of the minister of state as to whether the Western Development Fund will be used for new projects in the area of economic development in western Canada, or whether that fund will be used to finance existing commitments, such as development at Prince Rupert, the purchase of new hopper cars, and so on.

● (1450)

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I am not sure who will disburse the funds. I am not even clear whether the $4 billion or the $2 billion, depending on the time period, would have to be lodged with one department, then to be apportioned among others. It may possibly be apportioned among departments where it is to be spent without its being handed first to some entity of the government. This strikes me as being a very sensible approach, but I am not an authority on how these things are done.

I am not in a position to answer the other part of my honourable friend's question as to whether this will be additional money over and above anything that has already been allocated to that area. However, I will give him my opinion, which may be a little dangerous, but I will do it anyway.

Senator Flynn: You're used to it.

Senator Argue: As I said, I am trying to give a frank answer to a question that I think is important.

Senator Asselin: We have only frank answers here.

Senator Argue: I would think that if the fund is to be of the kind required to help western Canada, under all the circumstances it would not be very helpful if the objective were that this fund should replace all the other assistance that has been provided in the past. Then it would just be a question of bookkeeping—moving the figures around.

My own impression and belief is that it is to be a real thing, and it is to add, in a general way, to the benefit of western Canada. I am not going to try and define what this means for any specific item such as extra hopper cars because there may be some variation as to whether part of an item was used before. Generally, as to principle, I feel that the endeavour will result in some additional benefits to western Canada.

OFFICIAL REPORT (HANSARD)

COST OF PRINTING MONTHLY APPENDIX

Hon. Allister Grosart: My question to the Deputy Leader of the Government relates to the publication known as the *Debates of the Senate*, Volume 128, Number 58, for last Thursday, in which I find some 24 pages with some printing on them—some more than others—starting with "Appendix". This is all after the report of the adjournment. Would the Deputy Leader of the Government inform the Senate of the total cost of those 24 pages and the cost per page in view of the fact that some of them have more blank space than printing on them?

Hon. Royce Frith (Deputy Leader of the Government): I will endeavour to obtain the information the honourable senator seeks.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—SENATE PROCEDURE FOLLOWING PRESENTATION OF REPORT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, this answer may give rise to some further questions. I want to make it clear that I am not bringing this answer forward with a view to inhibiting in any way such further questions. This is an answer which I offer as the result of questions asked by Senators Grosart, Everett and Smith on November 5, 1980, with reference to the procedure for considering the proposed resolution when that matter comes back to us as a result of a report from the special joint committee.

I wish to remind honourable senators that there exists a three-stage procedure. The establishment of the special joint committee is the first stage. The second stage is the consideration of the proposed resolution by the special joint committee, which is the stage we are at now; and the third stage is the review and, if considered appropriate, approval of the work of the joint committee by both houses.

There is a possible fourth stage where the government might introduce a final resolution for a Joint Address. However, that depends very much on the report of the special joint committee and the subsequent consideration of its report by both the House of Commons and the Senate.

If there is a motion to return the report to the committee recommending certain amendments, it would have to be approved by both houses, of course, whether it originated in the Senate or in the other place.

The terms of reference of the special joint committee specify that it submit a report, not that it report "from time to time." It would, however, be possible for the special joint committee in its report to request an extension of its mandate. This, of course, would have to be approved by both houses.

To answer a question put by Senator Everett, the formulation of the resolution for a Joint Address will depend a great deal on the recommendations contained in the report of the special joint committee.

To Senator Smith's question as to whether it is necessary to have a resolution for a Joint Address carried by the Senate to that effect, I would reply that, of course, it is necessary, but that final resolution need not necessarily be moved by a separate motion. This, again, depends a great deal on the nature of the report of the special joint committee.

Hon. Jacques Flynn (Leader of the Opposition): Is this reply based on the rules of the House of Commons, the rules of the Senate, or on no rules at all, but merely on practice and custom?

Senator Frith: My understanding, honourable senators, is that this answer is based on the rules and practices of this chamber.

Hon. Allister Grosart: As I asked the original question, perhaps I should now ask a supplementary. Would the deputy leader not agree that he has skipped one very important stage in his outline of the three stages? Surely the stages are: the establishment of the committee; the consideration by the committee; the report of the committee, which is entirely separate from what he calls the third stage; and then the consideration of the report in the Senate. One obvious reason for this is that the committee might not report the reference at all. Therefore, I feel that the stages, as he gives them to us, are inadequate and form part of the confusion that is obviously in his mind.

The deputy leader has said that the decision as to whether there will be a resolution passed for a Joint Address to Her Majesty depends on the report of the committee. Of course, it does not. It does not matter what the committee reports because it can only recommend to the Senate what the Senate should do. It cannot be regarded as, or even deemed to be, a decision of the Parliament of Canada to send a Joint Address to Her Majesty. All the committee can do is say to the Senate, "This is what you *should* do." Surely the deputy leader will agree that at some point subsequent to discussion—no matter what results from the discussion of the report and whether it is sent back—the Parliament of Canada must decide to do something. Surely it will not be sufficient for the Parliament of Canada to say, "All right, go ahead; we are not going to pass any resolution; we merely say to Her Majesty, 'By the way, one of our committees brought in a report and the Parliament of Canada has agreed with it.' "

Surely the deputy leader would agree that there must be a fifth or even a sixth stage when the Parliament of Canada says, "We will do what the committee recommended," or "We will not do what the committee recommended." Would he not agree that there must be that stage which is completely separate and subsequent to whatever disposition is made of the report of the joint committee?

Senator Frith: Honourable senators, of course, Senator Grosart is quite right that there is a stage which I think is implied in the answer. If this was not perfectly clear, I am glad that he has given me an opportunity to clarify my answer.

• (1500)

Of course, there is the stage of report. I agree with Senator Grosart that perhaps the words used here are ambiguous or could give rise to misunderstanding. The words used were "approval of the work" and I think it would have been better to use the words "consideration of the report." He is quite right in underlining that that would be the better way to describe it, although it was included in the language used.

On the second point as to whether it depends on the report of the committee whether there is a resolution, perhaps I ought to have given Senator Grosart a copy of this statement because it is sometimes hard to follow the context of an expression when it is just being given one time orally. What the statement said depended very much on the report of the special joint committee as the possible fourth stage—that is, a separate final resolution being introduced. If the impression was created that the Senate could not make such a move and could not present such a resolution except with the permission of the committee, I entirely agree with him there. Of course, that is not correct.

With reference to the third part of his question—that is, whether there must be an entirely separate stage—I cannot agree that that is so. I would be interested in exploring that possibility, and perhaps we are just at odds in the matter of terminology. If he means that a Joint Address must have the assent of the Senate, and in some form, consistent with the rules of the Senate, it must be clear that the Senate has resolved that such an Address go forward, then I agree with him on that also.

Senator Flynn: Does the deputy leader agree, whatever his statement might mean in practice, that it does not bind the Senate or the Speaker? I have another question. Does he not

agree that the Senate could set its own rules with regard to this resolution and the way to deal with it?

Senator Frith: On the first question, my answer would be yes.

On the second question, I do not think there is any suggestion here, and should not be any suggestion anywhere, that the Senate cannot amend its own rules.

Senator Flynn: So the answer is yes to both questions.

Senator Frith: The only reason the second answer was a little longer was because I wanted to be sure there was not an implication or inference beyond that.

Senator Grosart: You can never be sure.

Hon. G. I. Smith: Honourable senators, I would like to address a question to the deputy leader arising out of his comments and the statement he read. I agree with him, of course, that hearing a statement of that complexity read once may not allow the listener to grasp really what is in it, and I may be in that position as one of the listeners. However, I thought I heard him say, during his reading of the statement, words to the effect that it might be possible that the final resolution containing the loyal address might not have to be separate, but could be part of something else, although it might well be separate. I am rather puzzled as to what it possibly could be part of, and, if it were not separate, perhaps the honourable gentleman would help me with that one.

Senator Frith: The word "separate" was used with reference to the word "stage", and what I said was that in my opinion there must be something that can be clearly an adoption by the Senate of the Joint Address and a resolution that it go forward consistent with the rules of the Senate. I was only saying that I did not want to be tied down to the question of a stage. I think that Senator Grosart and I understand each other on this, and it is a matter of terminology.

Senator Grosart: With due respect, it is not just a matter of terminology. It is a matter of fundamental principle. I was happy when the deputy leader said that we understood each other, but now it is obvious that we do not. The point I am making is surely there must be a separate stage, absolutely regardless of what this joint committee does. If it is the intention to send an Address to Her Majesty, the government can introduce a resolution that there be an Address regardless of what has gone on before. The government might wish to send it even if the committee recommended against it. There is nothing to stop the government from doing that. So I am asking if there is to be a separate stage when, if it is the wish of the government, the Parliament of Canada will be asked to send an Address worded in the usual way to Her Majesty.

Senator Frith: Honourable senators, I do not want to get into an exchange of opinions on the meaning of the word "stage", but I do want to underline my understanding that what goes forward with reference to a Joint Address will have to be by a decision by the Senate consistent with its rules and practices, and with precedents that apply to Joint Addresses.

[Senator Flynn.]

Senator Grosart: If we stick to that, we will have no problems.

Senator Frith: That is subject, of course, to the fact, as the Leader of the Opposition said, that the Senate might amend its rules. But it will be consistent with the rules and practices then existing.

Senator Smith: On that point perhaps I might be permitted to make a further observation, which is partially in the way of a question, and partially, I readily admit, not in the way of a question and, therefore, is not strictly in order. Would the deputy leader be able to recall, or, if not, by having some research done for him, that in the past the form which has been concurred in by the Senate has simply been a resolution resolving that whatever it is be sent to the Sovereign, whether it be Her Majesty the Queen or, as in earlier days, His Majesty the King, and having attached to it the proposed text which the Sovereign was asked to lay before the Parliament at Westminster. It seems to me there are literally dozens of precedents, some of which I have looked at more recently, and I see nothing there which should cause any difficulty. The only difference between those precedents and this situation is that here there has been an intermediate step placed between the two stages which previously followed one another. Once that intermediate stage—that is, consideration by the committee and the report of the committee—is finished, then surely everything else reverts to the same procedure as was always the case.

I would ask the deputy leader if he would perhaps give that problem some thought, and respond later. I find a great deal of difficulty in understanding why, once the report of the joint committee has been received, there should be any difference in procedure from what has hitherto been the case. It has always been straightforward when the matter came properly before either house—that is, putting the resolution, debating it, and amending it or doing whatever the house wanted to do with it.

Senator Frith: Honourable senators, I accept the invitation to study further the previous practices, but I do not want to leave the question without repeating the fact that the intention is to proceed in accordance with the rules and practices of this chamber.

Senator Flynn: Even the new rules.

• (1510)

[*English*]

PRIVATE BILLS

MONTILAC LTD. AND SOCAM LTD.—SECOND READING

Hon. Fernand-E. Leblanc moved the second reading of Bill S-13, to revive Montilac Ltd. and Socam Ltd.

[*Translation*]

He said: Honourable senators, this is a bill to revive two private companies, both of which were originally incorporated under the Canada Corporations Act.

As the petitioner owns both companies, it was decided that it would be preferable to introduce only one bill for the two

companies. To give you a better understanding of the situation, I shall be happy to summarize the history of these two companies and the facts leading to the cancellation of their charter.

Montilac Ltd. and Socam Ltd., each having its principal place of business in the City of Laval, in Quebec, were incorporated on March 4, 1963 and September 18, 1963 respectively, for the purposes and objects set out in their letters patent.

Montilac Ltd. is a small commercial loan company and—

[*English*]

—Socam Ltd. is a holding company that receives and collects on behalf of doctors who are anaesthetists.

[*Translation*]

In 1976, the accountants of these two companies submitted their respective income tax returns to the Department of National Revenue, but the department refused these returns on the grounds that both companies had been dissolved in 1967 for failure to file with the Department of Consumer and Corporate Affairs, for three consecutive years, the annual information return required under the Canada Corporations Act.

Following some inquiries it was proven that the notices requesting filing of annual returns had not been brought to the attention of the directors and officers of the companies, but had instead been sent to the lawyer who had acted on behalf of the promoters of both companies when they were incorporated. As this lawyer had retired from practice, the companies had never been informed of these notices.

Of course, the notices were also published in the *Canada Gazette* in June 1966 but were not seen by the officers of the companies, and consequently the directors never learned that the companies had in fact been dissolved and they continued to carry on the business of the companies.

In May 1976, the public curator of the Province of Quebec, as provisional administrator, assumed responsibility for the assets of both companies, pursuant to section 12 of the Public Curatorship Act. To re-establish the legality of the companies, the petitioner, Roger Gagnon, now requests that both companies be revived and be deemed not to have been dissolved.

This being a private bill, it is up to the appropriate Senate committee to examine the allegations of facts as set out in the preamble of the bill and, if everything seems in order, to take the necessary action to approve this bill.

[*English*]

Honourable senators, there is some urgency in this matter. If these companies are not revived before December 15, 1980, they will face a second statutory dissolution. Under section 261(3) of the new Business Corporations Act every company previously incorporated under the old Canada Corporations Act must be continued under the new act within five years after the coming into force of that act. The five-year period commences on December 15, 1980.

I would therefore propose, if and when second reading is given, to ask that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs for examination of the allegations.

I would also propose to ask that rule 95 be suspended in relation to this bill. Rule 95 is the one that states that a private bill originating in the Senate cannot be considered by a committee until one week after the date of referral to the committee. I understand that the Standing Senate Committee on Legal and Constitutional Affairs has a meeting scheduled for tomorrow morning to examine Bill S-12, respecting the Canadian Merchant Service Guild, and if so authorized by the Senate could at the same time examine Bill S-13.

[*Translation*]

Senator Deschatelets: Honourable senators, would Senator Leblanc allow a question?

Senator Leblanc: Certainly.

Senator Deschatelets: Senator Leblanc has given us rather comprehensive reasons concerning the federal government department. If I am not mistaken, these two companies started their operations in 1963 and in 1967, and a notice was given which never came to the knowledge of the two companies.

Could he tell me more about what he said about the public curator who at one time tried to recover the holdings of these companies and tell us also how and why the public curator got involved with these two companies?

Senator Leblanc: In fact, it is a law of the Province of Quebec, the Public Curatorship Act, according to which after some time the Public Curator of the Province of Quebec is allowed, as interim administrator, to seize the goods and assets of companies officially dissolved. The public curator, pursuant to section 12 of that act, takes over the holdings and assets of the said companies.

Senator Deschatelets: Were the two companies in operation at that time?

Senator Leblanc: Both companies were and still are conducting operations, at least up to that point where they learned they were dissolved.

I therefore move that the bill now be read the second time.

[*English*]

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Leblanc moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

[*Translation*]

SUSPENSION OF RULE 95

Senator Leblanc: With leave of the Senate and notwithstanding rule 45(1), I move that applicaion of rule 95 be suspended in respect of Bill S-13, an Act to revive Montilac Limited and Socam Limited.

The Hon. the Speaker: Is there unanimous consent?

Some Hon. Senators: Agreed.

Senator Flynn: Honourable senators, I might mention for the record that this is urgent, in view of the fact that if this bill is not passed before December 15, there will be no way to revive these two companies after that date.

Motion agreed to.

TREMUS INDUSTRIES LIMITED—SECOND READING

Honourable Fernand-E. Leblanc moved the second reading of Bill S-14, to revive Tremus Industries Limited.

He said: Honourable senators, the purpose of this bill is similar to that of Bill S-13 which I just explained. It is to revive a company whose charter was cancelled by administrative action.

Tremus Industries Limited, with headquarters in Athelston, Province of Quebec, was incorporated in 1970 by letters patent issued under the Canada Corporations Act. This is an important industry engaged in the smelting and refining of precious metals in the Eastern Townships area.

In June, 1980, the petitioner decided to sell some of his shares in the company to another individual. In the course of completing the documentation arising out of that sale, it was discovered by the petitioner's lawyer that the company had been dissolved in 1979 for failure to file with the Department of Consumer and Corporate Affairs, for two consecutive years, the annual information returns required under the Canada Corporations Act.

The notices that were sent out requiring the filing of returns had been sent to a deceased director of the company, and as a consequence of this the notices never came to the attention of the other directors of the company.

A notice was also published in the *Canada Gazette* in March 1977. This notice, however, did not come to the attention of the officers of the company and they continued to carry on the business of the company, despite its dissolution and loss of corporate status.

To regularize its legal situation, the petitioner, Edward P. McGovern, now requests that the company be revived and be deemed not to have been dissolved.

Honourable senators, this company also faces a second dissolution if it is not revived and continued under the Canada Business Corporations Act before December 15, 1980. I provided an explanation earlier in this regard concerning Bill S-13.

When this bill has been read a second time, I shall move that it be referred to the Senate Committee on Legal and Constitutional Affairs for further study and that rule 95 be suspended with relation to this bill.

Motion agreed to and bill read the second time.

REFERRED TO COMMITTEE

Senator Leblanc moved that the bill be referred to the Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

SUSPENSION OF RULE 95

Senator Leblanc: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move that rule 95 be suspended with respect to Bill S-14, an Act to revive Tremus Industries Limited.

The Hon. the Speaker: Is leave granted?

Some Hon. Senators: Agreed.

Senator Frith: Honourable senators, do the reasons given earlier by the Leader of the Opposition also apply in the present case?

Senator Leblanc: This is exactly the same situation. If these companies are not revived before December 15 of this year, they will be dissolved a second time.

Senator Frith: Because of the provisions of the Canada Corporations Act?

Senator Leblanc: It is the new legislation.

Motion agreed to.

• (1520)

[*English*]

NOVA SCOTIA

OFFSHORE MINERAL RIGHTS—HISTORICAL FACTS—BRITISH COLUMBIA REFERENCE CASE—DEBATE ADJOURNED

Senator G. I. Smith rose pursuant to notice of Wednesday, July 9, 1980:

> That he will call the attention of the Senate to some of the historical facts relevant to the claim of Nova Scotia to minerals off its shores which distinguish that claim from the British Columbia claim as dealt with by the Supreme Court of Canada in *Reference re Ownership of Offshore Mineral Rights* (the British Columbia Reference case), (1967) Supreme Court Reports, 792, and (1968) 65 Dominion Law Reports (2d), 353, and submit that the said decision does not decide the ownership of minerals off the shores of Nova Scotia.

He said: Honourable senators, I shall attempt this afternoon to relieve you of the threat which has been hanging over you now for some time of having to listen to me as I try to make this dissertation which is the second half of two installments,

one of which you will be glad to recall has already been delivered.

Senator Frith: The other shoe is about to drop.

Senator Smith: This is, as I have said, the second of two inquiries of which I have given notice relating to offshore mineral rights, and in particular to my belief that the decision of the Supreme Court of Canada in the case which is prominently referred to as the *British Columbia Reference* case is not applicable to the question of who owns the minerals off the shores of Nova Scotia.

Some honourable senators may recall that I spoke to the first of these two inquiries on Thursday, July 10, 1980. What I said then is reported in *Hansard* of that date beginning at page 613. What I propose to say today is a continuation of those remarks. Anyone who wishes to follow my whole argument on the matter—and I do not suppose there will be any great rush in that respect—might find it useful to read what I said on July 10.

The exact question put to the Supreme Court of Canada is set out on page 614 of *Hansard* for July 10, so I shall not repeat it now. It will be recalled, however, that the Supreme Court of Canada decided the *British Columbia Reference* case specifically on the historical facts as the court found those facts to be as they related to British Columbia, but in cases where historical facts are different, then different conclusions might well be reached by the same court.

I submit that there are certainly very, very different historical facts applicable to the Atlantic provinces, and particularly to Nova Scotia and Newfoundland. The importance of the historical outline as the foundation on which the British Colombia decision rests is indicated by the following quotation from that decision, which may be found on page 615 of the said *Hansard*, and which, in part, reads as follows:

> We have already said that, in our opinion, in 1871 the Province of British Columbia did not have ownership of property in the territorial sea and that the Province has not, since entering into Confederation, acquired such ownership of property.

I emphasize the following sentence used by the court:

> We are not disputing the proposition that while British Columbia was a Crown Colony the British Crown might have conferred upon the Governor or Legislature of the Colony rights to which the British Crown was entitled under international law but the histocial record of the Colony does not disclose any such action.

Honourable senators, the burden of my submission today is that it is perfectly clear that the British Crown not only was entitled under international law to confer upon the governor or legislature of the colony of Nova Scotia rights to which that Crown was entitled, but, in fact, did so, and thus Nova Scotia meets that test laid down by the court itself for consideration.

• (1530)

As I previously submitted, and as I repeat now, the historical outline in respect of the Atlantic provinces, and in particular the provinces of Nova Scotia and Newfoundland, shows that the British Crown did confer upon the legislature of the colony rights to which that Crown was entitled. Those historical facts relate not merely to the territorial sea but also to the ownership of Sable Island and jurisdiction far beyond the limits of the territorial sea.

Let us take a look at some of those historical facts. Nova Scotia's history, as is well known, goes far back into the days when it was a possession of France. One of the earliest documents available is the commission issued by Henry, by the grace of God, King of France and Navarre, reading:

> To our dear and well beloved the Lord of Monts, one of the ordinary gentlemen of our chamber, greeting—

And honourable senators will know, of course, that what I am reading is a translation and not the original script.

> As our greatest care and labour is, and always hath been, since our coming to this Crown, to maintain and conserve it in the ancient dignity, greatness and splendour thereof, to extend and amplify, as much as lawfully may be done, the bounds and limits of the same; we being, of a long time, informed of the situation and condition of the lands and territories of La Cadia . . . We then, for these causes, fully trusting on your great wisdom and in the knowledge and experience that you have of the quality . . . of the said country . . . expressly appointed and established you, and by these presents, signed by our hands, do commit, ordain, make, constitute and establish you, our Lieutenant General, for to represent our person in the countries, territories, coasts and confines of La Cadia . . . and there to command in peace, rest and tranquility, as well by sea as by land . . . with the advice of wise and capable men, to prescribe under our good pleasure, laws, statutes and ordinances, conformable, as much as may be possible, unto ours, especially in things and matters that are not provided by them . . . over and besides that which is above-mentioned, (and that which is all over prescribed, commanded and ordained unto you by the conditions and powers which our most dear cousin . . . the Admiral of France, have given unto you for that which concerns the affairs and charge of the admiralty, in the exploit, expedition and executing of the things above said), to do generally whatsoever may make for the conquest, peopling, inhabiting and preservation of the said land of La Cadia; and of the coasts, territories adjoining, and of their appurtenances, and dependencies under our name and authority, whatsoever ourselves would and might do if we were there present in person—

There could be no clearer words, I submit, honourable senators, to be used by His Majesty the King of France to give his Lord Lieutenant or Governor of La Cadia every bit of power that he had himself over any part of his realms and the sea that adjoined those realms, and any place to which his authority extended. Again:

> —whatsoever ourselves would be and might do if we were there present in person—

And this is dated the 8th day of November, in the year of our Lord, 1603.

The above-mentioned translation of this commission is found as an appendix to chapter 2 of a book called *A History of Nova Scotia or Acadie* by one Beamish Murdoch, Esq., Q.C., printed in Halifax, Nova Scotia, by James Barnes, printer and publisher, in 1865. The commission may also be found in the Public Archives of Canada.

Again, I draw particular attention to the reference to the Lord Admiral of France and to the words:

> —of the coasts, territories adjoining, and of their appurtenances and dependencies under our name and authority, whatsoever ourselves would and might do if we were there present in person.

So we start off from the very first, or at least from 1603, with the authority granted to this Governor sent out by the King of France to govern Acadia, which was a much larger territory in those days but which does cover all of what is now Nova Scotia, to give the Governor of Acadia every power that the King himself could maintain, and in those days, I need hardly say, the King of France, as was the case with many other monarchs, was a ruler upon whom there were no restraints except his own will and his power to have his commands carried out.

It is clear that France claimed and acquired various rights relating to the coast and adjoining waters of its colonial possessions—rights at least as great as it claimed in its home water. Nova Scotia, or Acadia as it came to be called, was very much in the minds of those who ruled the great European exploring and colonizing nations of the time. It was the subject of many military and diplomatic activities. It does not seem to be necessary to make in detail an examination of all of those ancient activities, but I shall draw attention to some.

Just 16 years after the commission of Henry of Navarre was granted to the person he called The Lord of Monts, it is clear that the King of England was claiming jurisdiction over extensive areas of the coast of Nova Scotia. In 1621 he granted a Royal Charter to Sir William Alexander, who desired to establish there new Scotland, or Nova Scotia, in the New World. The Royal Charter contained a description of Nova Scotia which included the following words:

> —all . . . islands, or seas lying near, or within six leagues to any part of the same, on the western, northern or eastern parts of the coast . . . and on the southeast (where Cap Britton lies), and on the southern part of the same (where Cap de Sable is), all seas and islands towards the south, within forty leagues of the sea coasts of the same, including the great island commonly called Isle de Sable, or Sablon, lying toward the Carbas, south southeast, about 30 leagues from the said Cap Britton, in the sea and being in the latitude of 44 degrees or thereabouts—

I turn now to the Treaty of Utrecht, which was made between Great Britain and France in 1713. Article XII of that Treaty ceded to Britain:

> —all Nova Scotia or Acadia, with its ancient boundaries . . . and all other things in those parts, which depend on the said lands and islands . . . and all rights whatsoever—

It then went on to say:

> —the Crown of France be excluded from all kinds of fishing in the said seas, bays, and other kinds of fishing in the seas, bays and other places, on the coast of Nova Scotia, that is to say, on those which lie towards the east, within 30 leagues, beginning from the island commonly called Sable—

And it is 85 miles offshore.

> —inclusively, and then stretching along toward the southwest.

The treaty certainly contemplated that the Crown of France and its subjects had rights "which depend on the said lands and islands." The treaty does not enumerate or define those rights; but whatever they were, they were transferred from the Crown of France and French subjects to the British Crown. These words are wide enough to include any rights to waters adjacent to the coasts and the lands under such waters.

And remember, honourable senators, the commission of Henry of Navarre, after giving the very fullest of powers to his Governor in 1603, said that that Governor would have in Acadia whatever powers the King himself had in France. So by the Treaty of Utrecht, all of these powers in respect of Acadia are, in fact, conveyed to Britain—to the King of England, I think, was the exact phraseology.

• (1540)

The treaty recognized the right of England to exclude the French from fishing not only in the coastal waters immediately adjoining the land, but also in some areas a distance of 30 leagues—which is approximately 90 miles—east of the coast of Sable Island and then to the southwest. As I have said, Sable Island is about 85 miles east of Nova Scotia.

Then we come to the Treaty of Paris which was signed almost exactly 50 years after the Treaty of Utrecht and was effective from the tenth day of February, 1763. The parties to that treaty were Britain, France and Spain and very shortly after it was signed by those three, it was acceded to, which means it was accepted by, Portugal. It was accepted as a treaty by which Portugal was bound. Those were the four great sea powers which at that time were actively concerning themselves with the new world and exploiting its resources. It was thus not merely a bilateral treaty between two countries, but was international in a very much wider sense, and in all probability it was as international as you could get having regard to whose ships were trading in or utilizing the seas off our coasts.

The Treaty of Paris dealt with matters in many parts of the world, the old world as well as the new. They were matters of widely differing kinds. Article II of the Treaty of Paris enumerated a considerable number of treaties between various European countries. Most of these treaties had little or nothing to do with Nova Scotia or Acadia, but the Treaty of Utrecht was among those enumerated and was mentioned as being "all

renewed and confirmed in the best form". This would certainly include the matters relating to Nova Scotia which were included in the Treaty of Utrecht.

Article IV of the Treaty of Paris specifically deals with Nova Scotia, Canada and the Island of Cape Breton. The King of France guaranteed Nova Scotia in all its parts and with all its dependencies to the King of Great Britain. He also guaranteed to the King of Great Britain the Island of Cape Breton.

> —and in general every thing that depends on the said countries, lands, islands and coasts, with the sovereignty, property, possession, and all rights acquired by treaty, or otherwise [which the King of France] and till now over the said countries, lands, islands, places, coasts . . . so that . . . the . . . King cedes and makes over the whole . . . and that in the most ample manner and form, without restriction, and without any liberty to depart from the said cession and guaranty under any pretence, or to disturb Great Britain in the possessions above mentioned—

Article V deals with fishing and among other things

> —consents to leave to the subjects [of the King of France] liberty of fishing in the gulph of St. Lawrence, on condition that the subjects of France do not exercise the said fishery but at the distance of three leagues from all the coasts belonging to Great Britain—

Honourable senators, these treaties conveyed to Britain, among other things, the Island of Newfoundland and the Province of Nova Scotia including Cape Breton together with whatever rights in connection therewith as had been held by France. It is worth noting again that the Treaty of Utrecht provided that the subjects of France should be excluded from fishing off the eastern coast of Nova Scotia for a distance of 30 leagues "beginning from the island commonly called Sable"—85 miles offshore—and then stretching along towards the southwest. The Treaty of Paris allows the French to fish in the Gulf of St. Lawrence but not within "the distance of three leagues from all the coasts belonging to Great Britain"—that is nine miles approximately—and not within "the distance of fifteen leagues from the coasts of the Island of Cape Breton". Thus Britain was asserting and exercising jurisdiction over certain areas to a distance of 30 leagues, which is 90 miles, from Nova Scotia, 15 leagues, which is 45 miles, from all coasts belonging to Cape Breton, and three leagues, nine miles, from all coasts belonging to Great Britain. This jurisdiction was accepted by the other three countries who were parties to the treaty.

Even long before the Treaty of Utrecht, the King of England was claiming jurisdiction over extensive areas of Nova Scotia, and in that connection I have already referred to the Royal Charter of 1621 to Sir William Alexander. This, incidentally, may be found in the Public Archives of Nova Scotia as Bulletin No. 22 under the heading "The Boundaries of Nova Scotia and its Counties".

Then we come to the Commission of Governor Wilmot, one of the governors sent out by the King of England to be Governor of Nova Scotia, and, as I say, that was a somewhat larger territory then than it is now. This commission was given to Governor Wilmot under date of November 21, 1763, just about nine months after the Treaty of Paris, which was signed on February 10, 1763, and a total of 142 years after the Royal Charter of 1621, which was the first—at least the first I have been able to find—document in which England laid claim to Nova Scotia. Wilmot's commission gave a description of Nova Scotia which in part reads:

> —and all Islands within Six Leagues of the Coast to the Southward by the Atlantick Ocean from the said Cape to Cape Sable including the Island of that name and all other Islands within Forty Leagues of the coast with all the Rights, Members and Apportenances whatever thereunto belonging—

As to offshore rights, honourable senators, it is clear that the English Crown was claiming consistently from at least 1621 substantial jurisdiction over large areas at least far enough from the mainland to include Sable Island and far beyond. The claim clearly was much further seaward than the territorial sea of three miles. In this respect, therefore, I submit there can be no doubt that the historical facts differ so greatly from those relating to British Columbia as to distinguish undoubtedly the British Columbia situation and the Nova Scotia situation and the general Atlantic provinces situation.

It will be recalled that the joint opinion in the *British Columbia Reference* case specifically stated that it did not dispute the right of the Crown to delegate to colonies the right to legislate in respect of such matters. It said that in the case of British Columbia there was no evidence of such delegation. There is, however, substantial evidence of such delegation in respect of the Atlantic provinces, both specifically and by necessary implication. An examination of the situation with regard to Nova Scotia reveals that very clearly. Thus again the relevant historical facts differ very greatly from those relating to British Columbia.

● (1550)

In this connection, honourable senators, the commissions issued to British governors of Nova Scotia were made in wide enough terms to give jurisdiction to exercise any rights which the British Crown had in, over or arising from the colony. They also instructed the governors to make laws with the advice and consent of the council and assembly.

For a long time before Confederation, the Governor of Nova Scotia was assisted in legislating in respect of that province by a representative assembly. Indeed, the first representative assembly in Nova Scotia was elected in 1758 and was, I believe, the first representative assembly in what is now this country.

The commission to Lord Cornwallis dated May 6, 1749, appointed him:

> Governor in Chief in and over our province of Nova Scotia or Acadie in America, with all the rights, members and appurtenances whatsoever thereto belonging.

It gave him power to summon "General Assemblys of the Freeholders and Planters," and authorized him to make laws "with the advice and consent of our said Council and Assembly"—which clearly is a delegation of the right to the governor, with the advice and consent of the elected assembly, to make laws regarding Nova Scotia.

It appears, however, that Cornwallis—to use a word we heard this afternoon—was somewhat of a laggard in summoning the General Assembly. In Britain, the Lords Commissioners for Trade and Plantations apparently sought a legal opinion on whether the governor and his council, without an assembly, had the right or the power to make laws. They received an opinion dated April 29, 1755, that the Governor in Council "alone are not authorized by his Majesty to make Laws till there can be an Assembly." Another quote from that opinion is:

> His Majesty has ordered the Government of the Infant Colony to be pursuant to his Commission and Instructions—

That, as I have already indicated more than once, included the summoning of an assembly of the free citizens of the province.

There was some correspondence from Governor Lawrence, a successor to Cornwallis, about the difficulties of summoning an assembly, but the Lords Commissioners in England did not think very much of that explanation, and by letter dated March 25, 1756, said the situation could not be "acquiesced in" any longer, and, in effect, told Lawrence to get on with whatever was required to summon an assembly and get it to work with himself and the council "to enact such Laws as must be absolutely essential in the Administration of Civil Government."

Lawrence continued to drag his feet, and the Lords Commissioners did not like that very much. They wrote him a rather sharp letter dated February 7, 1758, in which they referred to a letter from Lawrence about calling the Assembly, and said:

> —having so often and so fully repeated to you our sense and opinion of the Propriety and Necessity of this measure taking place, it only now remains for Us to direct its being carried into immediate execution, that His Majesty's Subjects . . . may no longer be deprived of that privilege which was promised to them by His Majesty, when the Settlement of this Colony was first undertaken, and was one of the Conditions upon which they accepted the Proposals then made.

The Assembly was duly called and consisted of 22 elected members. It first met on October 2, 1758. In December of that year Governor Lawrence reported to the Lords Commissioners in England that the Assembly had met "and passed a number of laws, a list of which are enclosed."

For the correspondence relating to the preceding paragraphs, I would refer honourable senators to the publication called *Constitutional Documents of Canada*, pages 6 to 18, which can be obtained from the Parliamentary Library.

[Senator Smith.]

Honourable senators, I say that the foregoing is more than ample evidence of specific delegation by the Crown to Nova Scotia of the right to make laws for the administration of civil government, and of the necessity to include a general assembly in the law-making process. The kinds of laws that were so made, and not disallowed by the Crown, demonstrate that the delegation was intended to include the right to make laws relating to offshore matters. The "Governor, Council and Assembly" of Nova Scotia did not hesitate to make laws dealing with offshore matters. As early as 1770 they enacted "An Act for the Benefit of the Fishery on the Coasts of this Province," which is found in chapter X of the *Perpetual Statutes of Nova Scotia, 1767 to 1771.*

Over the 109 years, from the first meeting of the Assembly in 1758 until Confederation in 1867, they passed many laws applying offshore. A convenient source to find at least some of those laws is the last consolidation of Nova Scotia statutes made before Confederation. This is referred to as the Third Series of consolidated statutes made in 1864.

To take two examples, chapters 16 and 94 thereof deal with the problem of smuggling as well as fishing. They are frequently referred to in constitutional discussions as the "hovering acts," because they forbade hovering off the shores of Nova Scotia. They had their origin as far back as 1836. Similar statutes were enacted in Prince Edward Island in 1843, in New Brunswick in 1853, and in Newfoundland in 1893.

Chapter 16, which I have just mentioned, is entitled "Of the Prevention of Smuggling," and among other things authorized officers of the revenue of the colony to go "on board any vessel being within one league"—that is a much shorter distance than some of the distances I have been mentioning—"and stay on board while she remains in port or within such distance". In certain circumstances they could "search and examine her cargo".

Chapter 94 is very much the same thing, except that it has to do with the coast and deep sea fisheries. But there is a section in that statute forbidding hovering and allowing search and examination of cargo and bringing the vessel into port.

Those and similar pre-Confederation statutes show beyond dispute that the Legislature of Nova Scotia, with the consent of the Governor and the Council, was accustomed to legislate in respect of offshore waters.

There is a New Brunswick case referred to as *R. vs. Burt,* (1932) 5 Maritime Provinces Reports, at page 112. That case appears to illustrate and confirm delegation of the power to legislate, although it must be admitted that in the *British Columbia Reference* case the Supreme Court of Canada said that the *Burt* case did not involve a delegation of the power to legislate over the territorial sea because the place of seizure was actually within the boundaries of New Brunswick. But that, of course, was not the ground on which the Supreme Court of New Brunswick rested its decision.

The Appellate Division of the Supreme Court of New Brunswick was dealing with a matter under the Intoxicating Liquor Control Act of that province, and the seizure of a

schooner carrying liquor about one and three-quarter miles off the shore of the County of Saint John. The question was whether or not the courts of New Brunswick had jurisdiction over an offence committed in such a locality, and the Court of Appeal of New Brunswick held that the court did have such jurisdiction. In the judgment considerable reference was made to the:

> —Royal Instructions issued to Governor Carleton upon the separation of what is now the Province of New Brunswick from the Province of Nova Scotia [in which] the southern boundary of the new Province was defined as a "line in the centre of the Bay of Fundy . . . clearly indicating [it said] the claim of Great Britain at that time to the whole of the Bay of Fundy as a portion of her territory.

The decision goes on to examine this at some length, but I will not burden honourable senators by reading any further extracts from it.

• (1600)

I just would say that notwithstanding the view expressed in the *British Columbia Reference* case, which was not essential to the decision therein, it is respectfully submitted that it did not overturn the *Burt* case, and that case clearly holds that the Province of New Brunswick has legislative jurisdiction over the territorial sea, which is part of the case, which I think all the things which I have been mentioning support, and which was not the case in British Columbia. The court held there clearly that British Columbia had no jurisdiction over the territorial sea.

The question of the ownership of the solum, or the earth lying under the coastal waters, was in part dealt with by the Supreme Court of Nova Scotia in the case of *Dominion Coal Company Limited vs. Municipality of the County of Cape Breton.* This is a fairly recent case, and is reported in (1963) 48 Maritime Provinces Reports, at page 174. Though it may be argued that this case is authority only with reference to the solum of waters which are interior waters—that is, not part of the territorial sea—there are a number of comments in the various judgments of the Court of Appeal in that case which appear to deal with the question in wider terms. These, like some of the comments of the Supreme Court, may, at best, be simply *dicta*, but are of value in considering the problem.

For instance, at page 199, Mr. Justice Currie says that, in his opinion, under pre-Geneva Conference law it was generally recognized that a coastal state can exercise sovereignty over its territorial waters, up to three miles; and then he goes on to say that as part of the soil and territorial property of the Crown, the minerals under the sea beyond low water mark were vested in the Crown. He then refers to the "hovering" act, which I have mentioned, and how it supports the contention of Nova Scotia's ownership off her coasts.

I must say, however, that the comments of one of the other judges, Mr. Justice MacDonald, raise certain questions without expressing any clear subject. Mr. Justice Patterson, quoting from a recognized text, says:

> As regards the bed of waters and the subsoil beneath the territorial and the interior waters, it is now generally admitted that they belong, to an unlimited extent, to the state which is sovereign of the territory on the surface. It therefore possesses the right to carry out the exploitation of both the surface and its subsoil by tunnelling or mining for coal and other minerals.

I should say here that that particular case was about the right of the municipality to assess coal mines extending out under the sea, and I should say also that for more than a century, long before Confederation, Nova Scotia has been taking coal from under the sea, and beyond—very substantially beyond—anything which could be called the territorial waters.

Senator Deschatelets: Excuse me, Senator Smith, but in the last case you mentioned was the matter referred to a higher court?

Senator Smith: No, it ended with the Supreme Court of Nova Scotia, although it could have been appealed had either party wanted to do so, I suppose, and had the Supreme Court given leave. However, there was no appeal. You will be glad to know, honourable senators, that I am approaching, or am within sight of, the end of this dissertation.

I would like now to make reference to a well-known author, who has written a number of articles on various aspects of mineral rights, and more particularly with regard to oil. His name is John Ballem, and I refer to a particular article of his which was delivered as a lecture to the Law Society of Upper Canada in 1978, and which is printed in the volume of their special lectures of that year at page 251 and succeeding pages.

With reference to the solum of the territorial sea, Ballem acknowledges, at pages 267 and following, that the historical claim of the maritime provinces is supported by legislative and judicial authority pre-dating Confederation. He goes on to say, however, that in his view—with which, incidentally, I do not agree—much of the case law upon which the maritime provinces base their arguments was disposed of in the *British Columbia Reference* case. I say he has gone as far astray as some other people have. He has not really examined the question to see what the Nova Scotia situation really is, although he does recognize that it may be different. He says that in the case of Nova Scotia his comments should perhaps be qualified to some extent, because of the uncertainty and arguments surrounding the status of Sable Island, which clearly was a part of the colony of Nova Scotia at the time of Confederation. Whether Sable Island ceased to be part of Nova Scotia at the time of Confederation I will deal with a little later—I hope briefly—in this memorandum. Ballem then goes on to say:

> It would appear that to substantiate their jurisdiction over these resources the Provinces will have to prove their ownership to the lands under the territorial sea. Secondly to prove their ownership to these lands in the light of the Supreme Court's approval of the *Keyn* case—

That is one of the cases the Supreme Court of Canada relied upon.

> —the Provinces will have to prove that some form of grant or delegation of these lands had been made prior to the colony. Without a claim to a proprietary interest in those lands, or in the absence of a claim to jurisdiction derived from the Provinces' former sovereign status, the British Columbia opinion indicates that jurisdiction over these resources will fall to the Federal government—

But I have just shown clearly, I think, beyond any real possibility of contradiction, that Nova Scotia had received delegation to legislate, and to legislate over waters far exceeding the limits of the territorial waters. Not only was there a delegation, but the Governors were ordered to establish a legislature, and to make laws by and with the advice and consent of that legislature, and that legislature, so acting with the Governor and the Council, did make many laws clearly extending beyond the limits of the territorial sea.

Now let me turn to Sable Island. The ownership of Sable Island is one of the fundamental constitutional questions involved in the whole matter of offshore mineral rights, especially as it affects Nova Scotia. There can be no doubt that previous to Confederation, Sable Island was considered to be a part of the colony of Nova Scotia. That is clear from some of the documents I mentioned, and from which I read extracts. This is specifically set out in the Royal Charter of 1621, the Treaty of Paris and in Governor Wilmot's commission which is dated November 21, 1763.

The government of the colony of Nova Scotia exercised its jurisdiction over Sable Island prior to Confederation without any interruption of any kind; that is, for well over 100 years. I have forgotten the exact date now, but I think it ran from 1713 to Confederation. It would be well over 100 years.

Section 108 of the B.N.A. Act and the third schedule to that act, however, do make a reference to Sable Island, and we have to take this into consideration in dealing with the ownership of that island.

An examination of the third schedule shows that it is concerned with transferring property of a kind which is of a public nature serving some general public purpose. It is concerned with canals, public harbours, steamboats, dredges and public vessels, rivers and lake improvements, railways, military roads, custom houses, post offices, other public buildings, ordnance property, armouries, drill sheds, lands set apart for public purposes and "lighthouses and piers, and Sable Island."

• (1610)

Honourable senators, it is not easy to believe that the draftsman of this schedule of the B.N.A. Act, or the representatives of those Nova Scotians who must have approved it, intended to transfer a whole island from provincial to federal ownership simply by including the name of it with the words "lighthouses and piers" in a schedule to the act. It is surely more likely, as is maintained by Nova Scotia, that the inclusion of the words "Sable Island" in this particular, with the words "lighthouses and piers", was simply a convenient way of describing the various humane establishments maintained by Nova Scotia on the island. Those establishments were all of the life-saving and ship-guidance sort, and clearly of a kind which were being enumerated in the rest of the schedule. If the draftsman had wanted to include those humane establishments, item by item, he would have had a very long list. It seems to me, at any rate, and I think to most Nova Scotians, quite clear from the whole text of the schedule and the kinds of things enumerated there, that what the draftsman had in mind, and what the representatives of Nova Scotia thought they were doing, was giving to the federal government, upon Confederation, the humane establishments and the responsibility for maintaining them, and a substantial number were enumerated.

Senator Thompson: Would it have been easier if they had said "lighthouses and piers of Sable Island", rather than "and Sable Island"?

Senator Smith: Yes, I agree, that would make it clear and probably beyond any dispute whatsoever that what they were dealing with were the humane establishments including apparatus to guide and direct ships and to save lives, such as lifeboats and means of taking care of shipwrecked people.

Senator Frith: Then we would not have been able to enjoy this inquiry.

Senator Smith: That may be a doubtful asset to balance off the loss of the island.

Senator Donahoe: They were transferring more lighthouses than the ones on Sable Island. It was all lighthouses, and Sable Island was only included.

Senator Thompson: Your definition of property under section 108 included lands.

Senator Smith: It included certain lands of public buildings such as post offices and armouries.

Senator Thompson: I thought you said "lands" per se.

Senator Smith: Yes, public lands used for certain public purposes on the mainland.

It is easy to visualize the draftsman using the words "Sable Island" in the third schedule simply to refer to the rather substantial humane establishments maintained on Sable Island. Surely, if it had been intended to convey a whole island from Nova Scotia to the federal government, it would have been reasonable to have given it at least a separate heading to itself and not to include it simply *ejusdem generis* with piers and lighthouses.

No doubt the federal argument rests not only upon the inclusion of the two words "Sable Island" in the third schedule, but also upon the fact that after Confederation and until recent years the Province of Nova Scotia did not exercise any particular jurisdiction over the island. That fact must be taken into consideration when dealing with the matter. The federal government did, at least in respect of aids to navigation for administering relief to shipwrecked persons and for pre-

serving and removing shipwrecked property, exercise jurisdiction over these institutions.

Provisions of this kind are contained in Part XI of the Canada Shipping Act, being chapter S-9 of the Revised Statutes of Canada, 1970. The relevant provisions of this part are very similar to, and, in some cases, exactly the same as, the provisions of chapters 21 and 23 of the Revised Statutes of Nova Scotia, 1864, which I mentioned, and from which I believe I read some words.

Section 589 of the Canada Shipping Act, interestingly enough, provides that in all proceedings in any court Sable Island shall be held to be within the County of Halifax which, of course, is part of Nova Scotia, and uses almost exactly the same wording as is used in section 5 of chapter 23 of the Revised Statutes of Nova Scotia, 1864.

It is to be noted also that for the purposes of federal elections, Sable Island has for many years, by regulations made under the Federal Elections Act, been treated as being part of the electoral district of Halifax County.

Honourable senators, I have not by any means referred to all documents and authorities relevant to this matter. There are many more which are relevant and helpful, both to the argument I am making or to understanding more clearly the problem, but both you and I would be wearied indeed if I tried to deal with all of them.

I respectfully submit, however, that I have mentioned enough of them to show three things. The first is that Nova Scotia has a soundly-based claim to Sable Island. The second is that the British Crown, more than a century before Confederation, had commanded that a legislature be created to make laws which the Governor and Council did, in fact, do—they made laws applicable not only to land but to offshore matters far beyond the limits of the territorial sea. The third is that not only are the relevant historical facts related to Nova Scotia very different from those related to British Columbia, but, in the very words of the Supreme Court, the British Crown did confer "upon the Governor or the Legislature of the colony rights to which the British Crown was entitled under international law."

Honourable senators, I must express my sympathy to you for having listened to this dissertation for so long and also my gratitude to you for having done so. You have been very patient, and while I do not suppose I have changed any minds from views previously held, I hope at least I have been able to place before you some of the considerations which I think are of extreme importance to my province in this respect, and to convince you of one thing at least, and that is that the decision of the Supreme Court of Canada in the *British Columbia Reference* case does not bind or decide the case with regard to Nova Scotia and Newfoundland. That case remains open for argument as well as for negotiation.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, November 13, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—CHANGES IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate that the names of Messrs. Henderson and Irwin had been substituted for those of Messrs. Gimaiel and Chénier; that the names of Messrs. Fraser, Beatty and Robinson (Burnaby) had been substituted for those of Messrs. Nowlan, Malone and Knowles; and that the names of Messrs. Manly and Mackasey had been substituted for those of Mr. Robinson (Burnaby) and Miss Campbell (South West Nova) on the list of members appointed to serve on the Special Joint Committee on the Constitution of Canada.

DOCUMENTS TABLED

Hon. Royce Frith (Deputy Leader of the Government) tabled:

Capital Budget of Atomic Energy of Canada Limited for the fiscal year ending March 31, 1981, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with a copy of Order in Council P.C. 1980-2835, dated October 23, 1980, approving same.

Copies of Orders in Council pursuant to the *Petroleum Administration Act*, Chapter 47, Statutes of Canada, 1974-75-76:

(1) Order in Council P.C. 1980-2915, dated October 28, 1980, pursuant to section 35(2) of the said Act, ordering that a proclamation do issue declaring that Division II of Part II of the said Act shall come into force and have effect upon, from and after the 28th day of October, 1980;

(2) Order in Council P.C. 1980-2916, dated October 28, 1980, pursuant to section 36 of the said Act, together with the annexed Regulations prescribing maximum prices for the various qualities and kinds of crude oil;

(3) Order in Council P.C. 1980-2917, dated October 28, 1980, pursuant to section 52(2) of the said Act, ordering that a proclamation do issue declaring that section 52(1) of the said Act shall come into force and have effect upon, from and after the first day of November, 1980;

(4) Order in Council P.C. 1980-2918, dated October 28, 1980, pursuant to section 52(1) of the said Act, together with the annexed Regulations prescribing prices for natural gas, effective November 1, 1980;

(5) Order in Council P.C. 1980-2919, dated October 28, 1980, pursuant to section 62 of the said Act, amending Part III Regulations, C.R.C., c. 1261 of the said Act;

(6) Order in Council P.C. 1980-2920, dated October 28, 1980, pursuant to section 72(4) of the said Act, revoking:

(a) Petroleum Classes Designation Order No. 2 made by Order in Council P.C. 1978-3825 of 21st December, 1978;

(b) Petroleum Classes Designation Order No. 3 (Temporary) made by Order in Council P.C. 1979-2116 of 2nd August, 1979; and

(c) Petroleum Classes Designation Order No. 4 made by Order in Council P.C. 1979-2577 of 27th September, 1979.

PRIVATE BILLS

ROYAL CANADIAN LEGION—FIRST READING

Hon. John M. Godfrey presented Bill S-15, respecting the Royal Canadian Legion.

Bill read first time.

Senator Godfrey moved that the bill be placed on the Orders of the Day for second reading on Wednesday, November 19, 1980.

Motion agreed to.

• (1405)

CANADIAN MERCHANT SERVICE GUILD—REPORT OF COMMITTEE PRESENTED

Hon. Richard A. Donahoe, Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, November 13, 1980

The Standing Senate Committee on Legal and Constitutional Affairs to which has been referred the Bill S-12 intituled: "An Act respecting the Canadian Merchant Service Guild", has in obedience to the order of reference of Thursday, October 30, 1980, examined the said Bill and now reports the same with the following amendments:

1. *Page 4, clause 9:*

(a) Add, immediately after subclause (1), the following:

"(2) The national executive board may, at any time between the holding of conventions, make by-laws referred to in subsection (1), and such by-laws shall come into force on the day on which they are approved by a majority of ballots cast in a referendum held in accordance with the by-laws."

(b) Strike out line 42 and substitute the following:

"(3) The national executive board shall be"

(c) Strike out line 44 and substitute the following:

"(4) Each by-law remains in force until"

Respectfully submitted,

Richard A. Donahoe
Deputy Chairman

Senator Donahoe moved that the report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

Motion agreed to.

MONTILAC LTD. AND SOCAM LTD.—REPORT OF COMMITTEE

Hon. Richard A. Donahoe, Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, November 13, 1980

The Standing Senate Committee on Legal and Constitutional Affairs to which has been referred the Bill S-13 intituled: "An Act to revive Montilac Ltd. and Socam Ltd.," has, in obedience to the order of reference of Wednesday, November 12, 1980, examined the said bill and now reports the same without amendment.

Respectfully submitted,

Richard A. Donahoe
Deputy Chairman

Senator Donahoe moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

TREMUS INDUSTRIES LIMITED—REPORT OF COMMITTEE

Hon. Richard A. Donahoe, Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, November 13, 1980

The Standing Senate Committee on Legal and Constitutional Affairs to which has been referred the Bill S-14 intituled: "An Act to revive Tremus Industries Limited," has, in obedience to the order of reference of Wednesday, November 12, 1980, examined the said bill and now reports the same without amendment.

Respectfully submitted,

Richard A. Donahoe
Deputy Chairman

Senator Donahoe moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, November 18, 1980, at 8 o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Jacques Flynn (Leader of the Opposition): I should like to ask the Deputy Leader of the Government if the motion could not have been put last Thursday.

Senator Frith: As I understand it, it would have been quite in order to have put it last Thursday, yes.

Motion agreed to.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—QUESTIONS RESPECTING PROCEDURE—SPEAKER'S RULING

The Hon. the Speaker: Honourable senators, before proceeding to the Question Period, I should like to give the house my ruling on the proposal made by the Leader of the Opposition last Thursday.

During the Question Period of Thursday, November 6, the Honourable the Leader of the Opposition addressed a question to the Joint Chairman of the Special Joint Committee on the Constitution, which he thought admissible under subparagraph 20(1)(c) of the Rules of the Senate, which reads as follows:

[*Translation*]

20. (1) When the Speaker calls the question period, a senator may, without notice, address an oral question to

(a) —

(b) —

(c) —the chairman of a committee, if it is a question relating to the activities of that committee.

The question asked by the Honourable Leader of the Opposition was as follows:

[*English*]

HON. JACQUES FLYNN (LEADER OF THE OPPOSITION): Honourable senators, now that we are blessed with the presence of Senator Hays, the Joint Chairman of what I suppose I can call the Constitution Committee, I wonder if I could ask him to inform the Senate of the main decisions taken at this morning's meeting, and whether they are positive or negative.

• (1410)

Whereupon the Honourable Senator Frith raised a point of order based on citation 357, paragraph (1) subparagraph (hh)

of *Beauchesne's* Fifth Edition, found at page 130, which reads as follows:

> A question, oral or written must not seek information about proceedings in a committee which has not yet made its reports to the House.

A debate followed and the views expressed by honourable senators indicated disagreement on the interpretation and meaning to be given to the word "activities." I found the comments most helpful and I am grateful to the honourable senators who participated in that debate.

Rule 20 permits questions relating to the "activities" of a committee. *Beauchesne,* on the other hand, prohibits questions relating to the "proceedings" of a committee. In my view there is no inconsistency between these two concepts. In fact, each complements the other.

The "activities" of a committee would obviously be the specific things that are done by the committee, such as the holding of meetings, the election of a chairman, the calling of witnesses, the hiring of staff, advertising, and any other matter relating to the manner in which the committee conducts its proceedings. These are all "activities" of a committee.

[*Translation*]

The Honourable Leader of the Government countered the question by the Honourable Senator Flynn in the following terms:

[*English*]

> Hon. Royce Frith (Deputy Leader of the Government): I rise on a point of order. Since the members opposite, particularly yesterday and earlier, displayed such an interest in compliance with the rules, I would draw their attention to chapter 9, page 129, of *Beauchesne*, on the subject of questions:
>
> > A question oral or written must not—
> >
> > (hh) seek information about proceedings in a Committee which has not yet made its report to the House.

[*Translation*]

The first thing that comes to mind upon analyzing the disputed statement is that the *Rules of the Senate* refer to the "activities of that committee" while *Beauchesne* refers to "proceedings" for which the French equivalent could be "délibérations".

[*English*]

The term "proceedings" with respect to a committee, on the other hand, is a term that, in a parliamentary context, is more closely associated with the actual deliberations of a committee. In fact, the French word is "délibérations." The English word "deliberation" is defined in the dictionary as including "careful consideration with a view to decision" and "the consideration and discussion of the reasons for and against a measure by a number of councillors."

According to *May's Parliamentary Practice* (19th edition, at page 87), the term "proceedings in Parliament," as a technical parliamentary term, has a meaning that goes back as early as the seventeenth century.

[The Hon. the Speaker.]

May states that it means "some formal action, usually a decision, taken by the house in its collective capacity." "This is naturally extended," according to *May*, "to the forms of business in which the House takes action, and the whole process, the principal part of which is debate, by which it reaches a decision."

[*Translation*]

Now, we agree on the terms "proceedings" or "délibérations", but what is meant by "activité" or "activities" of the committee?

Though the word "activity" has a very broad meaning, and can encompass every form of action, joined to the word "committee" its meaning is considerably limited. A committee acts as such when it passes resolutions, reaches decisions on rules, statements, reports and so on. In other words, the acitivity of a member of the committee including its chairman, or a witness appearing before it, or a person connected with it in any way or working for it, is not considered to be the activity of the committee unless the committee makes its own the position adopted by one of those persons.

There, then, is a first restriction to the term "activité" or "activities".

Questions may not be asked of the chairman of the committee unless they pertain to the activities of the committee itself.

The last restriction, with regard to the questions that may be put to the committee chairman, relates to rule 73 of the Senate, which stipulates:

> Members of the public may attend any meeting of a committee of the Senate, unless the committee otherwise orders.

So if the committee decides to sit *in camera*, what then would be the meaning of rule 73, if honourable senators could, in the Senate, invite the committee chairman to reveal all that was decided at a given committee sitting?

Let us now come back to the question put by the Honourable Leader of the Opposition. His question dealt with the activities of the Joint Committee on the Constitution. On the other hand, the committee chairman at no time mentioned that the meeting was held *in camera*. I therefore conclude that to my mind the question seems to be in order.

Senator Flynn: The answer, then, is of no consequence.

QUESTION PERIOD

[*English*]

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—TELEVISING OF PROCEEDINGS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, again we are missing two of our three cabinet ministers. Only Senator Argue, the Minister of State for the

Canadian Wheat Board, is here. Maybe some of us have questions for him, but I suggest that the greatest number of questions will be directed either to the Leader of the Government or the Minister of State for Economic Development, who holds a rather broad portfolio.

In any event, as I indicated previously, possibly the Senate should have dispensed with the sitting this week, given what little there is before the Senate itself. The only questions that are really relevant today are those questions we might put to Senator Argue, because even if we put the questions to Senator Frith, he will just take them as notice, and in that case we will not get an answer until next week when the ministers will, we hope, be here.

Hon. Royce Frith (Deputy Leader of the Government): That would depend on the questions.

Senator Flynn: So I do not see the use in putting any questions, except those to Senator Argue, or those addressed to Senator Hays in accordance with the ruling the Speaker just made a moment ago. The question I wanted to put to Senator Hays is: Is it his intention to have the Senate approve the decision of the committee to ask for leave to have its deliberations televised?

● (1415)

Senator Frith: Under the Speaker's ruling I do not think that is in order.

Senator Flynn: I am asking whether the committee decided to ask leave from both houses to have its deliberations televised, and I am asking Senator Hays if he intends to ask that permission of the Senate today.

Senator Frith: I guess the first question to be asked is whether the committee did so decide. I don't know whether they did or not. I don't think they did so decide.

Senator Flynn: If I am wrong, then I think Senator Hays can correct me.

Hon. Harry Hays: Honourable senators, it is my understanding that insofar as the televising of the committee's proceedings is concerned, this question will be dealt with by the House of Commons and by the Senate. As far as the committee is concerned, we have no intention at the moment of changing our decision. It is up to the House of Commons and the Senate as to how they want to proceed insofar as televising the committee's proceedings is concerned. The committee has not asked for permission to be televised.

Senator Flynn: As I understand it, the committee has not made a decision; it has not asked for anything.

Senator Hays: No.

Senator Flynn: Then do I understand that there is a possibility that the Commons may instruct the committee to do that?

Senator Frith: Perhaps I can help. I understand that a motion is going to be presented in the other place, using the word "authorized", not "instructed".

Senator Flynn: Yes, but what is the exact situation? Are we going to be invited to join in that exercise?

Senator Frith: My instructions are—

Senator Asselin: You have been instructed?

Senator Frith: No, I have not. I am always glad to concede that I am being instructed if in fact that is the case. I suppose that the use of the phrases, "according to my instructions," or "I am instructed," is an occupational hazard, since it is an expression that is used in court. I apologize for using it here in that way.

In this case, in any event, neither in that more esoteric sense of the word, nor in its general sense, am I instructed. I am, rather, informed that the plan is for a motion to be introduced in the other place, probably within half an hour from now, and the motion will propose that the committee be authorized to televise its deliberations. I am further informed that the motion finishes with the words, "that a message be sent to the Senate," asking the Senate to concur in the motion so to authorize the committee.

That is my information. I understand the motion is to be presented at the end of Question Period in the other place.

Senator van Roggen: Did you use the words "authorized to televise"? Or is the motion to the effect that they are to be directed to televise?

Senator Frith: I was told that the word to be used is "authorize." My understanding is that they will be authorized to do it; that is, they will have authority to do it, if they wish. I cannot tell you anything more than that I was told today that the word would be "authorized." It may turn out that it will not be that word, in which case I hope honourable senators will not feel that I have tried to mislead them. I am simply telling you what I understand the plan was in the other place.

● (1420)

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would like to refer to the use of the word "authorized" in the resolution which my honourable friend opposite anticipates. In my opinion the word "authorized" should be replaced by "instructed," because in the first instance, when this committee was set up, we were under no misapprehension as to what it was being asked to do. It was not authorized to do something; it was being instructed to do something. It seems to me the same reference ought to be used in connection with this motion that is being forecast.

I think that some weight may be added to that argument when one knows that the committee has itself already declined, after a very vigorous debate, to approve the introduction of television, radio or other electronic media to its proceedings. This would merely authorize the committee to do something, which they may nor may not decide to do. If they adhere to their present frame of mind, they will not do it. In fact, one wonders whether they have the right to reconsider a matter that has already been decided.

I leave that open for the experts to decide. But it seems to me advisable, if this house believes that television and radio

ought to appear in that committee, that we instruct them to do so. Otherwise we will have no guarantee that they will do it, and it will involve the question as to whether or not they are going to rescind their previous decision.

So I would ask my honourable friend to communicate with his friends in the other place and give them some instructions for a change. Instructions are always coming this way. Perhaps he could let the instructions flow in the reverse direction and propose to them—and that is a better word, perhaps—that the word they use in dealing with the matter should be "instructed" and not "authorized."

Senator Frith: Honourable senators, in the first place, I guess my friend was otherwise engaged when I said that in this case there were no instructions in either direction. I understand the position he has taken. My membership on that committee was so fleeting that I am unable to say with the same authority as my honourable friend what took place at the committee on this subject.

I suggest that we wait to see what the message says, and we can then decide what our feelings are on the subject of the operative verb. Since it is a committee that was originally proposed by a motion in the other place, with a resolution being sent here for concurrence, I think we should wait until we receive the wording of the other place, and then of course we can concur in it or not concur in it.

I do not propose to send a suggestion or instruction or—

Senator Roblin: Proposal will do.

Senator Frith: —or proposal over to the other place, but—

Senator Flynn: You don't want to reverse the trend?

Senator Frith: —but I am sure that all of the questions raised and the comments made by the Deputy Leader of the Opposition will be taken into account when the message is received, if it is received. Also, it is quite possible that I am mistaken or that the change suggested subsequently was accepted. I am not sure whether the word is going to be "authorized"; the word may very well be "instructed." Let's wait and see.

Hon. Heath Macquarrie: Honourable senators, there is another aspect to this. We must never forget that this is a joint committee, and that the members of the other place are, in the final analysis, creatures of the parent body, the House of Commons, as are our ten members in relationship to this parent body. I am wondering what the deputy leader, for whom I have a very high regard, has in mind in terms of the mechanism and the modalities for this chamber to advise, instruct, or suggest to our members on that committee as to the course of action they should take in respect of this very important matter.

As a member of the Senate of Canada, I would be somewhat offended if our ten most excellent members should be acting upon the instructions, advice, suggestions or orders of the other chamber. I think we must never lose sight of the importance of the expression "joint committee," and I had thought today, quite frankly, that the Honourable Deputy Leader of the Government in the Senate would have been proposing a motion, a measure, upon which we would give our considered, fair and objective judgment.

• (1425)

I am somewhat unhappy about the suggestion that we should, with languor and total relaxation, wait to see what they do in the other place. Our chamber is not always standing highest in the esteem of the public of this Canada of ours, as Mr. St. Laurent used to say, but if we ourselves contribute to this lack of regard for our own position, I think we are endangering our situation here. I would ask the leader to think just a bit more about this. We do not want our 10 among the 25 to be in any way subsidiary to anyone else's "diktat."

Senator Frith: Honourable senators, earlier in the day I considered and discussed with the Leader of the Opposition the possibility of our dealing with the matter and not awaiting, for example, a message from the other place. He and I felt that if we could deal with the matter independently of a message from the other place that that is what we would prefer. I did check into it and I was advised by the resident experts that in a case of this kind, involving a joint committee, it is usual to await the message from the chamber which originated it. In other words, in reverse circumstances it would be considered discourteous or against the respected practice to have messages cross, for example, or to not wait for the initiating chamber—be it this one or the other—to send a message asking for concurrence. For that reason I abandoned the proposal, which was somewhat like the one suggested by Senator Macquarrie, of bringing forward a motion on the subject. I was told that that would be contrary to the practice in the case of joint committees, and so I did not do so.

Hon. Louis-J. Robichaud: Honourable senators, last night on television I had the pleasure of seeing my former colleague, the former Premier of Manitoba, and now my colleague in the Senate. I think his question a moment ago was pertinent. Can the deputy leader tell us if this will come to the Senate in the form of a resolution, or in the form of a bill, which would require one day's notice? In addition, might it take three or four days before the matter is resolved here, or could we get a message from the House of Commons this afternoon? How is the matter going to be dealt with? In other words, are we going to have three readings of a resolution and have to sit tomorrow, as well as on Saturday and Monday?

Senator Flynn: What do you mean, three readings?

Senator Frith: Honourable senators, I understand that the practice is not really unusual. It is quite normal for us to receive a message with reference to a joint committee and to be asked to concur in that message, and that is what is contemplated in this instance. We expect to receive a message from the Commons informing us that they have adopted a motion—whatever it may be—and asking us to concur in it. The message applies to a joint committee and requires concurrence by both houses. The chamber that initiates the joint committee normally initiates the message as well. In any event, according to the authorities I have consulted, one house waits

for the message from the initiating house, thus avoiding the crossing of messages somewhere in between.

Senator Flynn: That practice is not sacrosanct. I don't see why we should wait for them. If it is the view of the Deputy Leader of the Government that we should instruct or authorize, or whatever he says, the committee to televise its proceedings, I do not see why we should wait and necessarily have to join with the other place. We can express our own view. For instance, if they do not send us a message, if the motion in the other place is defeated, why should we not say that as far as we are concerned we are prepared to have the committee proceed with the televising of its proceedings? I suggest it is very simple. To calm the worries of my good friend Senator Robichaud, I would say that we are prepared to give leave to any motion that may be moved this afternoon. I should also inform him that in my view—and I think that the Clerk would confirm—there are not three readings of a resolution.

• (1430)

Senator Frith: As I understand it, we will need leave, in any event, to proceed to consideration of the message when it arrives.

Senator Flynn: It is given in advance.

Senator Frith: I would ask honourable senators, in view of the time, to follow what has been the practice and await the message, and thus avoid any contretemps between them and us on this question.

Senator Flynn: There is no contretemps.

Senator Roblin: Honourable senators, I would urge the deputy leader to reconsider the suggestion of the Leader of the Opposition, that we proceed, by leave, to deal with this matter now.

Senator Flynn: Right away.

Senator Roblin: Unless the Deputy Leader of the Government is prepared to give us his assurance that we will receive this message from the other place before we rise today.

Senator Flynn: Then we won't need it.

Senator Roblin: I would be prepared to go as far as to say that if we can get the message today we could proceed with the matter expeditiously. If we do not get it before we rise today, then we do not meet again until Tuesday night, which means a long, long weekend intervening, and no television on Monday and Tuesday, and probably Wednesday, while some of us are anxious to get the televising of proceedings in line as quickly as possible. Could the honourable senator give us an assurance that we will get the message this afternoon and have an opportunity to deal with it?

Senator Frith: At this point, of course, there is no matter before us. All I have done, in elaboration of a matter that was raised—namely, the question that was put to the joint chairman of the special joint committee—is to say that I have been informed that such a message might be received pursuant to a motion that I expect will be moved in the other place. Therefore, we do not really have anything to deal with, in that sense.

The question of the Senate's consideration of the televising of the committee's proceedings has not really been raised in the Senate. That is the reason I believe it to be a much clearer and more acceptable practice, since all we are doing is anticipating something, to wait until that initiative is taken in the other place. If it is, we can then deal with it in that context rather than as we have been dealing with the possibility of its arriving here.

Senator Roblin: I suggest that is not a very satisfactory course to follow, because the honourable senator has given us no assurance at all that we will receive the proposal from the other place this afternoon. I think it is becoming quite important that we should move on this now.

The Deputy Leader of the Government says we have no matter before us. Would he be prepared to give leave if we on this side were to produce a resolution with respect to television and the other media, so that we could deal with it this afternoon and express our view, and allow the committee, as far as the Senate is concerned, to get on with televising its proceedings?

Senator Frith: It seems to me an obvious corollary to the fact that we would prefer to deal with the message when it is received from the other place that I would not wish to give leave to consider the matter in anticipation, but would rather await the message from the other place and deal with it when it arrives.

Senator Roblin: Has the honourable senator had any consultations with his colleagues in the other place that would enable him to tell this house when it will receive the message?

Senator Frith: No, I cannot tell the house when the message will be received, but perhaps I can estimate when it might be received. The consultation I have had with colleagues in the other place confirms what I already have said.

Senator Flynn: Colleagues?

Senator Frith: Yes. Are we going to pick up the word "colleagues"? Let's have it.

Senator Flynn: I was just curious to find out who the colleagues were.

Senator Roblin: What do the colleagues say?

Senator Frith: The answer to Senator Roblin's question is that the plan is to move this motion at the end of Question Period in the other place. I understand the motion has received support from the three leaders there, and it is not anticipated that it will be debated at length. In fact it is anticipated that it will be adopted quickly, and that we will receive the message shortly after 3 o'clock.

• (1435)

That is the estimation, and, of course, it is also the reason why I cannot give an assurance as to if or when. I think it is a very good bet that we will receive it by 3:30 this afternoon. However, I cannot guarantee what somebody else is going to do.

Senator Asselin: And if we don't?

Senator Frith: If we don't, we don't. That will simply mean that they have not adopted it. If that message is not received it could be that the motion was not adopted, and there could be any number of reasons for that. If the message is not here by the time we have finished our business we can either adjourn during pleasure until it arrives, or we can adjourn for the day.

If we find out—and I shall certainly try to find out shortly after 3 o'clock—that the motion has been adopted, then I suspect we would want to avoid what Senator Roblin has spoken of, namely, our not being here when the message arrives.

Hon. Lowell Murray: In view of the fact that when this matter came up in committee, Senator Goldenberg, as I am given to understand, argued that the television lights would be too bright and too hot, I wonder whether he could be equipped with a set of sunglasses and a parasol to encourage him to change his vote when the matter comes up again.

Senator Frith: I take it that that question is not addressed to Senator Goldenberg as Chairman of the Legal and Constitutional Affairs Committee but to me, and I shall take it as notice.

Senator Flynn: Honourable senators, with leave, I would move, seconded by Senator Roblin, that as far as the Senate is concerned, the Special Joint Committee on the Constitution may have its proceedings televised if it so desires.

The Hon. the Speaker: Is leave granted?

Some Hon. Senators: No.

Senator Robichaud: I want to rise on a point of order. I understand that at the moment we are on Question Period, and I am wondering if a motion is in order.

Senator Flynn: I asked leave, and when you say "No" that is the end of it. I withdraw the motion because I cannot move it without your concurrence. You acting alone can block it.

The Hon. the Speaker: There is not unanimous consent and so the motion cannot be put.

ENERGY

EFFECT OF SPOT PURCHASES ON OIL PRICING

Hon. Jack Austin: Honourable senators, I would like to ask a question of the Deputy Leader of the Government, which he can take as notice. There is an increasing concern in the world energy community about upward pressure on spot oil prices, and part of the pressure, if not a good deal of it, is based on the purchases by both private and state companies in the western industrial community. In order to avoid this desperation that takes place in the marketplace which creates a ratchet-like effect on everybody's oil prices, I wonder if the government is considering, or discussing with other industrial countries, the possibility of limiting purchases as to price except by government agreement.

[Senator Asselin.]

Hon. Royce Frith (Deputy Leader of the Government): That question will be taken as notice.

• (1440)

Hon. Duff Roblin (Deputy Leader of the Opposition): When my honourable friend is looking into that question, perhaps he would address himself to a supplementary matter and tell us whether the International Energy Agency, which is our proxy in these matters, has considered these increases in prices and whether it has made any recommendations to the member states with respect to them. That is a corollary of the question my honourable friend, Senator Austin, has asked.

Senator Frith: Yes, I agree it is a corollary, and it will also be taken as notice.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—PRINTED PROCEEDINGS

Hon. Jean-Paul Deschatelets: Would the Deputy Leader of the Government inform this chamber whether honourable senators will receive a transcript of the deliberations of the Special Joint Committee on the Constitution?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I believe that the first group of transcripts of the proceedings have been received. I noticed the transcript covering the first two days of proceedings on my desk the other day.

CANADIAN BROADCASTING CORPORATION

COVERAGE OF BUDGET SPEECH

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Godfrey on October 29, 1980, concerning the CBC coverage of the budget speech.

The decision to cover the budget speech in the way it did was made by CBC management, which Parliament has not interfered with in the past. I am informed that CBC chose to present the broadcast in the manner it did in order to make the budget more easily understood by the viewing public and also to maintain interest in the program.

Honourable senators will remember that the point of the question was that when the CBC coverage of the budget was presented—and, as I recall, it was the same on CTV—the Minister of Finance was frequently interrupted, taken off the screen, and a journalist would explain either what was coming up or what had taken place. Senator Godfrey would have liked to have heard the Minister of Finance make his own judgments about what was taking place, and then later to have listened to the commentary.

While the decision made by the news department of the CBC may have been unacceptable to most parliamentarians, I must reiterate that Parliament has no ability to interfere in the day-to-day decisions of that corporation.

However, since I and other honourable senators share the views of Senator Godfrey, I shall be pleased to communicate our feelings about that presentation to the President of the CBC.

Senator Marshall: I think it worthwhile pointing out that even before the Minister of Finance started his budget, all the highlights were given at 8 o'clock by the CBC.

Senator Murray: What, in the opinion of the CBC, were the highlights.

Senator Marshall: I would not hesitate for one moment to support both the deputy leader and Senator Godfrey.

Senator Frith: As Senator Murray has just said, it covered what, in the opinion of the CBC, were the highlights.

THE CONSTITUTION DEBATE

REPRESENTATIONS BY CANADIAN CIVIL LIBERTIES ASSOCIATION

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Smith on October 30, 1980, concerning representations by the Canadian Civil Liberties Association.

The government has not responded to representations made by the Canadian Civil Liberties Association as it was felt that it would be more appropriate that these representations be made to the Special Joint Committee on the Constitution of Canada.

FOREIGN AFFAIRS

PURPOSE OF MINISTER'S VISIT TO UNITED KINGDOM

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Asselin on November 6, 1980, regarding the visit of the Secretary of State for External Affairs to London on November 10.

The minister's reason for this visit was basically to pass through London en route from Vienna to the current Conference on Security and Co-operation in Europe in Madrid, and meet with Sir Sonny Ramphal of the Commonwealth Secretariat on North-South questions following the Vienna meeting. The Secretary of State for External Affairs, however, also met with three British ministers and the Constitution was discussed.

It is my understanding that the main discussion concerned the question of parliamentary timetables. These talks took place within a context of implied understanding on the part of both governments that the federal government alone speaks for Canada concerning the Canadian Constitution.

TRANSPORT

WESTERN CANADA—GRAIN HAULING SUBSIDIES

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I have a delayed answer to a question asked by Senator Bielish last Thursday, namely, whether the government is likely to provide transportation costs for the trucking of grain at an off-line elevator should it be built at Valleyview, Alberta.

On this very important question that Senator Bielish has asked, the Hall Commission, reviewing the situation in that area some years ago, recommended that a rail line be built. Since that time, as a result of a study that was made by the Alberta government, it has been felt that that may not be the most efficient way of handling the movement of grain. However, I am informed that a study is being made at this time by the Department of Transport of that very question, and as soon as a decision is made I will be happy to bring that information to Senator Bielish and to the Senate.

GRAIN

CANADIAN WHEAT BOARD—CONTROL OF FEED GRAINS

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, yesterday Senator Bielish asked if I could provide the names of the members of the ad hoc Feed Grain Supply Committee. The committee members are:

Barry Andrew, a grain and livestock producer in the Regina area. Mr. Andrew is president of Canadian Western Agribition, director of Saskatchewan Stock Growers Association, and a director of the Canadian Cattlemen's Association.

Fern Beaudet, director of grain services at the Co-op federee du Quebec. Mr. Beaudet has had extensive experience in marketing grains with a number of grain and cereal companies.

Gordon Blanchard, a grain and livestock producer from the Bow Island area of Alberta. He is a regional director of Unifarm as well as a member of the Unifarm Executive and chairman of its Transportation Committee.

John Eaton, manager of technical services in the agriculture division of Co-op Atlantic, in Moncton, N.B. Mr. Eaton was raised on a farm in Nova Scotia. In his 19 years with the Co-op, he has been involved with marketing and other aspects of the feed grain industry.

Glen Flaten, a grain and broiler chicken producer from the Regina area. He is first vice-president of the Canadian Federation of Agriculture, chairman of the Saskatchewan Hog Marketing Commission and a director of Canfarm Cooperative. Mr. Flaten is also a member of the Advisory Council on Transportation to the Saskatchewan government.

Bert Hall, a grain, hog and broiler chicken producer from Manitou, Man. Mr. Hall is a past president of the Manitoba Farm Bureau, chairman of the Manitoba Provincial Chicken Marketing Board and a director of Canfarm Cooperative.

Charles Landry, director of coarse grain sales at the Canadian Wheat Board in Winnipeg. Mr. Landry is involved with the domestic and export marketing of oats and barley and matters relating to the domestic feed grain policy.

Douglas Mutch, director of economic research and secretary to the Canadian Livestock Feed Board in Montreal, Que. Mr. Mutch is involved with market analysis for feed grains. Before joining the Board, he taught at Macdonald College in Montreal.

HON. MARTHA P. BIELISH

FELICITATIONS ON INDUCTION INTO ALBERTA AGRICULTURAL HALL OF FAME

Hon. Earl A. Hastings: Honourable senators, before the Orders of the Day are called, I should like to associate myself with the remarks of Senator Hays yesterday when he drew the attention of the Senate to the honour that has been accorded to one of our colleagues, the Honourable Senator Martha Bielish, by being inducted into the Alberta Agricultural Hall of Fame.

The Agricultural Hall of Fame was created to recognize men and women of Alberta who have made outstanding contributions to rural life and to the development of agriculture in the province. The 45 individual members of the Hall of Fame are impressive examples of leadership and accomplishment.

It is indeed appropriate that in this year, the seventy-fifth anniversary of Alberta's entry into Confederation, Martha Bielish should be honoured as one who has devoted her life to strengthening the rural community, and supporting the family and the rural way of life—the hallmarks of Alberta throughout the past 75 years.

The citation which accompanied Senator Bielish's nomination states:

> Martha Palamarek Bielish, a dedicated humanitarian, has continuously worked to improve the quality of life, especially for those in rural areas. Active on a variety of committees and councils, she has made a special contribution to women's institutes. She served four years as provincial president, and has represented the organization at several international gatherings. In 1975 she was presented with the Woman of the Year award by the Alberta Women's Institute. Two years later she received the Queen's Jubilee Medal as recognition for her work at the community, provincial and national level.

I am sure all honourable senators will join me in extending congratulations and best wishes to our colleague on being so honoured by being inducted into the Alberta Agricultural Hall of Fame.

Hon. Senators: Hear, hear.

[Senator Argue.]

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, further to our discussions earlier of the anticipated message concerning televising the proceedings of the Special Joint Committee on the Constitution, we now face the risk so eloquently described by Senator Roblin—that of adjourning before the arrival of the message, with the possible loss of two or three days of television broadcasts of the committee's proceedings. Therefore, it seems to me that the solution is for us to adjourn during pleasure to reassemble at the call of the bell upon receipt of that message.

● (1450)

I will undertake, honourable senators, to find out what the situation is, and, if it turns out that we will be wasting our time by waiting, I will have the bells rung and we can then adjourn until Tuesday.

The Hon. the Speaker: Is there a motion to adjourn?

Hon. Jacques Flynn (Leader of the Opposition): Presumably there is, seconded by Senator Lamontagne, but that is not the point. The point is that the deputy leader, when he says we should adjourn during pleasure, is suggesting that the Senate should submit to a rather inferior position. Why should we wait for the Commons to send us a message, when we can just as well decide the matter ourselves right now? As I proposed previously, the Senate could authorize the committee to have its proceedings televised, if that is what it wants.

Having been refused leave to move that motion, I might suggest that I could retaliate by refusing to give leave respecting another motion later on. Nevertheless, in view of the situation, I will give the deputy leader the opportunity of moving the motion immediately so that we can adopt it and allow the Senate to adjourn without being made to look stupid, waiting for a message concerning a decision that the Senate could make by itself without having to wait for any message from the other place.

Senator Frith: Honourable senators, I can only repeat that we disagree on interpretation. I tried to explain why I do not feel there is anything wrong with our waiting for that message, but some of us seem to feel that there is something humiliating in doing so.

Senator Flynn: Yes.

Senator Frith: Let me explain why I do not think so.

Senator Flynn: Your explanation may take as long as is necessary to receive the message.

Senator Frith: Thank you. Leave is granted for a long explanation with that condition attached. Perhaps I will not persuade the honourable senator with my argument, but I do wish to deal with this matter of whether or not we are humiliating ourselves by waiting, because that point was also raised by Senator Macquarrie.

In the isolated context of the particular stage we have reached with this particular item that might seem to some honourable senators to be the case, but I can assure the house

that I have consulted the practice and precedents of the past and determined that not only is it quite in order but it is accepted as a courtesy to await a message initiated in the other place. It is a matter of courtesy not to anticipate such a message by debating it prior to its arrival. If the situation were reversed and we were in the position of sending a message to the other place, asking them to concur in something, we would certainly not expect them to debate it in anticipation of its arrival. The honourable senator may not find my argument persuasive, but I tell him that in my view we are not being humiliated.

I am now given to understand that the motion has been passed in the Commons and that we can therefore expect to receive a message shortly. If you wish, honourable senators, we can adjourn during pleasure to await the arrival of that message. That is the procedure I recommend, having taken note of the fact that there are those who would prefer another procedure. I feel we ought to follow this procedure, in the hope that the next time there is a reverse situation and we are sending a message to the other place, as has happened often in the past, they will treat us in kind.

Hon. Heath Macquarrie: Honourable senators, since the house leader is being quite avuncular, in a pleasant way if I may say so, may I ask two questions? At the beginning of our sitting did he not have the precise form of the resolution which was being presented to the other house? And does he not agree that it is quite within the prerogatives of this chamber, and indeed in the whole gamut of Parliament, that resolutions—not just subsidiary motions on procedure, but joint resolutions—may arise simultaneously in both houses and that, in fact, the idea of waiting is not a fixed and immutable law such as that of the Medes and the Persians? In other words, there was, in fact—and I hope he will admit it—no reason at all why we could not have dealt with the same motion the other place was considering and have made our judgment upon it, because no one knows or can predict in the parliamentary process that both chambers will come up with identical answers. We have a perfect right to deal with the matter. We could have supported our committee members. We could have done that because that is our prerogative. That is why we put it to the two houses. That is the essence of bicameralism.

Senator Flynn: You never know. We may say no; we may say yes.

Senator Frith: Honourable senators, we may not concur in the message. That is true. For example, there is no impediment to the House of Commons adopting a motion—

Senator Flynn: Or refusing.

Senator Frith: For example, the House of Commons could adopt a motion asking a joint committee to do something, and then the Senate could adopt a motion on the same subject saying the opposite. That is possible, but it is desirable to avoid it. That is one of the reasons the accepted procedure has been to allow one of the chambers to initiate something and then send a message to the other chamber requesting concurrence. Something then is begun that can be dealt with in one form, without having both houses acting coincidentally and possibly giving the committee two separate sets of instructions or advice on the same matter.

Senator Flynn: No.

Senator Frith: In my opinion that is the reason the practice I have referred to has arisen. It is to avoid confusing a joint committee, which is one body although it represents two chambers, by giving it two sets of conflicting instructions. We avoid that by having one chamber initiate the message. Whichever is the initiator does not really matter; the other simply waits to receive the message, and then concurs or does not concur in it.

Senator Macquarrie: I am sorry, honourable senators, but I wish to make one more point. Although I am not given to frequent and easy argumentation, I should like to take exception to the house leader's comment that it is desirable for one house to agree with the other. I submit that that is overstating the case. Each house makes its own judgment. It may be convenient for those who originate a particular document that both houses agree; but it is never better per se, surely, that House B agree with House A, or that House A agree with House B. It is a matter purely for each House to determine.

I thought the honourable deputy leader had made a rather fine statement of a very poor case, and the only exception I would take to it is the use of the word "desirable". I do not think it is any more desirable that we should agree than that we should disagree. It is most important that we make up our own minds.

Senator Frith: I agree. I am sorry if I gave the impression that I thought it was always desirable for us to agree. What I thought I was saying, and what I intended to say, was that it is desirable to avoid conflicting instructions being given to joint committees, because I do not believe it is possible, or, indeed, in order, for only one chamber to instruct or authorize a joint committee. In other words, I do not think it can, but that is what I meant by "desirable".

If I may restate it in other words, the reason the procedure is to have one or the other chamber initiate the instructions, and then have the other concur or not concur in them, is that the only instructions that a joint committee need heed are those that emanate from both houses. I do not believe that we could instruct that joint committee to do anything. The joint committee could simply say, "Oh, we are sorry; we are a joint committee and we cannot take instructions from the Senate alone. We have to take instructions from both chambers."

● (1500)

Senator Flynn: So far as the Senate is concerned, there should be no problem with adopting immediately the resolution concerning this matter. I am giving the Deputy Leader of the Government an opportunity to kill time.

Senator Frith: Yes, and I appreciate that. I want to record my appreciation for the opportunities given by both Senator Flynn and Senator Macquarrie. A problem that could arise in such a case lies with the wording. We must remember that

Senator Macquarrie prefaced his first question quite properly by saying "Did you not know the exact wording?" Clearly had I known the exact wording—as perhaps I should have known—we could have avoided the risk of having different wording. I still believe that the reason for the practice of allowing one chamber or the other to initiate a matter, and to send a message requesting concurrence, is to avoid the possibility of having conflicting instructions on the same question.

Senator Flynn: It's dépassé.

Hon. Richard A. Donahoe: Honourable senators, I should like to direct an inquiry to the Deputy Leader of the Government.

Senator Frith: Please do.

Senator Donahoe: I would make the following suggestion: If there is a likelihood that by not waiting until the message is received, we should use different phraseology or different wording, what is wrong with our initiating our own wording and striking the first blow for democracy, and sending our message to the other place, asking them to concur in it?

Senator Flynn: Yes.

Senator Donahoe: Surely that would solve the question, because it would then be up to them to decide whether they agreed with us, and we would not be in the position of having to sit around here for the rest of the afternoon, waiting for them to decide what they want to ask us to do.

Senator Frith: Honourable senators, that is exactly what I believe the present practice hopes to avoid—namely, the possibility of crossed messages. It seems that that does not bother many honourable senators. But to me it is more efficient to follow the procedure of not sending a message when we know there is a message forthcoming from the other place. I understand that the motion is being, or has been, dealt with in the other place, and therefore I would ask honourable senators to accept my undertaking that I will have the message before the chamber as soon as possible; and that we can adjourn during pleasure, to resume at the call of the bell, and to deal with what now looks like a message that we shall definitely receive.

Senator Donahoe: Can we have an assurance that the message will be sent by hand and not through the mail?

Senator Frith: Yes.

Senator Macquarrie: Honourable senators, my colleagues in the House of Commons know that I do not like engaging in procedural discussions; but it might be that if there is a disposition to adjourn during pleasure, I could be placed in a benedictory role. I was at a church meeting all day yesterday, and it falls lightly upon me. In my opinion, this half-hour discussion demonstrates the importance of some thought being given to the channels of communication between the two houses. It is an area that has been neglected since Confederation, and in the United States it is not too clear.

I was a little upset when I heard over the radio, saw on the TV and read in the press, that the house leaders in the other place had decided that there would be a motion and that there would be no debate; and yet they were talking about a joint committee. I am of the opinion that Senator Frith should have been in on those discussions from the very beginning, and that the resolution should not only have been in his hand but in part constructed by him, because this house, to use a familiar expression, is either the father or the mother—and in these days one has to be careful—because this house is a parent of the committee and the Deputy Leader of the Government should have been involved.

Senator Donahoe: Amen.

Senator Macquarrie: We are not proud old men and women. We are here to do our job, and we want our government leader and deputy leader to be involved. We could have saved a great deal of trouble had there been closer and fuller discussion, and I would like that message to get back to the other place.

Senator Frith: Honourable senators, I assure Senator Macquarrie that I have heard what he had to say. His comments are well founded, and he made a very good presentation of a good case.

Hon. Allister Grosart: Honourable senators, I wonder if the Deputy Leader of the Government would cite the authority for some of the pronouncements he has been making on procedure as between the two houses, and the authority of this house?

He has told us that it is a practice, a tradition, that if one house knows that the other house is considering sending a message, then the house to which the message is to be sent takes no action. I suggest to him that that is nonsense, that there is no such tradition. The authority for that is, of course, that in the practice of inter-house relations we have no knowledge whatsoever of what is going on in the other house until it is communicated to us. That is the principle, as I understand it, of relations between the two houses. It certainly applies to a bill and to points of order. There have been many cases where any discussion of a bill before one house or the other has been found to be out of order.

Secondly, we have been informed, if I understood the deputy leader correctly, that the Senate could not send an instruction to a joint committee. I do not know what the authority for that is. The Senate is master of its own rules, and obviously it can send such an instruction within certain limitations. There are limitations laid down. There was a limitation laid down in a recent decision of the Speaker of this chamber. There are limitations. But, on the other hand, I suggest to the Deputy Leader of the Government that it is absolutely incorrect, and there is no foundation whatsoever, for him to say that this house cannot, within certain limitations, instruct a joint committee. Where is his authority? The Deputy Leader of the Government has a habit—

Hon. George J. McIlraith: May I ask a question of the honourable senator, so that I will better understand the point being made?

Senator Grosart: Perhaps the honourable senator would ask his question after I have finished. I would say to the Deputy Leader of the Government that he has a habit of saying "This is the rule, this is the procedure," but very seldom does he cite

the authority. In these two cases it would be useful—because these matters may arise again—if he would cite the authorities, so that we know exactly where we stand.

Senator McIlraith: Honourable senators, the question I wanted to ask Senator Grosart, when he was making his presentation, was whether I correctly understood him to suggest that this house can send an instruction to the members of the House of Commons serving on a joint committee, or, conversely, that the members of the House of Commons can send an instruction to the members of the Senate serving on that committee?

Senator Flynn: No, that is not what he said.

Senator McIlraith: I would like that point clarified, because—

Senator Flynn: That is not what he said.

Senator McIlraith: —some of the honourable senator's remarks I did not clearly understand.

Senator Grosart: I am saying that the Senate, being master of its own rules, can, within its procedural rules, send instructions to anyone. There may be a slight exception in the case of the monarchy, but there is nothing to stop the Senate, if it so decides, as master of its own rules, to send an instruction. The instruction may not be received. It may be refused by the committee. But I am saying that there is nothing that I know of that would prevent the Senate from sending, by resolution, an instruction. "So ordered by the Senate"—that would be the phrase. If there is anything that would prevent the Senate, by unanimous consent, or by order—which would be by a majority—from making its position clear and giving an instruction, then I am not aware of it. I am not saying that the instruction would have to be accepted. I am saying that there is nothing to prevent the Senate from giving that instruction if that is the decision of the Senate.

● (1510)

Senator Frith: Honourable senators, I would ask Senator Grosart for his authority for the statement that I very seldom cite authority. If he looks at the record, he will see that practically every time I raise a point of order I do it with reference to the rules or to *Beauchesne*. In fact, I detected a bit of crankiness in that I was referring to *Beauchesne* too often. So I do not think it is correct to say that I have a habit of not quoting authority when I raise a point. In fact, as I said, I have more complaints to the effect that I cite the authority too often, and am too much of a prisoner of *Beauchesne*.

The second comment I will make is that, of course, there is nothing preventing the Senate from sending an instruction to anyone. In fact, it could probably try to send instructions to the monarch. There is nothing in the rules that says it cannot. When I say it cannot—and perhaps we will have to look at the record, but I thought I made it clear that it cannot effectively do it in the sense that the committee—

Senator Grosart: That's enough.

Senator Frith: You are a little testy about that.

Senator Flynn: Take your time.

Senator Frith: The point is that if Senator Grosart or any other honourable senator has the impression that I said we cannot do it—in other words, that the rules prohibit us from sending instructions to a joint committee—then I must say that I did not intend to create such an impression. I intended to say that it cannot effectively do it. I am sure the record will show that my earlier comments were that a joint committee cannot accept, need not accept, will not accept and is not required to accept instructions from only one chamber.

I also agree with Senator Grosart, expressing it the way he expressed it, that it is not correct to say that there is no right in this chamber to deal with a question when it knows the other place is dealing with it, or that it has to wait until the other place has dealt with it. The point I was making was narrower than that. It was simply that in all the cases I consulted—and I had photocopies made of the record of all previous occasions in order to see what procedures we followed with respect to joint resolutions, or undertakings by which the two houses were to establish a committee—the procedure was for one house to initiate, and for the other to wait for the message. That does not mean there is anything to prevent our dealing with a question that is being dealt with in the other place. I agree with that. If I gave another impression, then I regret it, because I am talking simply about the routine rather than the power—the routine, the method or the practice that I found in the cases I looked at. I have that book in my office and can bring it to the chamber, if necessary, and go through all of them. Normally when one house adopts a resolution and sends a message to the other house asking it to concur in the resolution, the other house waits for that message, thus avoiding crossed messages.

Senator Grosart: I thank the honourable deputy leader for narrowing the scope of his earlier remarks, because that clarifies the position.

Senator Frith: Honourable senators, I must candidly say that I am embarrassed to have to tell you that I am advised that the motion has been agreed to in the other place, but I do not have the message yet, so again I ask honourable senators to accord me the—what's the word—

Senator Murray: Indulgence.

Senator Frith: That is precisely the right word, Senator Murray. I ask the indulgence of the house to move that we adjourn during pleasure to reassemble at the call of the bell.

Senator Murray: I wonder whether the rules permit us to send a message to the other place saying we are waiting for their message. We could then see which message arrives first.

Senator Frith: I do not know whether the rules do so provide, but at this moment I wish they did.

The Senate adjourned during pleasure.

At 4.25 p.m. the sitting was resumed.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—APPROVAL OF TELEVISION AND RADIO BROADCASTING OF PROCEEDINGS

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that I have received a message from the House of Commons in the following words:

Thursday, November 13, 1980

Ordered,—That, further to the resolution of this House of January 25, 1977, as subsequently implemented, this House approves the television and radio broadcasting of the proceedings of the Special Joint Committee on the Constitution on the basis of the same principles and practice, *mutatis mutandis,* governing the broadcasting of the proceedings of the House of Commons, including the concept of "electronic Hansard", provided that any sub-committee of the said Committee, shall not be broadcast by television, but shall be broadcast by radio, except the sub-committee on Agenda, which shall not be broadcast;

That it be an instruction to the Committee that it undertake the aforementioned action as soon as physically possible without disturbing the proceedings of the Committee now undertaken or planned;

That it be an instruction to the Committee that all decisions concerning the implementation of this Order shall be taken only by the Committee's sub-committee on Agenda; and

That a Message be sent to the Senate asking Their Honours to unite with this House in the aforementioned actions.

Attest

C. B. Koester
The Clerk of the House of Commons

Honourable senators, when shall this message be taken into consideration?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave, now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

That the Senate unite with the House of Commons in the approval of the television and radio broadcasting of the proceedings of the Special Joint Committee on the Constitution of Canada on the basis of the same principles and practice, *mutatis mutandis,* governing the broadcasting of the proceedings of the House of Commons, including the concept of "electronic *Hansard*", provided that any subcommittee of the said Committee, shall not be broadcast by television, but shall be broadcast by radio, except the Subcommittee on Agenda, which shall not be broadcast;

That it be an instruction to the Committee that it undertake the aforementioned action as soon as physically possible without disturbing the proceedings of the Committee now undertaken or planned;

That it be an instruction to the Committee that all decisions concerning the implementation of this Order shall be taken only by the Committee's Subcommittee on Agenda; and

That a Message be sent to the House of Commons to inform that House accordingly.

Motion agreed to.

The Senate adjourned until Tuesday, November 18, 1980, at 8 p.m.

THE SENATE

Tuesday, November 18, 1980

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—CHANGES IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate that the names of Miss Campbell (South West Nova), Messrs. Robinson (Burnaby), Hawkes, Lapierre, Beatty and Epp had been substituted for those of Messrs. Lapierre, Manly, Beatty, Tobin, Epp and Hawkes; and that the names of Messrs. Tobin and Lapierre had been substituted for those of Messrs. Lapierre and Tobin; and that the name of Mr. Knowles had been substituted for that of Mr. Robinson (Burnaby) on the list of members appointed to serve on the Special Joint Committee on the Constitution of Canada.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of Crown Assets Disposal Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1980, pursuant to section 14 of the *Surplus Crown Assets Act,* Chapter S-20 and sections 75(3) and 77(3) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

Report of the Task Force on Canada Mortgage and Housing Corporation (Chairman, Donald J. Matthews), dated October, 1979.

● (2005)

PRIVATE BILL

PRESIDENT OF THE LETHBRIDGE STAKE OF THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS—FIRST READING

Hon. Ernest C. Manning presented Bill S-16, respecting the President of the Lethbridge Stake of the Church of Jesus Christ of Latter-day Saints.

Bill read first time.

Senator Manning moved that the bill be placed on the Orders of the Day for second reading on Tuesday, November 25, 1980.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—ATTENDANCE IN CHAMBER OF SENATE MEMBERS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, before I ask one or two questions of the government, can the leader tell me whether there is any way of recording the attendance of senators who are posted to the Special Joint Committee on the Constitution. On certain days the committee meets at exactly the same time as the Senate, and when that happens senators have a problem in recording their attendance here, although they are engaged in Senate business. Is there any way by which we can facilitate that situation?

● (2010)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, in view of the fact that the special joint committee has permission to meet while the Senate is sitting, the Deputy Leader of the Opposition has advanced a very constructive idea, which is worthy of study and action, if possible.

May I say at the outset of the Question Period that our esteemed and distinguished colleague, Senator Olson, is forced because of his onerous responsibilities to leave at approximately 9 o'clock. If those questions to be directed to Senator Olson can be asked before that time, it will be of great help to him.

Senator Roblin: Honourable senators, this may be a light evening for Senator Olson so far as questions are concerned, but we will keep that request in mind.

STATUS OF REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to refer to a question asked by my leader a few days ago and addressed to the Honourable Senator Goldenberg as Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, requesting information when the report of that committee with respect to constitutional reform in reference to the Senate might be presented. Is there any information on that matter.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I understand it is the intention of the Chairman of the Legal and Constitutional Affairs Committee to table that report on Wednesday, a week from tomorrow. There have been some delays occasioned by translation challenges.

Senator Roblin: Did the leader say the date for tabling is not next Wednesday, but a week Wednesday?

Senator Perrault: A week from tomorrow, yes.

Senator Roblin: I do not wish to dwell on the subject, but it has been some time since the matter was handed over to the legal staff and others to prepare, and that delay raises the question of whether they have too much on their plates to get these jobs done in time. I will not pursue that matter further at the moment because we will be getting the report next week, but it may be something we will have to look into at some time.

REFERENCES TO APPEAL COURTS BY PROVINCIAL GOVERNMENTS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to direct a question to the Leader of the Government respecting the constitutional situation. I am sure he is aware that a number of the provinces have given notice of their intention to direct references to their courts in respect of the constitutionality of the government's proposal which is now before the Special Joint Committee of the Senate and the House of Commons. I am aware that in the case of the Province of Manitoba, for example, the hearings will commence on December 4.

Can my honourable friend confirm that the federal government will be represented at those hearings and will make a presentation of its view of the matter?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

Senator Roblin: Honourable senators, on the same subject, I would ask my honourable friend to make inquiries on some other points as well.

I wish to know what the policy of the government is in respect of action by these courts. In other words, should it happen that the appeal court of a province finds that the government's proposal is unconstitutional or is otherwise open to question, I want to know whether it is the intention of the government to refer such a decision to the Supreme Court of Canada.

Senator Perrault: Honourable senators, that is, at this stage at least, a hypothetical question. For this reason, I am not prepared to answer the question.

Senator Roblin: I can understand my honourable friend's reluctance to answer it, but I suggest that it is by no means hypothetical, because at some stage in the game, all things being equal, the Supreme Court of Canada will be asked to rule upon the findings of these various appeal courts and to make a decision with respect to the constitutionality of the government's move.

My question is: If the matter is found to be unconstitutional, will the government have regard or respect for, or accede to, the decision of the court in that respect?

Senator Perrault: The federal government has, of course, a long tradition of respecting court rulings, as do other governments in this country. Beyond that, honourable senators, I am not willing to make a further statement. The eventuality will be dealt with, should it arise.

Senator Roblin: I thank my honourable friend for his comment, but I hope he will take the matter under consideration and give us a more definitive answer than he has so far, because it is quite conceivable that there may be a finding against the federal government in the matter. In that event, this house, along with others, may be asked to make up its mind on whether it intends to proceed in defiance—if that is the correct word—of the court's judgment on the very important constitutional matter. Because the matter will go to the courts and is bound to proceed to the Supreme Court, and is bound to result in a decision one way or the other, I think the government's policy in the case of an adverse decision should be made known to the Senate.

Senator Perrault: The honourable senator's views will be given careful consideration. I thank him for his opinion on this matter.

● (2015)

Senator Roblin: I want my honourable friend to know that I will be awaiting his answer with anticipation. I hope he will give it to us within a reasonable time. Answers to such questions, if not timely, are not of much use.

THE ENVIRONMENT

POLLUTION—ACID RAIN

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate. In light of Monday's newspaper reports to the effect that acid rain pollution in eastern Canada is substantially worse than had originally been estimated or calculated, and that 65 to 80 per cent of acid rain which falls in sensitive areas, to quote a newspaper account, comes "sweeping in from the U.S.," will the Leader of the Government provide the Senate with a progress report on, and details of, new initiatives being taken by the Government of Canada to impress upon the American authorities the true nature of the problem, and also provide the Senate with innovative programs, if there be such, which we can expect will combat acid rain for future generations?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, perhaps I should try to reply to this question, because this has been drawn to the attention of the Economic Development Committee for a number of reasons, including the need for additional funding to deal with the problem.

The minister responsible, the Honourable John Roberts, has already indicated that funding, as far as Canada is concerned, will be increased. Indeed, the representations my friend alluded to respecting our hope, and indeed our expectations, that the United States will take some positive action to clear this up, is an ongoing process, of course, through the Department of External Affairs and the director responsible for the environment in Canada.

Senator Nurgitz: I wonder whether the honourable senator could indicate if there is any anticipated date for a report?

Senator Olson: I am not sure I could give that, but I would be happy to take the question as notice and refer it to the minister, not only to get a date but to provide some further information.

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

DEPUTY MINISTER—ALLEGATIONS BY NATIONAL INDIAN BROTHERHOOD

Hon. Nathan Nurgitz: I have a question for the Leader of the Government in the Senate. A rather disturbing account in yesterday's newspaper indicated that the Deputy Minister of Indian Affairs and Northern Development has been labeled by the National Indian Brotherhood as "public enemy number one." In view of the fact that he is perceived as an adversary of the National Indian Brotherhood, and the likelihood of his having to solve critical problems—especially at this time of constitutional talks—is there any plan on the part of the government to alleviate these concerns, if not to replace Mr. Tellier by a more sympathetic person. If not, why not?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have not read the account in the newspapers. If the honourable senator has a complete statement issued by the National Indian Brotherhood, I would appreciate having a copy.

I shall take the question as notice and obtain any information which may be available.

OFFICIAL REPORT (HANSARD)

TRIBUTE TO STAFF

Hon. David Walker: Honourable senators, I rise on a pleasant note. Would the Leader of the Government not agree with me that we are very fortunate in this house to have the exceedingly able reporting staff, such as we have under Mr. Tom Hubbard, doing such an excellent job on the reporting of our speeches, in both English and French.

Hon. Senators: Hear, hear.

Hon. Raymond J. Perrault (Leader of the Government): I know that the sentiments of the distinguished Senator Walker enjoy the complete and enthusiastic support of every member of this chamber.

ENERGY

STATEMENT BY PRESIDENT OF NOVA, AN ALBERTA CORPORATION

Hon. Martha P. Bielish: Honourable senators, I have a question for the Minister of State for Economic Development. The President of Nova, an Alberta Corporation, in predicting last week that his company will enjoy a profitable year in 1981, said that the larger portion of Nova's income growth would be met through an aggressive acquisition program rather than through exploration. Would the minister share with us his view on the tendency towards greater corporate concentration in the energy industry and indicate the government's expectations of the net benefit to Canadians of this phenomenon in terms of achieving the self-sufficiency goal?

● (2020)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I believe the senior officer of Nova had a little more to say than that in the speech he made. He also indicated that his companies, or some of them at least, would also be allocating a substantial budget toward increased development of the land or leases that they now hold in both Alberta and Saskatchewan. It seems to me, from what he has said about additional acquisitions, that if this is a transfer from foreign ownership to Canadian ownership—and Nova is a Canadian company—then it is not in contradiction to stated federal government policy.

Senator Bielish: I have a supplementary question. In the same vein, I should like to know if it is the government's intention to apply to the acquisition of foreign-owned energy companies by Canadian companies the tough new anti-combines laws which the Minister of Consumer and Corporate Affairs has said he intends to introduce early in the new year.

Senator Olson: Honourable senators, I am not sure that "tough" and "new" represent an accurate description, although if the honourable senator was quoting the minister, then I will accept that. However, the federal government, through the agency of FIRA, has for some time been very careful, to say the least, in allowing acquisitions of oil and gas resources in this country by foreign corporations.

FOREIGN AFFAIRS

HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS—STATEMENT BY SECRETARY OF STATE—GOVERNMENT POLICY

Hon. Heath Macquarrie: Honourable senators, I have a question for the Leader of the Government. It is based upon the strong statement made by my fellow Islander, the Secretary of State for External Affairs, in Madrid just a few days ago, in reference to the repression and suppression of human rights and civil liberties in the Soviet Union. Could I ask the minister if it is the policy of the government to speak out strongly against such repression and suppression in all countries, and that we in Canada are not, in fact, concentrating our criticism upon the Soviet Union, but that we are aware of such repression in the People's Republic of China and many other

parts of the world? Do we have an open-handed, an open-mouthed, attitude against suppression of civil liberties, or are we, in fact, following the suggestion of Washington in this respect.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the statement of the Secretary of State for External Affairs in Madrid criticized the Soviet Union for the invasion of Afghanistan; but it expressed also concern for the violation of the principle of human rights generally and non-implementation of provisions for the freer flow of people and ideas. It gave notice of an eventual proposal by Canada for a meeting of experts or a high level meeting on humanitarian issues affecting a number of countries, not merely the U.S.S.R.

The government has expressed its continuing concern about human rights and fundamental freedoms and of the provision of the Final Act for the freer movement of people and ideas between participating states.

Senator Macquarrie: Honourable senators, I thank the minister for that interim reply, and I would invite him at some later date to indicate to me and to the Senate what protestations have been directed to other countries in the world, where it seems sadly clear that great violations of human rights have taken place.

Senator Perrault: That question will be taken as notice. I do not have that detailed information before me this evening.

SECURITY AND CO-OPERATION IN EUROPE—MADRID CONFERENCE

Hon. Ernest C. Manning: Honourable senators, may I ask a supplementary on the same subject? Is the government leader in a position to give us an update on the position of the Madrid Conference? There was a suggestion last week that it might be heading into a rather difficult type of disagreement. Can you tell us if it is progressing, or what the situation is?

● (2025)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I do not have a statement this evening on events in Madrid. However, I think honourable senators are aware of an interim agreement reached on opening statements by heads of states of the 35 participating states. Initially, there was a lack of fundamental agreement on agenda and working procedures for the Madrid meeting.

The main reason for the deadlocks which occurred was a basic disagreement between East and West on the nature and duration of the part of the meeting to be devoted to the review of implementation by participating states in the provisions of the Helsinki Final Act.

Honourable senators, I have a further statement dated November 18. The agenda and rules of procedure adopted on November 14 satisfy the fundamental Western requirement that there be sufficient time reserved at Madrid for a thorough review of the implementation by signatory countries of the provisions of the Helsinki Final Act. Normal negotiating compromises have been made; however, allegations that the West gave in to Soviet pressure are unfounded. The agenda adopted will permit, *inter alia*, a review of the observance of the principle of human rights and fundamental freedoms, and of the provisions of the Final Act for the free movement of people and ideas between participating states.

Some Hon. Senators: Dispense. Dispense.

Senator Perrault: I am surprised that honourable senators would wish me to dispense with stating Canada's concern for the fundamental freedom and free movement of peoples.

TRANSPORT

CANADIAN NATIONAL EXPRESS—CLOSING OF TERMINALS IN ATLANTIC REGION

Hon. Orville H. Phillips: May I direct a question to the Leader of the Government in the Senate? The Canadian National Express has announced that it intends to close half of its 70 express terminals by the end of 1981—

Senator Marshall: Shame! Just like in Newfoundland in 1968.

Senator Phillips: —with 10 of the 15 terminals now serving Atlantic Canada to be the first to be closed. Would the Leader of the Government indicate to the Senate why the Atlantic provinces, with the highest rate of unemployment, have been selected as the first to suffer the adverse effects of the closure of the CN Express terminals?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the short answer is, yes, the closing of the terminals is part of the CN's effort to reduce the deficit from express operations. This deficit is expected to be $53 million in 1980. Canadian National has been trying unsuccessfully for some time to compete with the more specialized express companies. As my colleague, the Minister of Transport, has said in the other place, every effort will be made to minimize the potential unemployment difficulties. For example, there will be pre-retiring relocation and retraining of employees.

Senator Phillips: Could the minister indicate to us the areas to which the laid-off employees will be transferred? It is going to be very difficult for an employee in the Atlantic provinces to be transferred to Quebec or Manitoba.

Senator Perrault: That part of the question must be taken as notice. I do not have that information.

With regard to the rest of the previous question, however, the terminal consolidation program is one of many designed to make the express division a profitable operation by reducing operating costs. CN will operate a nationwide core network of 30 to 35 terminals by the end of 1981.

INTERNATIONAL DEVELOPMENT

GOVERNMENT POLICY—PETRO-CANADA INTERNATIONAL

Hon. Orville H. Phillips: Honourable senators, if I may, I would like to put a further question to the Leader of the Government in the Senate.

In conjunction with the Minister of Finance's announcement on the weekend of an increased Canadian contribution to the World Development Bank, Mr. MacEachen announced the formation of a new company, Petro-Canada International, into which the government will pump $250 million for starters. Would the Leader of the Government tell us if the new company will be participating abroad on an equity or on a loan basis in the development of energy sources?

• (2030)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I shall take the question as notice. However, I do have some information about the possibility of trilateral aid programs involving Canada, the OPEC and developing countries. The honourable senator may be interested to know that the issue of the recycling of some of the oil revenues to developing countries has preoccupied the government for some time. There have been numerous contacts at the official level with various Arab financial institutions with a view to identifying possible areas for co-operation, and planning is proceeding for further such meetings in 1981.

I know honourable senators will be pleased to know that the general question—

An Hon. Senator: Dispense.

Senator Perrault: —of Canada-Arab co-operation is a subject which will be raised by the Prime Minister with Saudi authorities.

Senator Phillips: Having listened to that reply of several pages, I am not sure whether the Leader of the Government has taken the question as notice. Since the government leader went off on a tangent about the funding of the exploration work, perhaps he would also be good enough to determine what method Petro-Canada International will use to raise the necessary funds.

I would also ask the government leader to confirm whether it is the policy of this government to buy foreign-controlled energy companies operating in Canada in the interest of promoting an independent and nationalistic spirit at the same time as we are entering into arrangements in other countries, the type of which we believe to be detrimental to Canada and should be discouraged.

Hon. H. A. Olson (Minister of State for Economic Development): The honourable senator obviously has—

Senator Donahoe: A full understanding.

Senator Olson: —the policy stated by Petro-Canada International completely mixed up. There is no intention to acquire resource companies of other countries at all. It is partially in the form of a resource development to assist some of the Third World countries that do not themselves have the technical expertise necessary to develop their own natural gas and oil resources. Canada has a great deal of expertise in this field, and that expertise will be made available to these countries by Petro-Canada and hopefully will prove useful to them.

Senator Phillips: I have a supplementary question for the Minister of State for Economic Development. I am wondering whether the minister, in mentioning the expertise we have available, has in mind the exodus of exploration companies from Alberta.

Senator Olson: No, honourable senators, I do not. We have enough experience to look after that requirement adequately and to help some of our more unfortunate sister countries that do not have that expertise.

TRANSPORT

CANADIAN NATIONAL EXPRESS—CLOSING OF TERMINALS IN ATLANTIC REGION

Hon. Robert Muir: I have a supplementary question to that posed by Senator Phillips to the Leader of the Government respecting the CN Express closures. The leader mentioned the question of pre-retirement with regard to those CN workers who would be laid off because of the closing of facilities. In relation to this pre-retirement program, I would ask the leader to bring to the chamber information as to what benefits will be forthcoming to these workers, some of whom have worked for many, many years for Canadian National, during the course of which they have given very good service.

I would ask the government leader to spell out for us precisely what this pre-retirement arrangement is and what will be received in the form of pension benefits by these workers.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, this is an important question, especially for the employees involved. I shall bring as much information as I can to the chamber as soon as possible.

Senator Muir: I thank the government leader. Mention was also made of finding these workers jobs with CN in other parts of the country. Many of these workers in the Atlantic region have worked for CN for 20, 25, 30 years.

In the event of relocations, I would ask the government leader to inquire as to what arrangements may be made in respect of the expenses that will be incurred in relocating these workers and their families to other parts of the country. I have particular reference to the homes that these people have in the Atlantic region which they now cannot sell. Will some arrangement be made by Dr. Bandeen and his assistants and their assistants, and their assistants, who are stacked up in Montreal and Moncton and other centres in Canada, to come up with a brilliant idea that will be of benefit to these workers who have devoted their lives to the Canadian National Railway?

• (2035)

Senator Perrault: The important question asked by the honourable senator will be taken as notice.

ENERGY

IMPORTATION OF OIL FROM MIDDLE EAST

Hon. Peter Bosa: My question is directed to the Minister of State for Economic Development. Was Canada receiving oil

supplies from Iraq before the hostilities began between the Islamic Republic of Iran and Iraq?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will check to make sure that my answer is completely correct, but it seems to me that some small quantities were imported from Iraq. By that I mean a small percentage of the amount coming into Canada. There may have been some cargoes. I believe it was a very small amount.

Senator Bosa: A statement was made over the weekend by Sheikh Yamani, the Petroleum and Mineral Resources Minister of Saudi Arabia, to the effect that that state was prepared to sell 100,000 barrels of oil to a state-owned oil company such as PetroCan. Has that deal been consummated? Was it negotiated and has it been under negotiation for some time? If so, what was the purpose? Was it to replace oil that we were not receiving from Iraq or was it to offset any possible reduction in the supply of oil from the Province of Alberta since it was stated by the Premier of Alberta that he would reduce the supply of oil to the rest of Canada?

Senator Olson: Honourable senators, it is true that Sheikh Yamani did indicate to the Prime Minister Saudi Arabia's willingness to supply oil on a state-to-state basis with negotiations being conducted by our representative national oil company.

Saudi Arabia has been, and continues to be, a major and secure supplier of Canadian requirements of imported oil. Canada will continue to rely primarily on other multi-national oil companies for its imported oil, but we are prepared to consider bilateral oil-purchase arrangements or agreements with selected oil producers including Saudi Arabia. Petro-Canada will be pursuing discussions with the Saudi Arabian national oil company in the future.

Hon. R. James Balfour: Has the minister quantified the cost, in terms of foreign exchange, of implementing the purchase of 100,000 barrels a day from Saudi Arabia to Canada?

Senator Olson: I do not have the figures with me, but I believe it is a fairly simple calculation; it will be 100,000 barrels a day times the price.

Hon. C. William Doody: Could the Minister of State for Economic Development indicate if the price is to be based on the price we pay to Albertans for their oil or are the Saudis getting a better deal?

Senator Olson: The honourable senator will know, of course, that the price will probably be somewhere in the same range as is now being paid for oil. There was a suggestion in one press report that it may be somewhat lower than new negotiated agreements. I can tell him also that it will be substantially less than is being offered for new supplies of synthetic oil that could be brought in from Canadian production.

Senator Doody: I am not quite sure that I follow the answer. Will the Saudis be receiving more money per barrel than we are currently paying Albertans or will the price be the same?

[Senator Bosa.]

Senator Olson: Honourable senators, in some cases it will be more and in some cases it will be less, depending on the classification of the oil.

My honourable friend will have realized that the federal government has indicated it is prepared to pay $38 plus escalation for very significant amounts of new oil that could come into the stream from the tar sands and the heavy oil deposits in Alberta. However, on the other side, it would probably be less than the price being paid to the conventional oil industry now.

Senator Doody: One final supplementary: Would the honourable minister state that the Government of Alberta can receive the same deal now and in the same terms as the Government of Saudi Arabia will receive?

Senator Olson: Honourable senators, no producing province, including Alberta, has an excess quantity of 100,000 barrels per day to add to the Canadian requirements. They do, however, have some enormous deposits of tar sands and other oil classified as heavy oil which, after going through the processing system, becomes synthetic oil and is then, essentially, the same quality. The federal government has indicated that it is willing to pay up to $38 a barrel plus escalation for those additional volumes that go into the Canadian consumer stream.

● (2040)

FOREIGN AFFAIRS

MIDDLE EAST—VISIT OF PRIME MINISTER

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government. In light of the very high profile that Canadians have in the international community in the areas of negotiation and peacekeeping—and I have in mind particularly the winning of the Nobel Peace Prize by the late Right Honourable Lester B. Pearson—does the itinerary of our Prime Minister in the Middle East include the prospect of any meetings with the leaders of the two warring states in that area?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Bosa refers to the Arab-Israeli situation. As far as discussion of the Arab-Israeli dispute is concerned during the course of this present visit to the Middle East, both sides agreed on the necessity to reach an early and just solution. Both sides agree that the lack of a settlement complicates other regional problems and thus constitutes a continuing threat to world peace and stability. Both sides agree that the international community has a responsibility to help bring about a just solution. However, in terms of meetings with Egyptian and Israeli officials, I have no information on that subject, but further information will be sought.

TRANSPORT

AIR CANADA—ANNOUNCEMENT OF INCREASE IN FARES

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government. It has to do with a question

I asked him about ten days ago about the almost weekly increases in fares by Air Canada. I think since I asked him that question they have increased their fares twice, and indeed, since last March they have increased their fares six times. It seems they are running ahead of the consumer price index. They increase their fares even faster than inflation is going up.

Has the minister inquired into these exorbitant and continuing increases which are placing a heavy burden on the public, and has he inquired from the Canadian Transport Commission as to what action they are prepared to take, and has he received an answer?

Hon. Raymond J. Perrault (Leader of the Government): No information has been received as yet on that question, although I understand that today there was another public statement by Air Canada with respect to a requested air fare increase.

CANADIAN NATIONAL EXPRESS—CLOSING OF TERMINALS IN ATLANTIC REGION

Hon. Daniel Riley: Honourable senators, I have been intrigued by the questions asked by Senator Phillips and Senator Muir with respect to the closing down of CN Express offices in a number of communities, particularly in the Atlantic provinces, with the consequent loss of a number of jobs. As the Leader of the Government has said there may be a possibility of minimizing the effects by keeping some of these people employed by transferring them to other locations, and to take care of others by means of early retirement. I want to give a little preamble to my question.

Some years ago I tried to determine the position of the CNR with respect to the subsidiary company which looks after the express end of the business. I was told first before the Motor Carrier Board in New Brunswick, and subsequently by Dr. Bandeen and his officials before the Standing Senate Committee on Transport and Communications, that this subsidiary company—I have forgotten the name of it now—just gives its bills to the CNR at the end of the year and the CNR reimburses its expenses on a non-profit basis. But if the case is now as it was then, the subsidiary company has a large amount of assets. I do not have the annual report of the CNR before me now, but it is alarming to think that the possibility exists that these assets of a subsidiary company have been dissipated.

So my question is: Would it not be possible—instead of having the Leader of the Government take notices of these questions and bring in an answer from Dr. Bandeen and his officials—to ask Dr. Bandeen and his officials to come voluntarily before the Standing Senate Committee on Transport and Communications and explain all this, because it is a deep mystery to me.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, in the course of discharging my responsibilities I endeavour to provide as much information as possible, including some made available to me by various ministers and by the office of the Right Honourable the Prime Minister. I see nothing wrong, however, in the Standing Senate Committee on Transport and Communications asking Dr. Bandeen to appear before them. That is a decision, however, for the committee to take.

I might point out, too, that the chairman of that committee is our distinguished colleague, serving in the opposition, Senator Smith. The suggestion, I am sure, will be given careful consideration by Senator Smith and his colleagues on that committee.

CANADIAN NATIONAL RAILWAYS—CURTAILMENT IN SERVICES

Hon. Frederick W. Rowe: Honourable senators, my question relates by coincidence to the questions asked by Senator Riley and Senator Muir a few moments ago. We all know that there have been some very considerable reductions in Canadian National services in various parts of Canada, and particularly in the railroad operations themselves. And now in related activities we are informed that there are likely to be further drastic reductions. In my own province, for example, the number of people employed in railroad services today must be infinitesimally small compared with the number employed 20 years ago.

I was wondering, and I think Senator Muir was hinting at this, if the Leader of the Government could obtain some figures on this subject. For example, could he find out for us if there have been comparable proportionate reductions in the number of Canadian National employees at the executive level in that 20-year period? We know there has been a drastic reduction in the number of employees in Newfoundland, Nova Scotia and parts of western Canada, and I have been wondering if there have been proportionate reductions among the executive personnel. Perhaps it would be possible to get some figures on this.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that is indeed an interesting question posed by Senator Rowe. However, the honourable senator may consider placing that as a written question on the Order Paper. I would be pleased to take it as notice and obtain any information that I can but long, detailed and statistical questions like that are perhaps better posed in written form.

Hon. Daniel Riley: Honourable senators, I hope the Leader of the Government will not think I am being antagonistic, but this is a very important question. Perhaps he has misunderstood me. It is quite possible for two of us to move and second a motion or an inquiry that Dr. Bandeen and his officials be asked to appear before the Standing Senate Committee on Transport and Communications. But in order to elaborate and explain this whole complex question of the CNR and the CN Express, I think that it would be proper, in order to provide us with further details, if the Leader of the Government in the Senate suggested to Dr. Bandeen that there are a number of people in the Senate disturbed by this move to close up CN Express offices. He might suggest to him that he and his officials might request an opportunity to come before the committee in order to satisfy us and explain more fully the CNR's position in respect to this.

• (2050)

In eastern New Brunswick, Newfoundland and Prince Edward Island, and I think in most of Nova Scotia, there is no railway express service to compete with the CNR. They are acting unilaterally, and they are going to close some of these express offices. Do Dr. Bandeen, his officials and the management of the CNR intend to ignore those parts of the maritimes, which are not served by the prime competitor, the CP Express, or do they just say let the other private trucking companies fight over this?

Senator Perrault: Honourable senators, I appreciate the view so eloquently expressed by Honourable Senator Riley. However, in my view it would be wrong for the Leader of the Government to attempt to pre-empt the important role of Honourable Senator Smith as Chairman of the Standing Senate Committee on Transport and Communications.

Senator Riley or any other honourable senator may wish to initiate an inquiry in this chamber on the subject of CN transportation policies in the Atlantic provinces. That would be one way in which honourable senators would be able to state their views on this important subject. However, I feel sure that Senator Smith would listen sympathetically to the appeal made this evening by Senator Riley. It would be entirely in order for the Chairman of the Standing Senate Committee on Transport and Communications, and those who serve on that important committee, to initiate some sort of inquiry.

Senator Riley: I have a supplementary question. I appreciate what the Leader of the Government has said, but would it not be better if, in order to clarify the questions in the minds of the honourable senators from the Atlantic provinces, Dr. Bandeen said, "I am concerned about their concern and I would like to request, through Senator Smith, the chairman, that I be allowed to appear before the committee to explain what we are doing"? I intend, and I am sure other senators from the Atlantic provinces intend, to discuss this with Senator Smith, but I think it would be a magnanimous gesture if Dr. Bandeen and his officials volunteered to come before the committee to clear up what may be a misunderstanding, or what may be discrimination against the people of the Atlantic provinces in respect of CN Express service.

Senator Perrault: I understand that Dr. Bandeen is a close follower of Senate *Debates*, and I am sure he will read in the record of tonight's proceedings the remarks made by Senator Riley. Tonight's discussion may well inspire Dr. Bandeen to offer voluntarily to appear before a committee of the Senate. Senator Riley has developed such an interest in the subject of transportation in the maritime provinces and certain actions anticipated by the CNR, that perhaps he may wish to write a personal letter to Dr. Bandeen. Dr. Bandeen in the past has certainly been very forthcoming in his attitude towards Parliament. I know that we would all be interested to hear the kind of reply received by Senator Riley.

Senator Riley: I do not have very much clout with Dr. Bandeen.

[Senator Riley.]

Hon. Robert Muir: Honourable senators, to further this a little bit, I certainly appreciate the comments of Senator Riley, Senator Rowe and the others who have expressed themselves. I fully endorse having Dr. Bandeen before the committee, and I will certainly make that representation to the chairman of the committee. The Leader of the Government suggests that Senator Riley has developed an interest in transportation. He always had an interest in transportation. He always devoted his time to that sort of thing. That is quite true.

The other point I want to make is that the Leader of the Government also suggests that perhaps Senator Riley would like to write a letter to Dr. Bandeen. Is the Leader of the Government in the Senate aware that I have been writing, I have been calling, and I have been talking to CN officials in Montreal on behalf of a man who, after serving for 34 years, went on pre-retirement, and with all their computers, all the whiz kids and all the brilliant people down there in Montreal, including Dr. Bandeen, he was told he would receive a certain amount of money per month for a pension. He received that amount for one month. Every month since then he has received $124 less than what it was stated he was going to get, and, despite all our efforts, we cannot get this man's pension straightened out. It is there in black and white—"You will receive this amount." He has never received it. I think it would be wonderful if we had Dr. Bandeen before the committee, not some of his back-row boys. We want Dr. Bandeen so we can ask him. That is the man we want.

Senator Perrault: A number of questions have been asked this evening concerning the Canadian National Railways. I have committed myself to obtaining certain information with respect to the operation of the CN and details with respect to provisions made for those employees who may be taking early retirement. It has been suggested now that Dr. Bandeen appear before a committee of the Senate. I am sure that many honourable senators would support the idea and would like to see a Senate committee undertake that kind of initiative. Certainly there would be no resistance on the part of the government. I anticipate that many of those who support the government in the chamber would be in support of the idea.

Frankly, at some point it could be of value to have representatives from the CPR appear to answer certain questions about that operation in western Canada and other parts of Canada. Certainly, it is appropriate that the Standing Senate Committee on Transportation and Communications, in view of the fact that the Senate was established to protect regional interests in the country, should concern itself with the manner in which we are served by the CN, the CP, other rail lines, Air Canada, Eastern Provincial Airways, Nordair, PWA and other air carriers, and other modes of transportation. Perhaps some of our standing committees should be more wide-ranging than they have been in the past. There has not been one committee activity undertaken by any standing committee of the Senate which has failed to produce anything but outstanding work. I am sure that the Chairman of the Standing Senate Committee on Transportation and Communications, who is a very capable person—as are the other members of that committee—with

Senate support, would be pleased to undertake the kind of initiative discussed this evening. I am sure that the committee would receive substantial support from honourable senators.

Senator Riley: I have another question for the Leader of the Government in the Senate. Again, I am not trying to be antagonistic. Would he suggest to the Minister of Transport, with the consent and at the joint request of Senator Smith, that he ask Dr. Bandeen. We are not talking about western Canada; we are talking about the Atlantic provinces. As far as western Canada being concerned over the CPR, very well and good, but we must remember that the CPR does not provide the Atlantic provinces, except for small sections, with an express service. I do know that the other private trucking concerns are not anxious to haul express parcels, and the courier services are eating into the business of CN Express only because they give better service.

If I were to send a fish packed in ice from Saint John to Ottawa by CN Express, it would have to lie in a warehouse overnight, whereas a courier service at a much higher cost would bring it here much more quickly.

Senator Marshall: It would be very smelly.

Senator Riley: Not if it got here overnight. Once, when I was in the House of Commons, I insisted that they amend an amendment to the Criminal Code. I wanted to correct the spelling of the corporate name of my city to S-a-i-n-t, Saint John, and Art Smith from Calgary said, "A fish by any other name would smell as bad."

● (2100)

In any event, this is a matter of serious concern to the people of the Atlantic provinces and I would ask again, with consent, that Dr. Bandeen and his officials be brought before our committee. We must not forget that Senator Smith is serving on the Special Joint Committee on the Constitution, so it is hard to say how much time he will have between now and Christmas to become engaged in this sort of enterprise of bringing the CNR officials before a committee. I think it would be appropriate, and diplomatic, if the Leader of the Government in the Senate were to approach the Minister of Transport and ask him either to check with Dr. Bandeen and his officials or simply bring them before the committee.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I wish to agree with the statement of my leader that it would be appropriate for the Chairman of the Transport and Communications Committee to invite Dr. Bandeen to appear before the committee to give evidence on this important question. I cannot agree with Senator Riley that we should approach the Minister of Transport to see if he would help bring Dr. Bandeen here.

Senator Riley: Just on a diplomatic basis.

Senator Argue: The Senate is the master of its own procedure, and the Standing Senate Committee on Transport and Communications is perfectly capable, through its able Chairman, of sending a letter to Dr. Bandeen inviting him to appear. I am sure that Dr. Bandeen, being a reasonable person, would come and give important evidence before that committee, answering some of the questions that have been raised. These are important questions, and I can understand the concern of senators who have raised them. I believe the Deputy Leader of the Opposition could play a constructive role tonight by just saying he would be prepared to send these requests on to a member of his caucus, namely, the distinguished Chairman of the Transport and Communications Committee.

It has been said that this is an Atlantic matter and is not a western matter. Well, the same kind of problem has been raised in western Canada from time to time. In North Battleford, Saskatchewan, the CN Express service was removed a short time ago. The people in that area have exactly the same concerns as the people in the Atlantic area.

When Dr. Bandeen comes—and I am certain he will come, if he is invited, and I believe he will be invited—the concerns about the express services in the Atlantic provinces should be raised, as should the particular concern that I have suggested. Indeed, I will play my part in seeing that it also is raised at that time, because I feel it is part of the function of the Senate to look into these important questions.

Hon. Duff Roblin (Deputy Leader of the Opposition): I have to tell my honourable friend that I have not the slightest intention of making any such request, as he has suggested I should, of the distinguished Chairman of the Standing Senate Committee on Transport and Communications. If that is his idea of how the Senate works—

Senator Argue: Just pass on the questions.

Senator Roblin: For a man who has been around here as long as he has, it astonishes me. I would no more think of doing that than I would think of telling the distinguished Chairman of the National Finance Committee how to run his committee. I have seen him in operation, and he runs an excellent committee. So does my honourable friend Senator Smith. I am quite content to rely on Senator Smith to initiate his own course of action without any gratuitous or unsolicited advice from me.

But if that committee, by any chance, should meet to discuss these interesting questions, I would suggest to Senator Smith that he request, urge or subpoena, if necessary, the Honourable Minister of State for the Canadian Wheat Board, because I am still waiting to hear what the meaning was of his statement delivered in western Canada a few days ago about having an investigation of the Canadian Pacific Railway before he proceeds with the consideration of the Crowsnest rates. That committee might provide a good opportunity for my honourable friend to expound upon the policy of the government in this connection so that the matter can be clarified for the interest of all concerned.

Some Hon. Senators: Hear, hear.

Hon. Sydney L. Buckwold: Honourable senators, I wish to raise a point of order. I know how tolerant we are in our Question Period, but, obviously, this matter has now turned into a debate.

Senator Argue: There is nothing much wrong with that.

Senator Buckwold: I just think there is a limit to how far the Question Period can wander. I would suggest that this matter be raised in due course at the proper time, and that we get on with the next question or the next order of business.

Senator Muir: I would like to respond to the point of order.

Senator Argue: There is no point of order.

Senator Buckwold: Yes, there is a point of order.

Senator Muir: I believe it has been recognized that there is a point of order and I should like to speak to it. In any event, I realize that there has been a little nitpicking on who is going to do this and who is going to do that. I see nothing wrong with airing this thing in this chamber to the fullest extent, even supposing we were here for four or five hours. The fact that we are taking that much time is just fine. The fact that there is a point of discussion between the deputy leader on this side and the Minister of State for the Canadian Wheat Board is all right too. But none of that is doing anything for the several hundred workers who are being displaced, dislocated and thrown out on the streets. What we want to do is to pin down this man Bandeen and his people, who will not give straight answers, who make mistakes and who lie about them. We want to do something about the poor workers who cannot get the decent pensions that they were told they were going to get.

Bandeen is the man I would like to see here. I think that is a good point and we should continue with it.

Senator Buckwold: There is a very easy way of doing it by giving notice today that the matter will be drawn to the attention of the Senate tomorrow and debated in full.

The point of order I raised has nothing to do with the subject at hand. That subject is most important. I am just saying that His Honour the Speaker has been tolerant in allowing the Question Period to wander as far as it has in the light of our agenda. I am merely suggesting that if you want to have a thorough discussion of this matter—and I support that and might even be prepared to speak on it—it should be done simply by giving notice that the matter will be brought forward tomorrow and put on the Order Paper.

Senator Argue: Honourable senators, on this reference to a point of order, I just want to say to Senator Roblin that I was not suggesting at all that he instruct Senator Smith, or that he should try to instruct Senator Smith. I was simply suggesting that he might pass on the message.

I agree with Senator Roblin that it would be a great mistake if he were to try to interfere with the committee or throw his weight around, because the result would be a disaster. I would not want him to start in that direction.

He has raised a question about a statement I am alleged to have made in western Canada. If I haven't got his question accurately, I am sure he will correct me. I understood him to say that I said, or was reported to have said, that the inquiry into CP Limited should take place before there could be or might be any action on the Crow rate.

That I did not say. I specifically and categorically said the very opposite. I said that, so far as I was concerned, the two

[Senator Argue.]

inquiries or the two questions could be proceeded with, or would be proceeded with, at the same time. I did not feel that it was necessary that one had to be concluded before the other was began. But I did say—and I repeat—that I think, in looking at the whole question of the Crow rate and the things that may take place, we should have all the facts on the table.

Senator Muir: Honourable senators, if I am spared until tomorrow and if Senator Smith, the chairman of the committee, is here, and if the Leader of the Government gives his full approval, I will ask him to make arrangements as soon as possible to have Dr. Bandeen and his officials appear before the committee.

• (2110)

Senator Perrault: That is satisfactory to those who support the government.

The Hon. the Speaker: Before we go to the delayed answers, I think honourable senators should consider the procedure we are following during Question Period. I do not pass any judgment, and it is not my intention to pass judgment, on this, but I feel that we should proceed in a more orderly fashion.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Joseph-Philippe Guay: Honourable senators, I should like to ask the Leader of the Government the following question. In view of the concerns of the American people with regard to the Garrison diversion project, and in view of the fact that American officials have suggested to officials of Manitoba that all those concerned should make representations to officials in the Government of the United States, could the leader give us his support in making appropriate representation to the American government to show our concern with regard to the fresh water in Manitoba, and to support those Americans who have indicated their concern? If we all get together, both the federal government and the provincial governments, we could probably stop the diversion project, which is what we want to do.

Hon. Raymond J. Perrault (Leader of the Government): I want to thank Senator Guay for his continuing representations on the subject of the Garrison Dam project, and also thank Senator Roblin for the questions asked from time to time by him. I have something to say about the Garrison diversion project this evening.

The Government of Canada welcomes today's announcement by the U.S. Department of the Interior that funds associated with those aspects of the Garrison project which would affect Canada—that is, the Lonetree Dam and New Rockford Canal—will be set aside as reserved funds to be committed only after the conclusion of consultations with Canada.

This is a positive and encouraging response to the representations which have been made by the Canadian and Manitoba governments and spokesmen at all levels, and one which should provide a good basis for consultations with the United States.

We look forward to receiving a response to our diplomatic note of October 1, which we understand will be forthcoming shortly, and to beginning this process of consultations. We shall, of course, keep a close watch on the situation and continue to impress upon the new United States Congress and incoming Administration that Canadian concerns about Garrison are deeply serious and legitimate.

I am pleased to bring this information to the Senate this evening.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, keeping in mind His Honour's admonition, with which I agree, I should like to thank my honourable friend for his statement, because I think it does open up a hopeful aspect of this matter so that it might come to a satisfactory conclusion. I wish him well in his endeavours.

SCIENCE AND TECHNOLOGY

NUCLEAR FUSION RESEARCH

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, in reply to a question put by Senator Yuzyk on October 31, 1980, concerning fusion research, I am in the position to state, as honourable senators may be aware, that the Honourable John Roberts indicated sometime ago that in order to arrive at a decision on this matter there were a number of questions he wished to have examined. Since that time, the matter has been discussed with the National Research Council, and the Council is in the course of preparing a report on various aspects of a fusion national energy program.

As a result, the government is now satisfied that fusion should have a place in Canada's national energy research program. The size and nature of that program has, as yet, to be determined, but will be considered by the government in due course.

CUSTOMS AND EXCISE

CONFISCATION OF THE *LADY ANNE*

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question on the subject of the motor vessel *Lady Anne* was raised on October 27, 1980, by Senator Smith. The answer is rather long. Perhaps it could be placed in today's *Hansard*, because it contains great detail concerning penalties and the ownership of this vessel, and so forth.

Hon. Duff Roblin (Deputy Leader of the Opposition): I think I may safely speak for my colleagues and suggest that it be placed on the record.

Senator Perrault: If there are any further questions arising from the answer, I would be pleased to answer them.

(*The answer follows:*)

The subject vessel first came to the attention of Revenue Canada through three penalty infractions, two for entering non-customs ports on August 9, 1977 and October 26, 1978 and one for failure to report on October 13, 1977. The total amount of the penalties was $2,000 and was paid on November 27, 1978.

This vessel was later seized by the Coast Guard on behalf of the Department of Fisheries for a violation of their law.

The owner of the vessel at that time was East Coast Fisheries Corp., Mashpee, Mass., U.S.A.

It would appear that fisheries dropped their charges as the sheriff of Shelburne County "arrested" the vessel for various liens and accrued salaries for the crew. The subsequent court case in the federal court indicated the plaintiff as Southern New England Production Credit Association of either Taunton, Mass., U.S.A. or Falmouth, Mass., U.S.A.

The court, in its decision ordered the vessel to be sold at auction. Those who submitted tenders were: Henry Mahle, Trinity Bay, Newfoundland; Southern New England Production Credit Association, Taunton, Mass., U.S.A.; John B. Ryan, 155 Plantation Drive, Duxbury, Mass., U.S.A.; David E. Barnes, 235 Hanover Street, Hanover, Mass., U.S.A.; Murray E. Ossinger, R.R. 3, Shelburne, N.S.; John I. Craig. R.R. 1, Riverport, N.S.; Crest Trawlers Ltd., Lunenburg, N.S.

Mr. Ossinger was the successful bidder with an amount of $225,500.

In July 1979, Mr. Ossinger passed an entry on the vessel (which was of U.S. registry) in order to engage in the fishing trade. The amount of duty paid was $45,100, which was 25 per cent of the appraised value of the vessel ($180,400). The vessel was subsequently given Canadian registry Number 392648 at the Port of Halifax, N.S.

In July 1979, Mr. Ossinger petitioned the court to have the court reimburse him for the duty paid on the vessel as it was his contention the vessel was sold to him free and clear of encumbrances. The court dismissed the petition on July 26, 1979.

These questions in the Senate apparently arose from Mr. Ossinger's inability to transfer his fishing licence from his previous vessel *Catch Me the Second* to the *Lady Anne* as his new vessel was in excess of 65' (being 97') and a freeze had been imposed on the issuance of new licences for the past two years.

AGRICULTURE

ATLANTIC REGION—PROPOSED VETERINARY COLLEGE

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, on November 6, 1980, Senator Muir asked a question regarding the proposed veterinary college in the Atlantic region, and the present status of that proposed college.

Several months ago, the Council of Maritime Premiers agreed that the proposed veterinary college be located at the University of Prince Edward Island, subject to disclosure of

financial arrangements. A committee was established to work out cost-sharing arrangements. One of the conditions was that wherever it was located, it would not take away from current programs at Nova Scotia Agricultural College. At a recent meeting of the Maritime Council of Premiers, Premier Buchanan of Nova Scotia said that he could not support its location in Prince Edward Island.

The departmental position is that the location is the prerogative of participating provinces, so I think it follows that, if the Atlantic provinces could agree on the location and come to us with a unanimous request, at that point they would pass the ball to the federal government and then it would be up to the federal government to take the required initiative. I would be hopeful myself that that initiative would be forthcoming.

I am not being critical, but Senator Muir and other senators mentioned the unemployment situation in the Atlantic provinces. Certainly, I believe that the construction of this college would employ some people and would be of some modest help in these difficult circumstances. So I would think it behooves everybody, in particular the leaders of the Atlantic provinces, to attempt to come to some agreement on the location of this proposed college. If that were the case, we could get together and get on with its construction.

OFFICIAL REPORT (HANSARD)

COST OF PRINTING MONTHLY APPENDIX

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by the Honourable Senator Grosart on November 12, 1980, concerning the cost of printing a monthly appendix to *Hansard*. The answer is that the cost of printing per page, for even one line, is $71.75. There is no charge made for blank pages. The total cost for the appendix of Thursday, November 6, 1980, was $1,363.25, as it contained 19 printed pages.

BUSINESS OF THE SENATE

CONDUCT OF QUESTION PERIOD

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have some delayed answers that Senator Olson asked me to offer to the Senate on his behalf because, as was mentioned by the Leader of the Government at the beginning of our sitting this evening, he was required to leave just shortly before 9 o'clock. I suggest that I give the names of the senators who asked the questions, and then we can decide to either delay the answer, if the senator is not here, or have it put on the record.

I should also like to associate myself with Senator Roblin and Senator Buckwold and support the Speaker in his suggestion that we try to proceed in a more orderly fashion in our Question Period. I am not suggesting that we limit the number of subjects but that under our rules certain matters could be dealt with better by way of debate.

[Senator Argue.]

PUBLIC WORKS

GROS CACOUNA, QUEBEC—HARBOUR IMPROVEMENTS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the first delayed answer deals with a question put by Senator Asselin concerning harbour improvements at Gros Cacouna, Quebec, a subject raised by Senator Asselin in October 31. It is not a long answer, but I see that Senator Asselin is not here. I suggest that it be placed on the record and then Senator Asselin can deal with it further, if he wishes. Is that agreed?

Hon. Senators: Agreed.

(*The answer follows:*)

> On October 31, Trans-Canada PipeLines filed an application with the National Energy Board with regard to the possibility of establishing an LNG receiving terminal located at Gros Cacouna. The application relates to a receiving terminal located at Gros Cacoune, but it also provides, that should a timely decision be made to construct a natural gas transmission system in the maritimes, the Strait of Canso site would be given equal consideration with Gros Cacouna by the applicant.
>
> The proposed regasification terminal is associated with the Arctic Pilot Project, a project to deliver Arctic natural gas to eastern Canada by LNG tanker. The Arctic Pilot Project's application also mentions that Gros Cacouna and Canso are two possible sites for the location of the regasification plant and terminal. The applicant submitted that "both locations are acceptable from an environmental, socio-economic, shipping capability and public safety point of view".
>
> Both applications, including the port site, are currently under review by the National Energy Board. It would be inappropriate at this time to comment further on the question of the port site, since no decision or recommendation has yet been made.
>
> Regarding the extension of the pipelines in Quebec, the Department of Energy, Mines and Resources continues to consult with TQM on the status of the project. However, regulatory decisions on the route in Quebec are the responsibility of the Government of Quebec and the NEB.

ECONOMIC DEVELOPMENT

THE BUDGET—WESTERN DEVELOPMENT FUND

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, my next delayed answer is to a question asked by Senator Murray. It is of wider interest. The question dealt with the Western Development Fund, who would be responsible for it, and whether it would be used to finance existing commitments.

Honourable senators, in its recent budget our government acknowledged the growing diversification of the western economy from processing of resources to the development of new industries. To this end we have allocated $4 billion to the Western Development Fund, of which we expect to spend $2

billion over the next three years. The federal government is anxious to participate in a number of the growth supporting policies being undertaken by western Canadians. We have already indicated a particular interest in the areas of transportation and agriculture, water development and industrial diversification. Cabinet will decide the specific programs to be funded.

● (2120)

ENERGY

QUEBEC & MARITIMES PIPELINE—EFFECT ON COAL MINING INDUSTRY IN EASTERN CANADA

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Muir on October 29, concerning the Trans Quebec & Maritimes Pipeline and its effect on the coal mining industry in eastern Canada.

Honourable senators, the National Energy Board has not carried out any specific study relating to the TQ&M Pipeline's impact on Atlantic Canada's coal industry. The Atlantic offoil strategy envisions the joint use of coal and natural gas as oil substitutes in a rational manner. The extension of a natural gas transportation system into the maritimes is not expected to have a negative impact on the coal industry; it will only enhance coal's role in achieving an Atlantic Canada independent from offshore sources of oil. Essentially, coal and natural gas will not be competing fuels in the maritime energy market. Coal's use is primarily in the thermal power and steel-making market and some other heavy industry applications. Natural gas will be directed into the home heating market and into the commercial and light industry markets.

STATUS OF APPLICATION BY Q & M PIPE LINES TO CONSTRUCT A PIPELINE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on October 30 Senator Donahoe asked a question about the status of the application by the Q & M Pipeline.

(*The answer follows:*)

> The federal government has clearly stated in the national energy program that it supports a gas pipeline to the maritimes and to ensure its financial feasibility, the government has initiated the following measures:
>
> 1. The city-gate price of natural gas in maritime communities will be the same as Toronto.
>
> 2. A contingency fund of up to $500 million will be available to assist in financing the pipeline if it is necessary.
>
> 3. Grants of up to $800 will be available to consumers converting from oil heating to gas heating.
>
> 4. Grants will be available to distribution companies to assist them to develop gas markets.
>
> In addition, the National Energy Board has indicated that in its view there would be fewer delays and fewer legal problems if TQ&M submits a new application for the extension of its pipeline. I understand the TQ&M has indicated to the board that it is prepared to renew its application. The board has stated that it is willing to deal expediently with a new application for a natural gas pipeline to the maritimes, and if a positive board decision is reached by spring of 1981, the pipeline could be delivering gas to Halifax by late 1983 and to Cape Breton Island by 1984.

ENERTECH CANADA LTD.—MARKETING OF ENERGY RELATED EQUIPMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on October 31 Senator Nurgitz asked a question concerning the marketing of products currently sold anywhere in Canada by private Canadian business. His question specifically concerned the marketing of products by Enertech Canada Ltd. Since the honourable senator is not in the chamber, I will place the reply on the record.

(*The answer follows:*)

> Enertech Canada will concentrate on supporting commercial production of renewable energy and conservation technology. It will reinforce the work of Canadian businesses engaged in this field by joint ventures and equity investments to fill the "risk capital gap" and by offering other assistance in commercialization and marketing. This crown corporation may also enter into shared ventures with energy corporations established by provincial governments, or it may undertake commercial production on its own. Wherever necessary, the corporation will carry out research, development and demonstrations.
>
> I would like to reiterate that the main function of Enertech is to provide support to the private sector in developing new technologies, not to compete with it.

OIL—FORECAST REDUCTION IN EXPLORATION DEVELOPMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Donahoe on November 5 concerning the number of drilling rigs forecast for exploration in Canada.

Although no figures are available for 1981, I am able to report a deployment rate for 1980 of 83 per cent. Honourable senators will realize this is a high utilization rate for any industry but particularly for the drilling industry. The growth of this industry in Canada over the past few years has been impressive. As I have pointed out before, during the next year and a half there will be a number of factors at play which will determine the growth of the drilling industry in this country. However, our national energy program is designed to encourage sufficient exploration and development in Canada to ensure us a secure energy future.

NEW BRUNSWICK—HOME HEATING—CONVERSION GRANTS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on November 6 a question was asked by

Senator Thériault concerning conversion grants for home heating.

As stated in the national energy program the federal government is anxious to make Canadians aware of alternative energy sources in light of our growing dependence on imported oil. To this end the government has developed a series of incentives and has introduced conversion grants to encourage Canadians to consider the high efficiency equipment already available and the improvements in equipment efficiency that are anticipated over the next year or two.

The dependence of the Atlantic provinces on imported oil for electrical generation, however, precludes financial assistance for conversions to electricity. Bilateral discussions will be held with each of the Atlantic provinces to determine at what point their oil use for electrical generation will be sufficiently small that financial assistance for conversion to electricity can be provided. In the meantime conversion to other energy sources such as wood will be considered for conversion grants.

THE BUDGET—POLICY RESPECTING CANADIAN OWNERSHIP OF OIL COMPANIES

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Doody on November 6 concerning art acquisitions by Petro-Canada. The honourable senator asked if the minister would find out the rationale for the purchase by Petro-Canada of $300,000 worth of paintaings.

Honourable senators will realize that it is an accepted practice for companies, both large and small, to purchase art for their offices. In the case of Petro-Canada, I am informed that when the company was created it was able to borrow from a foundation's private collection. This collection has since become public and Petro-Canada has had to replace the borrowed pieces with it's own acquisitions. This year, Petro-Canada has spent approximately $150,000 on art work, not the $300,000 quoted originally. An estimated 300 pieces have been acquired after careful selection. I might add that Petro-Canada has endeavoured to support living, Canadian artists. Special attention has been given to purchasing pieces that will appreciate in value.

HEALTH AND WELFARE

THE BUDGET—IMPACT ON LOW INCOME FAMILIES

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on November 6 Senator Marshall referred to the analysis of the Canadian Council on Social Development and its projections of the effect the budget would have on low income families. He asked whether the minister had read the report and whether it had been discussed with the aim of reviewing the high cost of fuel to poor people.

The honourable senator may be aware that over the next several years, expenditures on social development and social support by the government will increase to $33 billion. Each year will mark a substantial increase, in large part attributable to our policy of indexing benefits to all recipients in Canada.

[Senator Frith.]

Senator Roblin: They are going to end it.

Senator Frith: It should be noted that in the report certain tables concerning incomes of the working poor neglected to include benefits from family allowance or child tax credit, both of which are indexed. Had these been taken into account the report's findings would have been more optimistic.

I would also point out that with the pricing schedules for oil and gas included in this government's budget, the burden on the Canadian consumer up to 1984 is $40 billion less than the budget of the former government.

Senator Balfour: Are you sure of that figure?

Senator Frith: I will make sure that I did not misquote it. I shall repeat that part of the reply:

> —with the pricing schedules for oil and gas included in this government's budget, the burden on the Canadian consumer up to 1984 is $40 billion less than the budget of the former government.

ENERGY

THE BUDGET—OIL EXPLORATION—PARTICIPATION OF PETRO-CANADA ON CROWN LANDS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Roblin on October 30 concerning the participation of Petro-Canada in oil exploration on Crown lands and what is called the 25 per cent back-into. The reply occupies about one and a half pages. So that honourable senators will understand the reply, the question was:

> Petro-Canada . . . will have the right to back-into wells that are drilled on Crown lands in Canada to the extent of 25 per cent.

The honourable senator's question was whether the new rule would apply to all activity on Crown lands.

(*The answer is as follows:*)

> To clarify for honourable senators the proposed 25 per cent Crown interest will be applicable to every right on Canada lands. It is planned that this interest will be exercised by Petro-Canada or some other designated crown corporation. The carried interest will be convertible to a working interest at any time prior to authorization of a production system for a particular field at which time the Crown agency would assume a 25 per cent share of all costs of the production system.
>
> As to future exploration, it is not correct to describe it as a "carried interest" given that every explorer will qualify for a 25 per cent incentive payment from 1981 onwards. Because Petro-Canada will be paying its way as a full equity partner from the point at which the big investment on development and production facilities begins, the new regime will leave the private investor's return the same as if neither the 25 per cent options for Petro-Canada or the 25 per cent incentive payment applied. The 25 per cent interest for Petro-Canada repre-

sents a means by which Canadians as a whole will have a greater level of ownership in Canadian oil and gas resources.

As to lands where exploration expenditures have already been incurred, the federal government has in a very real sense paid for much of those by means of special fiscal treatments. It now wants a stake for itself in those rights.

I trust this information answers all of the honourable senator's questions.

Senator Frith: Honourable senators, that completes the list of delayed answers given me by Senator Olson.

• (2130)

BUSINESS OF THE SENATE

CONDUCT OF QUESTION PERIOD

Hon. Robert Muir: Honourable senators, I would like to thank the Deputy Leader of the Government in the Senate for the answer he gave to my question, on behalf of the Minister of State for Economic Development. At the same time, I raise the point that he mentioned something which could possibly be termed, by some people, a snide comment with regard to our conduct concerning Question Period in this chamber.

I say, with all due deference to him, honourable senators, and to Senator Roblin and His Honour the Speaker, for whom I have the greatest regard, that I thought we were here to represent the different regions of our country as well as the country in general. When I raise a question on behalf of people who are being thrown on the streets and put out of employment I do not think I am out of order, and, therefore, I do not apologize to anyone.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in the first place I certainly had no intention of making a snide remark, nor any suggestion collateral to the one I was in fact making. I do not think there can be any dispute at all that a question of the type just described by Senator Muir is perfectly in order during Question Period.

I thought we were all agreeing that when a subject is raised in Question Period and tends to develop into a debate, while it is not out of order necessarily, it may be more appropriately dealt with in another part of the day's business. My suggestion was not that such discussion should be limited, but simply that the subject in question may be one upon which honourable senators who are so interested in it may think that we should have an inquiry on it. Far from limiting discussion of the matter, such an inquiry would broaden its scope.

Senator Muir said that he would not apologize. If I have created the impression that I was saying something snide, or that I was criticizing him for asking a question in Question Period, then I apologize to him. I had no such intention.

Hon. Sidney L. Buckwold: Honourable senators, as the one who raised the point of order, I certainly want to say to Senator Muir that the point of order was not with regard to the matter raised in the question, which was a very timely one, and one that needed to be considered. I was in fact referring to rule 32, which says very clearly:

> A debate shall not be in order on an oral question, but brief explanatory remarks may be made by the senator making the interrogation and by the senator answering the same. Observations upon any such answer shall not be allowed.

That is the rule, and quite properly, I think, we are pretty elastic in the way we interpret it. I think that today a question really turned into a major debate—and a very good debate it was, too. My only point in raising the point of order was that in my view it would have been proper to deal with it more fully under a different item on the agenda. I felt that it was not really a debatable item in the Question Period; that is all.

Senator Muir: Perhaps I can make one slight comment. I appreciate the remarks of Senator Buckwold, and I think he is very wise in making them. If he will check the record tomorrow, however, he will note that I did say that there was some nitpicking going on apart from the question actually being asked, and he will also see that Senator Riley, Senator Phillips, Senator Rowe and myself were all dealing with different questions pertaining to the Canadian National Railways. I think we will solve the difficulty very satisfactorily, as the Leader of the Goverment in the Senate has agreed, and as I think everyone agrees, by having the principals appear before the Standing Senate Committee on Transportation and Communications.

The Hon. the Speaker: Honourable senators will, of course, understand that there are many times when I feel like intervening, but refrain from doing so. I do think, however, that we can achieve our objectives just as well by following the rules. In this case, for example, the Standing Senate Committee on Transportation and Communications does not have the right to study anything which is not referred to it by the Senate. This is provided for by rule 67. It may be said that the Standing Senate Committee on Transportation and Communications should deal with this matter, but there was no motion to that effect before the Senate.

I am not blaming Senator Muir, because I think the subject raised by him and the others is a very important one. I am trying, however, to see whether we can, according to the rules, proceed with the matter in orderly fashion without wasting any time. It is now a quarter to ten, and we have not reached Orders of the Day. My intention, as I say, is not to blame anyone, but we do have rules, and honourable senators may find them very helpful from the point of view of saving time, and perhaps providing the opportunity for a more satisfactory discussion.

PRIVATE BILL

MONTILAC LTD. AND SOCAM LTD.—THIRD READING

Hon. Richard A. Donahoe moved the third reading of Bill S-13, to revive Montilac Ltd. and Socam Ltd.

The Hon. the Speaker: It is moved by the Honourable Senator Donahoe, seconded by the Honourable Senator Balfour, that this bill be now read the third time. Is it your pleasure, honourable senators, to adopt the motion?

MOTION IN AMENDMENT AGREED TO

Hon. Fernand-E. Leblanc: Honourable senators, I move, seconded by the Honourable Senator Deschatelets:

> That this bill be not now read a third time but that it be amended as follows:
>
> (a) by striking out lines 22 to 24 on page 1 and substituting the following:
>
> "1966, pursuant to subsection 125(11) of the Canada Corporations Act (now subsection 133(10) of that Act), stating"; and
>
> (b) by striking out line 33 on page 1 and substituting the following:
>
> "tion 125(12) of the Canada Corporations"

Honourable senators, these are only technical amendments.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, just so that the record is clear as to the reason for these amendments, let me say that it was after the Standing Senate Committee on Legal and Constitutional Affairs had examined Bill S-13 last Thursday, November 13, that two errors in the reference to the Canada Corporations Act, in paragraphs (c) and (d) of the preamble were discovered. This is why the amendments were not included in the committee's report on the bill, and why it is necessary that they be made now.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion in amendment?

Hon. Senators: Agreed.

Motion in amendment agreed to.

The Hon. the Speaker: Shall the main motion, as amended, carry?

Hon. Senators: Agreed.

Motion agreed to and bill, as amended, read third time and passed.

• (2140)

TREMUS INDUSTRIES LIMITED—THIRD READING

Hon. Fernand-E. Leblanc moved the third reading of Bill S-14, to revive Tremus Industries Limited.

Motion agreed to and bill read third time and passed.

CANADIAN MERCHANT SERVICE GUILD—REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Legal and Constitutional Affairs on Bill S-12, respecting the Canadian Merchant Service Guild, which was presented on Thursday, November 13, 1980.

Hon. Richard A. Donahoe moved that the report be adopted.

He said: Honourable senators, the report of the committee on Bill S-12 contains an amendment to clause 9 on page 4 which would add an additional subclause (2), as follows:

> (2) The national executive board may, at any time between the holding of conventions, make by-laws referred to in subsection (1), and such by-laws shall come into force on the day on which they are approved by a majority of ballots cast in a referendum held in accordance with the by-laws.

And then the remaining subclauses would be renumbered accordingly.

The Canadian Merchant Service Guild is an organization which governs itself by making bylaws at its conventions, so-called. These conventions would ordinarily be called annual meetings, but in the case of this organization, the meetings take place only tri-annually.

It becomes apparent that if an occasion arises where there is the need or the desire to amend the bylaws, it can only be done at very considerable distances in time. Accordingly, the organization is asking that it be permitted to have this alternative method of amending its bylaws other than at its regular tri-annual conventions, the alternative being by the expedient of having the amendments passed by the executive and then endorsed by referendum of the general membership. The regulation and control in setting up of such referenda is provided for in the bylaw-making power given in another section of the statute.

Motion agreed to and report adopted.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Charles McElman: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill be read the third time now.

The Hon. the Speaker: Is leave granted?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, November 19, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

TRANSPORT

CANADIAN NATIONAL EXPRESS—CLOSING OF TERMINALS IN ATLANTIC REGION

Hon. G. I. Smith: Honourable senators, I wonder if I might be permitted to rise on what I think is a point of order. If, after I state it, His Honour the Speaker feels it is not a proper point of order, I shall abandon it for the moment.

Within the last half hour there has been brought to my attention the discussion about the possible closures of Canadian National Express terminals in the Atlantic region and the request that the Standing Senate Committee on Transport and Communications, of which I am chairman, invite officers of the CNR to appear before the committee.

I just want to say that I have noted, albeit very recently, the discussion. I am not sure as to the exact method of procedure, and I have not yet had the opportunity to consult the authorities upon whom we rely in these matters. I should be pleased to discuss with the appropriate officers of the Senate and the steering committee what would be the best procedure to bring about what seems to be the wishes of a number of honourable senators, as evidenced by the discussion last evening.

One way which suggests itself to me—and I do not know whether it would be the correct way or not—would be to have a motion adopted by the Senate referring this particular question to the Transport and Communications Committee, because I believe the committee has authority to deal only with those matters which are referred to it by motion. In any event, I want to assure honourable senators that their wishes have been noted, and that we will see what we can do towards the carrying out of those wishes.

While I realize I do not have to explain my absence from the Senate chamber last night, I might just say that I was in room 200 of the West Block as an alternate member replacing another member of the Special Joint Committee on the Constitution.

• (1405)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, we certainly support the initiative to have the Transport and Communications Committee, of which Senator Smith is chairman, study the question raised in the Senate last night about the closing of CN Express terminals in the Atlantic region. I suppose the question could be debated in the chamber under an Inquiry, but as I understood it the consensus of honourable senators last night was that the sooner this is brought before the committee the better. Senator Smith's suggestion that this might be accomplished by way of a motion in the Senate sounds worthy of support, and we on this side will be glad to consult with Senator Smith on the wording of the motion so that it can receive prompt attention when it is presented in the chamber.

I might add that we certainly understand honourable senators' current commitments to television which require them to be elsewhere on certain occasions.

The Hon. the Speaker: So I understand that a motion to this effect may be made at the appropriate time.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the names of Messrs. Robinson, Tobin, Lapierre, Olivier, Bockstael and Tobin had been substituted for those of Messrs. Knowles, Lapierre, Tobin, Bockstael, Olivier and Lapierre on the list of members appointed to serve on the Special Joint Committee on the Constitution of Canada.

DOCUMENTS TABLED

Hon. Royce Frith (Deputy Leader of the Government) tabled:

> Report on the Implementation of the Provisions of the *James Bay and Northern Quebec Native Claims Settlement Act,* for the period November 11, 1975 to March 31, 1980, pursuant to section 10 of the said Act, Chapter 32, Statutes of Canada, 1976-77.

• (1410)

QUESTION PERIOD

[*English*]

THE CABINET

ABSENCE OF MINISTERS FROM CHAMBER

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before commencing the Question Period

I wish, on behalf of two of the ministers of the Crown, to explain their absence today.

Senator Perrault, the Leader of the Government in the Senate, who has obligations with reference to the Pacific Rim Conference, had hoped to make special travel arrangements that would enable him to be here this afternoon for Question Period at least. Unfortunately, those arrangements fell through and, owing to the exigencies of time schedules, Senator Perrault at the last minute had to leave on a flight to British Columbia in order to attend that conference, and is thus unable to attend this afternoon's sitting.

As you may recall, Senator Olson did inform us yesterday that his presence was required in Alberta today. I apologize to the Senate for his absence, but he does expect to be here tomorrow. Both ministers will be making strenuous efforts to return for Question Period tomorrow. I am sure Senator Olson will be here, but I am not sure whether Senator Perrault will be able to return in time.

I understand that Senator Argue will be here this afternoon. I am sorry he is not yet in the chamber, but I will do my best to answer any questions I can on behalf of the government in the absence of the ministers, or to forward them to the appropriate ministers.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am one of those who will miss the attendance of our honourable friends on the other side during Question Period. I do hope they will be back tomorrow. I can well understand why two of them, at least, have thought fit to take themselves to western Canada. I am not sure that they can do very much to explain the present government to western Canada, but I hope they can do something to explain western Canada to the present government, because one of the problems we have in this country is a lack of sound advice being funnelled into federal government channels as to the state of affairs in the west.

Senator Frith: Honourable senators, I know that Senator Perrault and Senator Olson will be reassured by Senator Roblin's encouragement for them to spend time in the west explaining government positions there.

ENERGY

DEVELOPMENT OF DOMESTIC HEAVY OIL RESERVES— NEGOTIATIONS BETWEEN FEDERAL GOVERNMENT AND GOVERNMENT OF ALBERTA

Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to address one question to the Deputy Leader of the Government that normally I would have addressed to the Minister of State for Economic Development. I expect that the deputy leader will have to reserve his answer.

I am interested in knowing what progress is being made by the federal government in opening negotiations with the Province of Alberta on the question of oil and gas, and overcoming the present impasse. I am particularly interested to know if there has been any movement in the negotiations with the respect to the synthetic oil supply that may be obtained from the tar sands and the deep oil sources in Alberta.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I share Senator Roblin's interest in the question of alternative sources of oil and gas, underlined as that question was by the declaration of Imperial Oil that we heard about on the news today. I hope, because of the importance of the question, that we will have some answer on it tomorrow, when Senator Olson returns. I shall try to see that Senator Olson receives a copy of that question before the sitting tomorrow afternoon.

• (1415)

Senator Roblin: I thank my honourable friend for his answer, because he is quite right in saying it is a matter of considerable importance. The Cold Lake potential is 140,000 barrels of oil a day. While it may be comforting to some to know that apparently our priority is dedicated to getting 100,000 barrels a day from our OPEC friends in Saudi Arabia, I would really be anxious to know why that priority is not given to the development of indigenous Canadian sources, because if that is the case the money stays in the country and the cash-flow developed from that goes to the creation of jobs, not only in one province but in many provinces, including Ontario, where de-industrialization is threatened. So it seems to me that as well as having a statement regarding negotiations, it would be interesting to have government policy as to the priorities it accords to the Cold Lake development.

Senator Frith: Honourable senators will remember that in answer to a question raised yesterday, Senator Olson pointed out that Saudi Arabian oil is not of the same character or classification as oil from alternative sources, such as tar sands and heavy oil deposits, which requires enhanced recovery.

That does not change the importance of the question asked by Senator Roblin, but I do wish to underline what is already on the record, namely, that oil sands and heavy oil cannot be considered alternatives to lighter Saudi Arabian oil in terms of availability for immediate delivery. That, however, still leaves the question of policy with reference to the initiatives the government wants to take in order to recover alternative sources.

Senator Roblin: I thank my honourable friend for his comments, because they simply underline the importance of the point I am making. We have been told that it is the government's goal to reach energy self-sufficiency by 1990.

While it is apparently true that these unconventional sources of oil have to be upgraded, this upgrading is obviously part of the process. When the oil is upgraded, then essentially it is barrel for barrel of the same quality as imported oil. So more of us are very concerned about the problems which have arisen and have been on the agenda for approximately two years with respect to proceeding with Cold Lake and unconventional sources of that kind. I merely want to tell my honourable friend that his comments are correct and they underline the importance of getting some action on this now.

Senator Frith: Honourable senators, I suppose we can assume that if Imperial Oil is going to shut something down at Cold Lake, then something must have been happening in the meantime for them to shut down.

Senator Roblin: That is very true. It is on the shelf; it is not shut down. There is a difference. It can be reactivated if the government wants to do something about it. The whole point of my inquiry is to find out what they intend to do, but I guess that point has been dealt with sufficiently for the moment.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should now like to refer to a statement made by the Leader of the Government last evening regarding the Garrison Dam situation in North Dakota, as it affects the waters flowing north into Manitoba. He made what seemed to me to be a very reassuring statement. His statement appears on page 1236 of Senate *Hansard*:

> The Government of Canada welcomes today's announcement by the U.S. Department of the Interior that funds associated with those aspects of the Garrison project which would affect Canada—that is, the Lonetree Dam and New Rockford Canal—will be set aside as reserved funds to be committeed only after the conclusion of consultations with Canada.

On the face of it, that is a good statement. I was glad to hear it and welcomed it, but I am sorry to report that there is a disturbing interpretation of this matter in the press this morning. It makes it clear, if the press report is correct, that there has been no hold-back insofar as the United States government is concerned. What they have undertaken to do is to recommend to the Congress that the Congress take action on this matter.

● (1420)

I wonder if my honourable friend could clarify the situation for me and find out whether the department has actually put a freeze on those aspects which affect Canada, or whether it is merely passing the buck to Congress to do something, because we are in two entirely different situations if the latter interpretation should turn out to be correct.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, our information is that the matter, while being left for the Congress, is being set aside as reserve funds, to be committed only after the conclusion of consultations with Canada. I understand exactly the point being raised by my honourable friend, and I shall try to get that confirmed.

Senator Roblin: I thank my honourable friend. While he is interesting himself in Garrison, I would be glad if he would provide us with a copy of the note of October 1 that was delivered to the United States Government in respect of this matter, and the answer to that note when it is available.

TRANSPORT

WESTERN CANADA—GRAIN HAULING SUBSIDIES—AVAILABILITY OF HOPPER CARS

Hon. Martha P. Bielish: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board, and it follows from his delayed answer given on Thursday last to a question I asked the previous week.

In his delayed answer, the minister stated that the Department of Transport is conducting a review of the off-track elevator concept. If, as a result of that review, the government decides that there should, in fact, be some form of federal assistance in the form of commercial highway transport subsidies, as recommended in the Hall report, will the minister assure us that there will be adequate hopper car allocation for any area that will utilize the off-track elevator concept?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, there are quite a few conditions in the question, and, in a sense, I am not really able to speak for the Minister of Transport, because he has authority in that field and I do not. But I think it is reasonable to suggest—and I do suggest—that if and when there is a provision for off-line elevators, it absolutely follows, and has to follow, that there would be a fair allocation of hopper cars within that area so as to accommodate the extra grain that is going into those off-line elevators.

If the specific matters to which Senator Bielish has referred should arise and if at that time she is not satisfied with the precise action that has been taken by way of hopper cars, and so forth, I would be very happy to take her suggestions and follow through with them at that time.

HEALTH AND WELFARE

THE BUDGET—IMPACT ON LOW INCOME FAMILIES

Hon. Jack Marshall: Honourable senators, I have a question for the Deputy Leader of the Government relating to the delayed answer he gave last evening as to the impact of the budget on the social assistance programs. I would like a more definitive reply on the amounts given in that answer. In the reply, which appears at page 1240 of yesterday's *Hansard*, we have the statement that "expenditures on social development and social support by the government will increase to $33 billion". That is like asking how long is a piece of string.

Could we have a breakdown in terms of the number of years that that takes into account, and the definitive departmental headings involved?

In that same reply, we have the statement:

> —with the pricing schedules for oil and gas included in this government's budget, the burden on the Canadian consumer up to 1984 is $40 billion less than the budget of the former government.

Again, that expresses some ambiguity. I wonder if we could get a further clarification on that and a more definitive reply in terms of where that $40 billion originates.

Hon. Royce Frith (Deputy Leader of the Government): As I understand it, the honourable senator is seeking more detail as to the actual span of years covered by the $33 billion in expenditures and a further breakdown of the $40 billion figure. I do not quite know what he means by "ambiguity" in respect of that figure of $40 billion. Does he just mean there is uncertainty or lack of detail?

Senator Marshall: I will take your word.

Senator Frith: I shall endeavour to get that information.

THE CONSTITUTION

RENEWABLE RESOURCES—INDIRECT TAXATION BY PROVINCES

Hon. Jack Marshall: Honourable senators, I have a question for the Deputy Leader of the Government in respect of the controversy which has arisen over the fact that the Government of Canada would give the provinces the right to impose indirect taxation on their renewable resources. I realize this is a question which he will have to take as notice.

There was a statement by the Minister of National Revenue in Newfoundland that this would be so, and there seems to be, as a result of questioning in the other place, some ambiguity arising out of the answers given by the Minister of Finance and the Minister of Justice.

● (1425)

Could the deputy leader provide us with the government's position on the question of indirect taxation on renewable resources by the provinces, and particularly with regard to hydro-electric power?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I noticed too that there does seem to be some controversy on that subject and that the premier of Senator Marshall's home province seems to have some doubt as to whether the powers to be given would include indirect taxation on hydro-electric power. Certainly, I shall endeavour to obtain all the information possible in order to clarify the position of the federal government—which I believe to be that it would include such power to tax.

TRANSPORT

CANADIAN NATIONAL RAILWAYS—RECAPITALIZATION

Hon. G. I. Smith: Honourable senators, I wonder if I might ask the Deputy Leader of the Government when it might be reasonable to expect a reply to a question I asked on November 12, 1980, which appears at page 1198 of *Hansard* of that date. My question related to some statements reported to have been made by the President of the CNR as to the difficulty in raising capital for the CNR. I directed my question to the deputy leader because the appropriate minister was not present on that occasion.

Hon. Royce Frith (Deputy Leader of the Government): Yes, I see the question, and I see that I did undertake to see that it would be directed to the attention of the minister concerned. I assume that that was done, but I shall follow it up.

[Senator Marshall.]

ECONOMIC DEVELOPMENT

THE BUDGET—WESTERN DEVELOPMENT FUND

Hon. Nathan Nurgitz: Honourable senators, I have one brief question for the Deputy Leader of the Government arising out of a delayed answer given yesterday to a question originally posed by Senator Murray. The reply appears at page 1238 of yesterday's *Hansard*.

The simple question was whether the $2 billion being allocated over the next three years to the Western Development Fund would be used for existing programs. If I recall Senator Murray's question correctly, he gave by way of examples the development at Prince Rupert, the purchase of additional hopper cars, and things of that nature.

As I read the answer given by the deputy leader, it appears clear to me that he has not addressed himself to the question. Senator Murray wanted to know whether the $2 billion would include existing programs, such as the ones I have just named, and the answer given by the deputy leader is that his government has "a particular interest in the areas of transportation and agriculture, water development and industrial diversification."

Well, I am pleased that it does, but I am interested in the answer that Senator Murray wanted, and that is whether it includes existing programs.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I think the intent of the answer was to say that the allocation to specific programs, either as to subject matter or as to present or future, is to be decided by the cabinet. In other words, that decision has not yet been specifically made, and will be made by the cabinet. I agree with Senator Nurgitz that the last sentence of the reply could be clarified both as to subject and as to future, and whether it is going to be from time to time or one decision on the whole program. I shall try to find that out.

INDUSTRY

IMPORTATION OF AUTOMOBILES

Hon. G. I. Smith: Honourable senators, I wonder if I might ask a question of the Deputy Leader of the Government respecting the importation of foreign automobiles into Canada. This is a question I would normally address to the Minister of State for Economic Development.

I understand that when the Minister of Industry, Trade and Commerce was recently asked in the other place whether Canada was considering placing import restrictions on the importation of foreign cars, he said—I am paraphrasing, but I think fairly accurately—that while the department did not currently have such a move in mind, Canada would, of necessity, have to take into account any decisions that the United States might make in respect of such action in that country. I

now understand that the United States government has made a decision, and that decision is that it will not, for the time being at least, place any restriction on the importation of foreign cars.

● (1430)

So the question that I would have directed to the Minister of State for Economic Development is this: In view of the United States decision—if, in fact, I am correct in believing that it has been taken—can it now be assumed or understood that Canada, for the time being at least, is not considering import controls or restrictions on the importation of foreign cars? I might add that I believe it is a fact that for October 1979 the total importation of foreign cars into Canada was 55 per cent higher than for October the previous year, and that for the ten months ending in October 1979 the total imports were up by just over 40 per cent as compared with the same ten-month period of the previous year.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, might I ask, by way of clarification, if the honourable senator, when he speaks of foreign cars, means non-United States foreign cars?

Senator Smith: I thank the honourable senator for bringing that to my attention. I did mean to make it clear that United States cars were excluded from the import of my question.

Senator Frith: Well, honourable senators, I read in yesterday's New York *Times* that the Federal Trade Commission made the decision that has been referred to after lengthy hearings. I shall endeavour to ascertain whether the government will automatically follow the results of that inquiry in the United States, or will simply take it into account in making its own decision.

PRIVATE BILL

ROYAL CANADIAN LEGION—SECOND READING—DEBATE ADJOURNED

Hon. John M. Godfrey moved the second reading of Bill S-15, respecting the Royal Canadian Legion.

He said: Honourable senators, this bill provides for four amendments to the act incorporating the Royal Canadian Legion. The first amendment deals with membership of the Legion, and an amendment in somewhat similar terms came before the Senate in Bill S-10 about two-and-a-half years ago in March 1978. That amendment provided that the Royal Canadian Legion, as well as offering membership to members of the armed forces, could have as members other persons who support the purposes and objects of the Legion. Senator Connolly, the sponsor of that bill, gave rather an extensive speech at that time describing the Royal Canadian Legion, its membership and so on, and I refer honourable senators to that speech which is reported in *Hansard* for March 16, 1978, at page 463. I shall not repeat what he said at that time.

The bill went to committee, where there were objections expressed to opening up the membership so widely, because this had not been approved at a Dominion Convention of the Legion. There were, therefore, amendments proposed and carried in committee restricting the extension of full membership to the RCMP and sons and daughters of members of the armed forces. The bill, as amended, was passed by the Senate, and sent to the House of Commons where it received third reading on that basis.

At the Legion Convention held in Edmonton in June 1978 this question was discussed, and it was decided that they wanted the wider powers—that is to say, they did not want to restrict the extended membership to the RCMP and sons and daughters of members of the armed forces, but to extend it to other persons who support the purposes and objects of the Legion. This was specifically approved at that convention.

Then again at a convention held in Penticton this summer three other amendments were approved, which I shall refer to briefly. I might also add that when this bill was discussed in 1978 it was pointed out that the average age of the members of the Legion at that time was 61, and since a couple of years have passed since then it would seem that it is now 63. As time goes on, it is obvious that the people who have been the backbone of the Legion will gradually die off. The Legion has extensive programs for aged veterans, low cost housing, youth and sports programs, but eventually there will not be anybody left who is active enough to carry these on unless they have other people coming along to take the places of the present members. That is why they are concerned, and why they want to extend the membership. They will, no doubt, lay down detailed requirements in their by-laws as to who they will have as members.

The second amendment which is sought involves a technical change to allow the passage of by-laws to deal with the amalgamation of branches. Many more branches are amalgamating, and I suppose it is because of the dying-off of the members. But there was no actual provision for this in the original act.

The third amendment sought involves a technical change designed to allow the by-laws to deal with procedures for the election of officers at Dominion Conventions. The present act provides that the officers shall be elected by a majority of those voting at conventions. In fact, candidates for election as vice-presidents are usually put on one ballot, and this causes some difficulty because some people may be elected a vice-president who do not actually get a majority of the overall votes cast.

The fourth change sought has to do with protecting the words "Canadian Legion", "Legion" and certain insignia used by the Legion, including the poppies that are widely sold around Remembrance Day, and that is provided for in the bill. In that respect, I might say it was pointed out to me this morning that there is an error in the schedule to the bill which describes the poppy as being red with the centre portion being black, while, in fact, the centre portion is green. But that is an error that can be corrected in committee.

I do not think there is anything further I need to say at this time except that I feel that this bill should be referred to committee. The last time a bill of this kind came before this house it was referred to the Standing Senate Committee on Health, Welfare and Science, because that is the committee which deals with veterans affairs. I presume that that is the committee to which this bill should be referred, if and when it receives second reading.

Senator Deschatelets: Did I understand the sponsor to say that all these changes were approved by the Legion?

Senator Godfrey: It is my understanding that they have been approved at a Dominion Convention of the Legion. The first one was approved two years ago at Edmonton, and the other three were approved, I am informed, this summer at the Dominion Convention at Penticton.

On motion of Senator Marshall, debate adjourned.

● (1440)

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before moving the adjournment motion I wish to make two comments. Most of the items on the order paper have been stood, but we should recognize for the record that these days our proceedings are to some extent dominated either directly or indirectly by the activity of the Special Joint Committee on the Constitution of Canada. However, I understand that the Commons is now debating Bill C-6, the Banks and Banking Law Revision Act, 1980, and may vote on it today. If it is passed, we can expect the bill tomorrow, together with some other business from the other place.

If Bill C-6 is voted on today, we should receive the message from the other place at 2 o'clock tomorrow; if it is debated and voted on tomorrow, we should receive it some time tomorrow. In either eventuality we could have first reading tomorrow. Because of the exigencies of the time limit on Bill C-6, and in order to avoid having to extend the time period again, I suggest that we meet Monday evening to give us more room to deal with the bill next week.

Depending on what happens with reference to the Bank Act in the other place today and tomorrow, I wish to warn honourable senators that I may well move, when we adjourn tomorrow, that we sit Monday night.

Just to project what might then take place, depending on the Senate's giving leave or giving support, as the case may be, to the various stages, we could consider the bill next week and certainly give it second reading, and then third reading, because in both the debate stage and the committee stage we are helped by the fact that the Standing Senate Committee on Banking, Trade and Commerce has already studied the subject matter of the bill and it is expected that Senator Hayden will, as chairman of that committee, sponsor the bill. He will certainly be able to help the Senate considerably with reference to debate, both on the subject matter of the bill and on its particular provisions.

I thought before we adjourned, honourable senators, I should warn you that we might well wish to sit Monday evening for the purposes I have outlined.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, in response to the deputy leader, may I say that I certainly understand the problem he has put before us because the deadline for this bill is the end of this month, which means that next week is the total time allotted to us to deal with it. Despite that, I am not convinced that it would be necessary to meet on Monday night. I feel it might suffice to meet early on Tuesday. My reason for saying that is that we have had a pre-study of this bill that has taken place for a considerable length of time in the Banking, Trade and Commerce Committee under the chairmanship of the Honourable Senator Hayden.

This bill, in its present or previous forms, has really been studied to death in that committee. It has been there for two or three years at least. It has been most carefully examined. I would not in the slightest be surprised if the chairman of the committee had reached the point in the committee's considerations where he would be able to submit his report to this house. That will be a valuable document, and, if it is available first thing when we get to the study of this bill, I am sure we will be able to deal with the matter expeditiously, even if we do not meet Monday night.

Senator Frith: I agree with what Senator Roblin has said. It is generally acknowledged amoung honourable senators that Senator Hayden will be the quarterback—if I can use a timely phrase—of this bill in this chamber.

Senator Roblin: "Mastermind" would be a more suitable term.

Senator Frith: Yes, "mastermind" would perhaps be more accurate, if not superficially timely. I intend to ask Senator Hayden for his estimate on what will be required to achieve the objectives. If it turns out that he feels, because of the pre-study and because of everything Senator Roblin has mentioned, that a meeting on Tuesday afternoon, for example, would give us adequate time, then I will so report tomorrow and I will not call the Senate for Monday night. However, if he feels that he would like to have that extra time, then, to be perfectly candid, I intend to try to accommodate him because of what Senator Roblin has said as to his experience with the bill.

Hon. Salter A. Hayden: Honourable senators, possibly I should add a few words at this point, seeing that I have been designated as the "quarterback" for this bill. Incidentally, that is a novel description, because in real life I never achieved that position. Because I was built close to the ground, there were other areas in the game of rugby, as we used to play it, in which my special physical qualifications had more application. In any event, I do not expect those physical qualifications will have any application to the consideration of this bill.

While the tendency seems to be to favour not sitting on Monday night, I should just recite the problem we have. We have done a pre-study of the bill in relation to most of the

amendments which were made by the Commons committee in the summer recess and immediately upon the resumption of the fall sitting. The report has been prepared, and yesterday half of it was given to the translators; the rest of it should be in the hands of the translators by now. Usually we reckon on a delay of anywhere up to four or five days for the translation process. However, I am trying to expedite that aspect of the matter.

Quite apart from that, there are several amendments in the bill in the form in which it will come to us. The question therefore arises whether in those circumstances we should simply give the bill first and second readings, debate it and then go on to third reading, or whether, even though it might be somewhat perfunctory, we should send the bill to committee. It might develop—I think I can make it stronger than that—I think it will develop, having regard to the attitude of the majority of the members of the committee and the subject matter as it will be developed in the supplementary subject matter report, that the committee will demand that the minister attend again, before the committee.

Consequently, this is the way I see the schedule: We can sit on Monday evening, if we have the bill, because we cannot proceed to second reading without the members having the bill before them. The explanation on second reading could be given on Monday evening and we could sit on Tuesday morning for whatever debate might arise as a result of the explanation given on second reading. Then during the day, on a reference of the bill to committee, the committee could sit; and I cannot see that sitting taking more time than the afternoon of Tuesday.

I am a great believer in not measuring the time so carefully that you just receive a bill at the last minute of the last hour. That is a risky course of action to follow. There is too much at stake there to do that, when you realize that, if we reach November 29, which is a week from Saturday, without having approved the bill, in whatever form we will approve it, and without having sent it back to the Commons, then, when the depositors or others who deal with the banks go to their banks on the following Monday morning, they will find all the doors locked. You can imagine the kind of uproar that will develop across Canada if that happens. They will immediately conclude the worst. There is no use telling them that the banks make money and that they have lots of money on hand. They will say, "The doors are closed. We can't get at it."

● (1450)

So we have to avoid that by all possible means. Therefore, I suggest that we allow ourselves more time at the beginning of next week to be sure that we can deal with everything to the wishes of the Senate and be ready in time, rather than have the other shocking situation occur.

Senator Roblin: Honourable senators, that is one of the most convincing speeches I have listened to in some time. I will be here Monday night.

Senator Frith: I suppose it is true that we should show more concern for the creditors rather than the debtors, who might be happy to see the banks closed on Monday.

Therefore, I will probably give that notice tomorrow, and I respectfully ask honourable senators to plan their calendars for next week accordingly.

The Hon. the Speaker: Before I put the question on the motion to adjourn, I should like to inform the Senate that I cannot be here tomorrow owing to a bereavement in my family. The Honourable Senator Lapointe has accepted my invitation to occupy the Chair at the opening of the sitting, and the Honourable Senator Deschatelets will replace her when she has to leave to attend a committee meeting.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, November 20, 1980

The Senate met at 2 p.m., the Honourable Renaude Lapointe, Speaker *pro tem,* in the Chair.

Prayers.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the names of Messrs. Lapierre, de Jong and La Salle have been substituted for those of Messrs. Tobin, Robinson (Burnaby) and Epp on the list of members appointed to serve on the Special Joint Committee on the Constitution of Canada.

BANKS AND BANKING LAW REVISION BILL, 1980

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-6, to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other acts in consequence thereof.

Bill read first time.

• (1405)

Senator Frith moved that the bill be placed on the Orders of the Day for second reading on Monday, November 24, 1980.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before proceeding with Presentation of Petitions, some senators who may have to leave should know that later I will move that when the Senate adjourns today it do stand adjourned until Monday next at 8 p.m. This adjournment results from having Bill C-6, the Bank Act legislation, placed on the Orders of the Day for second reading on Monday evening.

DOCUMENTS TABLED

Hon. Royce Frith (Deputy Leader of the Government) tabled:

Report of the National Film Board of Canada, including its accounts and financial statements certified by the Auditor General, for the year ended March 31, 1980, pursuant to section 20(2) of the *National Film Act,* Chapter N-7, R.S.C., 1970.

• (1410)

INCOME TAX CONVENTIONS BILL

FIRST READING

Hon. Royce Frith (Deputy Leader of the Government) presented, for Senator Perrault, Bill S-17, to implement conventions between Canada and New Zealand and Canada and Australia for the avoidance of double taxation with respect to income tax.

Bill read first time.

Senator Frith, for Senator Perrault, moved that the bill be placed on the Orders of the Day for second reading on Monday next, November 24, 1980.

Motion agreed to.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (B) PRESENTED AND PRINTED AS AN APPENDIX

Hon. Douglas D. Everett: Honourable senators, I have the honour to present the report of the Standing Senate Committee on National Finance on supplementary estimates (B) laid before Parliament for the fiscal year ending March 31, 1981, and ask that it be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of today and form part of the permanent records of this house.

The Hon. the Speaker *pro tem:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report see appendix, p. 1269.*)

Senator Everett moved that the report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

Motion agreed to.

CANADIAN NATIONAL RAILWAYS

CLOSING OF CN EXPRESS TERMINALS—TRANSPORT AND COMMUNICATIONS COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. G. I. Smith: Honourable senators, as Chairman of the Standing Senate Committee on Transport and Communica-

tions, I ask leave to report on a matter which was under discussion at the last two sittings of the Senate about a possible investigation by that committee of the proposed closing of certain Canadian National Express terminals or offices.

Honourable senators will recall that this matter was discussed at length on Tuesday evening last, and there was considerable expression of opinion that it would be appropriate to have such an investigation. Yesterday, as chairman of the committee, I said that I would consult the steering committee and the proper officials of the Senate with a view to seeing whether I might be permitted today to bring forward a motion.

I have consulted the steering committee, which has concurred in the idea that this matter should be so investigated, and I have consulted the appropriate officials and officers of the Senate. As a result thereof, I now move, seconded by the Honourable Senator Roblin, with leave of the Senate and notwithstanding rule 45(1)(e):

> That the Standing Senate Committee on Transport and Communications be authorized to examine and report upon the question of the proposed closing of certain Canadian National Express terminals or stations and matters related thereto.

Motion agreed to.

• (1415)

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Monday next, November 24, 1980, at 8 o'clock in the evening.

Before the motion is put, honourable senators, I wish to explain that, as I indicated yesterday afternoon, we hope to have the Bank Act revisions before us on Monday. We already have the message with respect to the act, and we expect that the bill will be printed and available for consideration by honourable senators for our sitting Monday evening. It will probably be our principal order of business that evening, and we hope to be able to refer the bill to committee and so complete that stage of second reading debate on Monday evening. Our optimism is based on the fact that the committee has studied the act for some period of time and in great detail.

Senator Walker: We have studied it for years.

Senator Frith: For years, as Senator Walker points out. Nevertheless, we expect there will be some debate. But because of that substantial and long term pre-study we hope there will only be a few matters requiring further study by the committee. If, then, we are able to complete that second reading stage on Monday evening, it will mean that the committee can sit on Tuesday morning. I mention that because the chairman of the committee suggested that the Senate sit at 11 o'clock on Tuesday morning to finish up the debate on second reading we hope to commence on Monday night. Without suggesting that we must complete the debate on second reading on Monday night—and I have conferred with Senators Roblin and Macdonald on this—I emphasize that we hope to do so. In that case we could send the bill to committee on Tuesday morning and perhaps have it reported back to the house for consideration Tuesday afternoon. These targets are not hard and fast, but we do hope to make a good start on the Bank Act early in the week and thus avoid the feeling that the November 30 deadline is breathing down our necks.

Senator Asselin: So the Senate is going to be a rubber stamp as usual.

Senator Frith: Senator Asselin says that we are going to be a rubber stamp as usual, but, with respect, that comment is not appropriate in this instance. The subject matter of Bill C-6 was given a great deal of pre-study in committee, where the eventual form and wording of the bill was greatly influenced by members from both sides of the Senate.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, if I might add a word, I did have the advantage of consultations with my colleague, the Whip on this side, and with the Leader of the Government, and I do appreciate the point that Senator Asselin raises, because it presents us with our typical dilemma. The situation may be ameliorated somewhat because of the very extensive pre-study referred to, and I suppose it is reasonable to expect that we might be able to conclude second reading stage on Monday, depending, of course, on the number of senators wishing to intervene in the debate.

I can appreciate the position of those members of the Senate who are not members of the committee, because for them it may well be a relatively new matter and one cannot foreclose their options, and I know the Leader of the Government agrees with me on that. But I would say the prospects look reasonably good that we can dispose of it Monday night, and, if we do, the agenda as outlined could be followed.

Senator Frith: Also on the point raised by Senator Asselin, I want to underline that I also feel frustrated on occasions when we are stuck with deadlines. I was merely underlining that in this particular case, at least, we have had the opportunity to give a great deal of pre-study to this piece of legislation.

• (1420)

Hon. David Walker: Honourable senators, we have been studying this bill for over four years. The matter has come before us at least three times and we have made all sorts of amendments. No bill has ever received greater study and consideration than this bill, and I would be delighted to co-operate in getting it through on Monday night.

Hon. Frederick W. Rowe: Honourable senators, may I draw the attention of the Deputy Leader of the Government to the desirability of informing senators as early as possible of any change in the routine of the Senate's meetings. As it stands, the routine is that we adjourn on Thursday afternoons until Tuesday evenings, and as we approach Christmas it will become increasingly difficult for senators to change their schedules. For instance, to my discontent I just found out a

few moments ago that it will be difficult to change my reservations to Monday.

For myself, I try always to plan ahead, and I know many of my colleagues do likewise. I try to make reservations weeks in advance. It is necessary to do that, if you live at any great distance from Ottawa. If the Senate is not informed sufficiently in advance of a change in routine, say from Tuesday evening to Monday evening, the problem arises of trying to find accommodation on the airlines. As I say, that will become extremely difficult the closer we approach Christmas. I am sure the deputy leader appreciates this problem and will do everything he can in future to advise us well in advance of any changes from the normal schedule.

Senator Frith: Honourable senators, I am grateful to Senator Rowe for his observation. I appreciate that there can be considerable difficulty in making changes in travelling schedules, particularly with respect to trips between Ottawa and either the east coast or west coast or other distant points. However, I am sure Senator Rowe also appreciates that I always try to do exactly what he has requested. Indeed, in this particular case, when I learned yesterday that we would be receiving the Bank Act, I immediately announced that it would be my intention to move the adjournment to Monday. Making that announcement yesterday was the earliest I could do so, and I will continue to have regard for these problems of time scheduling for trips both east and west from Ottawa.

Just to be absolutely sure that there is no doubt about the matter, I gave no notice with reference to Tuesday because, as honourable senators will realize, according to our rules, if we sit on Monday evening at 8 o'clock, the next sitting of the Senate will be on Tuesday at 2 o'clock.

Motion agreed to.

DISTINGUISHED VISITORS IN GALLERY

PRESIDENT AND VICE-PRESIDENT OF CANADIAN POLISH CONGRESS

Hon. Stanley Haidasz: Honourable senators, I should like to draw your attention to the presence in the gallery of the newly elected President of the Head Executive Board of the Canadian Polish Congress, Mr. Jan Kaszuba, and his Vice-President, Mr. Marek S. Malicki, and Professor Jan Fedorowicz, all of whom will be appearing this afternoon before the Special Joint Committee on the Constitution.

Hon. Senators: Hear, hear.

QUESTION PERIOD

[*English*]

ENERGY

COLD LAKE, ALBERTA—HEAVY OIL PROJECT—FEDERAL LOAN TO IMPERIAL OIL LIMITED

Hon. R. James Balfour: Honourable senators, I should like to direct a question to the Minister of State for Economic Development in relation to the announced loan by the federal government of $40 million to Imperial Oil with respect to the Cold Lake heavy oil project. Will the minister explain to the Senate how the proposed loan to Imperial Oil ties in with the announced government objective of Canadianization of the Canadian petroleum industry?

Hon. H. A. Olson (Minister of State for Economic Development): I am not sure that there is a direct tie there. However, there is a direct tie to be made with the government's stated policy of encouraging as-rapid-as-possible development of the enormous deposits of heavy oil, of which the Cold Lake project is one.

The reason for the loan, as expressed by the Minister of Energy, is that, in the absence of an agreement, the loan would give the company the confidence that there was a time within the reasonably near future when it could proceed with that program. Moreover, the government would not like that group of highly technical people involved in the project to be disbanded, because there is already a shortage of that class of skills. Now that they have been assembled by the company, we want to do what we can to make sure that they are in place and that that project can go ahead, because we have consistently given high priority to meeting at least part of Canada's deficit in crude oil from those resources.

● (1425)

OIL—ADVANTAGE OF DOMESTIC PRODUCTION

Hon. R. James Balfour: Would the honourable minister explain why it is more in the interest of Canada for our country to be negotiating for offshore purchases of up to 100,000 barrels a day of additional Saudi Arabian oil at the world price than purchasing the same quantity of oil from western Canadian sources at less than the world price?

Hon. H. A. Olson (Minister of State for Economic Development): There is no question, honourable senators, that that is more advantageous, or that one source of supply is more advantageous than the other. We obviously believe that Canadian crude oil from Canadian production is the most advantageous route to follow, and we are pursuing that with vigour. However, we also realize that we are not at the stage where we can do that, and probably will not be at that stage until the end of this decade.

We are required to import some crude oil and we have an obligation to consider all offers made, in terms of the volume required, and the price and security of that supply coming to Canada during the years that we need it.

HEALTH AND WELFARE

THE BUDGET—IMPACT ON LOW INCOME FAMILIES

Hon. R. James Balfour: Honourable senators, I have a question to direct to the Deputy Leader of the Government. It relates to a response he made no November 18, 1980, reported at page 1240 of Senate *Hansard*, during which he made the following statement:

I would also point out that with the pricing schedules for oil and gas included in this government's budget, the burden on the Canadian consumer up to 1984 is $40 billion less than the budget of the former government.

I realize the question will have to be taken as notice, but I would ask the honourable senator whether he would be prepared to table the details of the calculation by which he arrived at the $40 billion figure.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the question just put by Senator Balfour is similar to a question put by Senator Marshall yesterday. I undertook then to try to get the necessary details.

INDUSTRY

CANADA-UNITED STATES AGREEMENT ON AUTOMOTIVE PRODUCTS

Hon. G. I. Smith: Honourable senators, I have a question for the Minister of State for Economic Development relating to the Canada-U.S. auto pact. Can the minister inform the Senate whether Chrysler Canada Ltd. and American Motors (Canada) Limited are expected to meet the production to sales ratio which is provided for in the Canada-U.S. auto pact this year? If they are not expected to meet that requirement, has the government in mind any action in relation thereto?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, there has been some speculation in the press that that may not happen. I have also noted that the Minister of Industry, Trade and Commerce, who has more direct responsibility for this than I do, has made some comments about the situation recently. While I can remember some of those remarks, I think it would be better to take the question as notice so that I can give my honourable friend complete and accurate information.

Senator Smith: I certainly appreciate that assurance, and I shall look forward to having that complete and accurate information in the reasonable future.

Is there any satisfactory guarantee of the medium- and long-term integrity of the provisions of the auto pact if it should be—and I am not asserting that it is at the moment—that two such companies as those just named can disregard it and suffer no adverse consequence so far as the Government of Canada is concerned?

• (1430)

Senator Olson: That perhaps is not the kind of question that I should take as notice as it does not call for any detailed or technical information. What it does is to call for an expression of opinion as to whether or not there will be some problems in the event that we fall short of some of the targets under the auto pact.

I remind my honourable friend that there is a prohibition in the Question Period against asking a minister to express an opinion on policy. A minister can be asked what the policy is, but not what his opinion might be.

In any event, I will not get into that for the moment. I shall refer the question to the minister directly involved for a more detailed answer.

Senator Smith: I thank the honourable minister. I was prepared to meet him on his assertion, but I am glad it is not necessary.

GRAIN

SALES TO U.S.S.R.

Hon. Stanley Haidasz: Honourable senators, I have a question for the Minister of State responsible for the Canadian Wheat Board.

In view of the reported impending shortage of wheat and other grains throughout the entire world, would the minister inform us as to the present status of the Canadian embargo on sales of wheat to the U.S.S.R.?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I really do not have very much to add to the statement I made on this question on July 16 last. The statement at that time was that the policy of the Canadian government with regard to the shipment of grain to the Soviet Union is to ship into that market at normal and traditional levels, and not to agree to any fixed ceiling for the present year.

The former government went along with the partial embargo on the sale of grain to the Soviet Union. We as a nation, because of that policy, placed ourselves in an inferior position in relation to the record sales of other exporting countries. Our grain producers thought that we should not stay in that inferior position, with the result that there has been a change in policy.

However, it is not the intention of the Canadian government that that policy should result in the sale of quantities of grain into that market in excess of normal and traditional levels. In other words, we are not endeavouring to multiply our sales in that market. It is important that we should no longer be in an inferior position, so we are following the policy that I enunciated in July. I feel it is a policy that, in all of the circumstances, is a reasonable one.

We appreciate the need to send the Soviet Union a message that aggression in Afghanistan is not warranted and not supported by the Canadian government. However, we feel that our grain producers should have access to that market in the normal way, as we believe the wheat producers in most other, if not all other, exporting countries do.

GRAINS TRANSPORT CO-ORDINATOR—APPOINTMENT

Hon. Stanley Haidasz: Can the Minister of State for the Canadian Wheat Board inform the chamber as to whether the Government of Canada has made a decision on the appointment of a Grains Transport Co-ordinator?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): There has been no replacement as yet for Dr.

Horner. However, the authority is continuing. The Deputy Grains Transport Co-ordinator, Mr. Radky, is doing all of the things that Dr. Horner did. The word I get from the producers' organizations is that, while he has a much lower profile, his accomplishments are most satisfactory, and he is satisfying the various elements of the trade and the producers in the work that he is doing.

• (1435)

CANADIAN WHEAT BOARD—SETTING OF INITIAL PRICE

Hon. D. G. Steuart: Honourable senators, I should like to direct a question to the Minister of State for the Canadian Wheat Board. I have received some representation from western farmers in the face of the continuing rise of costs, and would ask whether any favourable consideration will be given to an increase in the initial price as soon as possible.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, that question is frequently raised, and was raised recently in the other place. I have received telexes, and so on, from ministers of agriculture in western Canada.

I have taken the position that it would be a mistake to make an immediate increase in the initial payment right now, for probably two reasons: First, that the Wheat Board's receipt of income from a given posting of a price for a given date often takes from three to six months, in the normal course of doing business. Therefore, it would not be right to try to chase up the world price, at least to the extent of asking the Canadian Wheat Board to borrow the money to make the payment, because the farmers would be bearing that cost themselves. I believe that the producers would be the first to object, and would object rather strenuously, if the payment were made by the end of the calendar year, because it would mean that most of them would be taxed on that payment, and they would like to have greater control over their incomes.

In reply to the honourable senator, the Canadian Wheat Board's system is based on orderly marketing principles, and I believe that one of the improvements that can be made is to implement a more orderly system of payments to producers.

Our experience this calendar year has been one of a softening market early in the year, followed by a strengthening one. This spring, when the tentative initial payments for wheat, oats and barley were announced, the prevailing conditions suggested that certain levels were best, but by July the Canadian Wheat Board was able to recommend changes, so that the 1980-81 initial payments for wheat and barley were set higher.

The further strengthening of the world market has led some producers and others to seek a yet higher level. The Canadian Wheat Board is now, of course, making sales at the current market prices, but its sales program is not complete.

As I have suggested, I believe that a more orderly system of payments to producers should be added to our orderly marketing system. By that I mean that a specific pattern of giving consideration, first, to the initial payment for the coming crop year, and then to a possible adjustment, should be established. Orderly marketing, to me, means just that—a realistic initial price and a meaningful final payment in January, followed by the increased initial price in February or March when that can be provided. It would come at a time when farmers' costs are very high before seeding. They need to buy fuel; often they need to buy registered seed; they have repair bills to meet, and so on. Therefore that would be a very appropriate time.

On setting the initial payment, I believe that late June or early July is the most appropriate time, and that would be a change in policy. The Canadian Wheat Board is then in a far better position to assess the market situation and to make a recommendation to the Government of Canada that will, in most years, reflect at least the next six months of marketing.

I would add that from time to time changes in the initial payments are also warranted by the market situation and to encourage producer deliveries. The initial payments for oats are being considered at this time—this is important to the western producers—and I expect to make an announcement at an early date about an increase in the initial price for oats.

Under the system that I have outlined for the timing of the consideration and setting of initial payments, and adjustments thereto, I am confident that grain producers will receive an orderly flow of income.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would encourage the minister in his policy. If he can produce a system that more flexibly reflects the movement of markets and the costs to farmers, that would be a good thing. I am glad to see that he is taking that under advisement.

• (1440)

SALES TO U.S.S.R.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to ask the minister to clarify for me his statement about the shipment, or sale, of wheat to the U.S.S.R. I want to be careful about this, because I do not want to misunderstand, or put words in the minister's mouth, but what I thought I heard him say today was that there was going to be no fixed limit on sales to Russia, and that Canadian farmers should retain their usual access to the Russian markets. I interpret that to mean that to all intents and purposes the embargo is off. If that is incorrect, I wish the honourable the minister would put me right.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I am not going to interpret the honourable senator's interpretation of what I said. I just have to revert to the principles of what I said, namely, that we are prepared to sell into that market at normal, traditional levels, and for this year we have not agreed to any fixed ceiling.

Senator Roblin: I thank my honourable friend. It is a little clearer. I interpret that to mean that if we have an embargo it is a pretty dicey one indeed. I am interested in the point, because I know, or I think I know, what has been concerning

the minister in connection with the embargo, and that is, his interpretation of the actions of the United States wheat-selling people in the Chinese market. I know that the head of the Wheat Board in Australia has made a statement that he believes he was assured by the Americans, when they went into this thing in the first place, that they would not use their surpluses thrown up by the Russian embargo to trespass on the customary markets of other people. That is the point that I would like to get the government's policy on. Do they feel that the American government has, in fact, breached its undertaking in respect of sales to China?

Senator Argue: I think it was an understanding that the former administration had, and that I believe this administration has also, with the United States authorities, to the effect that our co-operation with them with regard to the partial embargo against the Soviet Union had associated with it a clear understanding that the Americans would not be unduly aggressive in other markets, so as to replace Canada, shall we say, or other exporting nations, in some third market, when we were going along with the partial embargo against the Russian market. I think that stands to reason. I think that that is a reasonable way for reasonable people to operate. I believe that I can say that the Canadian authorities, and the Canadian Wheat Board, feel that that understanding was not fully adhered to, and the recent sale that has just been made—or the recent agreement that has recently been drawn up—with China is based on two particular provisions.

First, the Americans say it is their understanding from this agreement that if the Chinese need more than 9 million tons in a given year they will get the additional quantity from the United States. Then, if they require less than 6 million tons, which is the floor in the China-U.S. agreement, they will distribute that reduction among all of the exporters. My opinion, therefore, is that that is really a very aggressive attitude which is not in keeping with the spirit of the understanding that was arrived at—this was under the former administration—at the time of the partial embargo.

Senator Roblin: Honourable senators, I cannot speak for the former administration that my honourable friend is so fond of referring to; I can only speak about this one. But I ask my honourable friend whether, in view of his statement, he has given any consideration to making representations to the United States government on this point. Indeed, has he made representations?

Senator Argue: Not in the formal sense, for example, of sending the minister a note, but my officials have been in touch with the officials in the United States, and the representations that I have made in a public way, and perhaps that I am making here today, are being brought to their attention on a continuous basis.

EMBARGO ON SALES TO U.S.S.R.—COMPENSATION TO FARMERS

Hon. Martha P. Bielish: Honourable senators, I have a question with regard to grain and grain payments, and it is directed to the Minister of State for the Canadian Wheat Board.

It seems to be the policy of the government that farmers will be compensated for the fact that Canada honoured the U.S. boycott of grain sales to the U.S.S.R. The matter of timing of those payments seems, however, to be in some doubt. The Minister of Agriculture said that a cabinet decision can be expected by the end of November, whereas the minister responsible for the Canadian Wheat Board has suggested that a final decision on compensation may not be taken until December or early January. I beg to know which minister is articulating government policy in this matter.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I think that that question should have been addressed to the Minister of State for Economic Development, because he would, I am sure, be in a much better position than I am—and much less biased—to answer the question about timing, but I will go on to give you my more up-to-date version, at any rate.

I am in favour of what the Honourable Eugene Whelan said. That is what I want to see happen. I have not been in the cabinet very long, and I am a little bit sceptical, even after having been in it a few months, as to the speed at which these things get done. I have less faith in that speed than the Minister of Agriculture, but I hope he is right, and I will be happy to bow to his superior understanding of the process and how it works.

The main thing I am concerned about is that this question will be dealt with, and that on the basis of all of the best possible information that is available, and that can be made available, a realistic adjustment or payment will be made.

Senator Bielish: There seems also to be some doubt as to how much the government will be offering in compensation payments. The minister responsible for the Wheat Board said that studies by the government have not yet been completed, and then he went on to suggest that the amount might be about $67 million. That amount of $67 million is identical to the sum forecast by the agricultural economics division of the University of Saskatchewan. Would the minister indicate how it is that he can project compensation in the amount of $67 million, yet on the other hand concede that, in the absence of completed government studies, a real projection cannot be offered?

Senator Argue: Honourable senators, a lot of work has been done on this, and there are some preliminary estimates of what the final result of this study may be. I am just trying to be fair. Those are the facts. No figure has finally been arrived at—at least, to the best of my knowledge—and I participated in discussion about this as recently as yesterday. It does seem clear, however, that from all the information that has been brought to my attention, it would be somewhat in the range of the final product of the study undertaken by the University of Saskatchewan. Certainly it appears that it would not be lower, and may possibly be higher. Perhaps I just talk too much, but anyway, what I have said is accurate.

I think that that kind of information is useful to have, but I can tell you that the people doing the study are very careful, and are using what they believe is the most sophisticated model that can be obtained for the purposes of that study. When the study comes forward I would hope that it will gather the support necessary to see it through, and that then the compensation will be paid along the lines of the recommendation.

CROWSNEST RATES—SUBSIDIZATION

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I ask my honourable friend, the Minister of State for the Canadian Wheat Board, a question with respect to the Crow rate, which he knows I am rather interested in?

I would like to ask him what proportion of the Western Development Fund will be used to subsidize the Crow rates.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I have no idea. I am not able to answer that question.

Senator Roblin: Would my honourable friend be so kind as to inquire of his colleague the Minister of Transport, because he is the one to whom credit is given for having made that statement. Perhaps his colleague, the Minister of State for Economic Development, could answer. I am interested in knowing what proportion of the Western Development Fund will be used to support freight rates, either the catch-up on the $180 million or whatever it is that the railways are thought to be losing now, or whether it is intended only for increases in freight costs from here on in.

Hon. H. A. Olson (Minister of State for Economic Development): Well, honourable senators, it is very difficult to give an answer as to how much, especially when the amount has not yet been determined.

● (1450)

Senator Roblin: I thank my honourable friend for his inadequate answer, but I would ask him again if he would consult his colleague, the Minister of Transport, because he is, apparently, the one who is making statements on the topic.

Senator Olson: I will give an undertaking to do that but I—and I do not like to use the word "suspect"—I do think at this time that there has been a bit of speculation added to what the Minister of Transport might or might not have said.

Senator Roblin: My honourable friend can no doubt clarify that matter for us, because we are anxious to get rid of the speculation and obtain the facts. My honourable friend is not famous in this chamber for producing facts, so I encourage him to do so on this occasion.

Senator Olson: Honourable senators, I am sorry my honourable friend missed that. I said the fact is that the amount has not yet been determined. That is a fact. It is fair game to speculate on what that amount may be when it is determined, I suppose, but the fact is that it has not been determined.

[Senator Argue.]

Senator Roblin: I accept that statement, but I encourage my friend to give us the information when he receives it. I think it would be a lot better for all of us if we stuck closer to the facts and refrained from stimulating speculation in the manner adopted by the minister.

Senator Argue: I am going to volunteer another answer. I have just read the statement made today in Regina by the Minister of Transport to the annual meeting of the Saskatchewan Wheat Pool. We would both be very happy to convey the suggestion of my honourable friend to the Minister of Transport, but I think our earlier answers will show that the process is still going on, and no firm conclusions have yet been arrived at.

CROWSNEST RATES—INVESTIGATION OF C.P. RAIL

Hon. Duff Roblin (Deputy Leader of the Opposition): Perhaps I could ask my honourable friend, the Minister of State for the Canadian Wheat Board, a question which, I hope, will be the final one for today as far as I am concerned. Would he tell us whether or not, in the discussions that are taking place with respect to the Crow, any decision has been made about an investigation of CP Rail in connection with that matter?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I suppose it is in the same category as the answer to the other question. No specific policy or details have been arrived at—unless I have missed a meeting—as to a future inquiry. I read in the paper that Senator Olson and I are very strongly in favour of the CP inquiry and that is true. It has almost unanimous support in western Canada, and I believe it would be a very useful thing to do, but I do not have detailed information on how it should be done.

Senator Roblin: My honourable friend is encouraging speculation again. I wish he would get down to the facts.

ORDERLY MARKETING—FARM-STORED GRAIN

Hon. Sidney L. Buckwold: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board.

This is your day, Senator Argue. I understand you are going to make a significant speech later in the day on energy, so perhaps you had better conserve some.

I should like to make one or two comments, with the indulgence of Her Honour the Speaker, and then ask a question. My first observation is that I hope that the $400 million development fund, which was promised in the budget to help western Canada, is not dissipated by subsidizing railroads in respect of the Crowsnest rate. That would be a real disappointment to many of us in western Canada because we think that that fund should be used to develop the industrial capacity and fill other needs of the west.

Another observation I want to make is in response to the minister's reply to Senator Roblin's question regarding the CPR. The minister indicated that this is the unanimous wish of western Canada where you have one man—

Senator Argue: Almost.

Senator Buckwold: Almost? Well, I must be the one that does not make it unanimous because I think it is time we stopped witch-hunting in western Canada and using the CPR as the whipping boy. It is always a great way of diverting public attention. I happen to be one of those who feel that the railway is doing the best it can under the circumstances.

Senator Argue, as a proponent of orderly marketing, has been reported—I believe by a publication of the Wheat Pool—to have suggested that he favours a much larger application of farm-stored grain as a means of orderly marketing. I have no objection to that particular concept. My question to him is: Is this plan being worked out, or is it just merely an expression of opinion, and if it is being worked out, what kind of advances will be given to the farmers of western Canada for grain that is stored on their farms? Will he follow the American procedure of, in fact, buying the grain and paying the farmer and paying him a charge for storing it, or will it be just a case of another small cash advance and letting the farmer carry the burden?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): With the indulgence of the Chair, I should like to comment on Senator Buckwold's statement about the CP inquiry. I now have to agree that the desire to have the inquiry is not unanimous in this chamber, although this is the first voice that I have heard in opposition to it. Senator Roblin certainly was not complimenting me or anybody else for thinking about it, but I did not hear him say that he would oppose it. I hope it goes forward.

Senator Roblin: First of all, we have to find out whether you are going to do anything.

Senator Argue: I think the inquiry should take place. I think it could be very useful. The Crowsnest agreement is associated with the granting of large tracts of land to the CPR, although it did not happen in the same year. I think it was part of the deal that was entered into in a certain area. If you are going to say that the Crowsnest rate in statutory form is not firm and, therefore, should be changed, I do not see why the grain producers of western Canada should have to accept an additional transportation burden. If, at the same time, the country says that those grants, revenues and large sums of money that have come to the CPR since that time, are permanent, then perhaps the Crow rate should be permanent.

I do not want to have any part of a witch-hunt. I think it is important to the people of Canada that the facts are known. To obtain the facts one does not need to pillory the CPR or to engage in a witch-hunt, but I believe it can be done by persons of a very high calibre and could result in clearing the air and seeing what the facts really are.

In regard to the question of an inventory program, and whether that has been refined to the point where it might be considered something like a cash advance or loan or something else, I can say that a good deal of consideration is being given to this whole question. It comes about in part because of the recent meeting between the Canadian Wheat Board Advisory Committee and the Advisory Committee of the Canadian Livestock Feed Board in which they suggested that they would approve the Wheat Board's having full jurisdiction over the marketing of coarse grains as long as there is an inventory policy in place which would make it possible, at a time of surplus barley production, shall we say, in the prairies, for that grain to be taken off the market at market prices and not allowed to distress the local market to the point that feeders on the prairies have a greater advantage than feeders in eastern Canada. That is one of the places where the policy is being supported.

It is being supported as a good idea because of the recent conference in Saskatoon sponsored by the Canadian Wheat Board and its advisory committee on the whole question of production and the necessity of greater production on the prairies to meet the opportunity of larger world markets. It was said at that conference—and I agree—that if you want to have grain producers confident enough to go out and do their best to increase production to a large degree, they need to be assured that if they should have a bumper crop, and if that bumper crop should take place when world demand is softening, there is some mechanism in place to take the temporary burdensome surplus—temporary even though it may be—off the market and give them some buying power.

The idea is also supported in international discussions about a wheat agreement. It is said if there is going to be a wheat agreement that is meaningful, there must be some policy of inventory support in the interests of grain producers and consumers. That is where the support is coming from.

• (1500)

As far as a defined policy is concerned, there certainly is not one. I could talk about the American policy, but that does not really involve buying wheat on the farms; it involves making loans under certain conditions with certain stipulations.

I think there is room for the Canadian Wheat Board to give consideration—and this is not a cabinet directive—to the possibility of extending its area storage jurisdiction from the normal terminal positions and the country elevator positions, perhaps in a modest way, to on-farm storage. I am not saying it should be agreed to or opposed; I am saying this is something that should be looked at.

It would seem to me that one could ask whether the Canadian Wheat Board might take into its own storage program some modest quantities of grain and store them on the farm, pay the farmers for the grain, pay them the regular storage, but have it completely understood that whenever the Wheat Board needs that grain, and its instructions went out to the farmer to market it, that grain would be taken to market. I think that may be a very useful part of the normal marketing system. Certainly I feel it is a question that should be looked at, and, as far as the advisory committees are concerned, their target is to have whatever they are endeavouring to do in place by August 1. That is the earliest date by which this matter could be finally agreed to.

THE ECONOMY

FACTORS RESULTING IN FAVOURABLE BALANCE OF TRADE

Hon. Peter Bosa: Honourable senators, my question is for the Minister of State for Economic Development. What factors have contributed to such a favourable balance of trade for Canada in the first nine months of the year? Is it the devaluation of the dollar? Are we becoming more competitive in the export of our manufactured goods? Are we exporting more raw materials?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, my answer would involve some technical detail concerning the various factors. I can answer the question now since I anticipated it. However, since the question was phrased as it was, I will take it as notice and give some more specific detail as to the change in that nine-month period.

PUBLIC WORKS

TERMINATION OF COMMUNITY SERVICES PROGRAM

Hon. Jack Marshall: I think this may be the final question, and I direct it to the deputy leader. I am sure he will have to take it as notice.

My question has to do with the termination of the federally funded Community Services Program, recently announced by the Minister of Public Works. This program is very important to small and isolated communities seeking funding for basic community needs such as water and sewerage programs and neighbourhood improvements.

I was astounded to learn that at a meeting last year between the federal and provincial governments there was a commitment that prior to December 31, 1980, the federal government, with the provinces, would replace that agreement by an improved one to provide for longer-term certainty of the Community Services Program.

Would the deputy leader seek clarification of what will replace the present Community Services Program, particularly when many of the municipalities have committed themselves to long-term loans in order to install things such as water and sewerage systems?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on the assumption that something is replacing it, I will try to find out what that is. I am sure the government knew about the undertakings others may have made while relying on this program. I will try to find out what negotiations took place and what substitute arrangements, if any, were made.

ENERGY

THE BUDGET—POLICY RESPECTING CANADIAN OWNERSHIP OF OIL COMPANIES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to reply to a question raised on November 6 by Senator Donahoe. The question concerned the government's policy of promoting Canadian ownership in the oil and gas industry.

I should like to remind the honourable senator that the government is fully committed to the policies enunciated in the budget and the National Energy Program. To use the senator's own words, I believe there are far more carrots than sticks to be found in this program. The government is putting Canadian companies in an advantageous position vis-à-vis foreign companies in terms of the acquisition and development of gas and oil resources.

Canadians must play a greater role in the energy sector. With the incentives offered in our National Energy Program they will be able to achieve this goal.

IMPORTATION OF OIL FROM MIDDLE EAST

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question raised on November 18 by Senator Bosa concerning oil imports from Iraq. I am able at this time to confirm the answer I gave to the senator when he originally raised this question. The situation is that small quantities of oil were being imported from Iraq at the time the hostilities there broke out. Purchasers, however, have been able to arrange for alternative quantities, and there has not been any interruption in Canadian supplies.

THE ENVIRONMENT

POLLUTION—ACID RAIN

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question raised on November 18 by Senator Nurgitz concerning the problem of acid rain.

As my colleague the Minister of the Environment said in the other place, this government is continuing its efforts in relation to the United States. Some progress has been made in this area. Canada has signed a memorandum of intent with the United States, and discussions are under way for the establishment of a treaty of accord with the United States.

Meanwhile, at home, Canada is increasing its research vis-à-vis this subject while encouraging our provincial governments to enforce more stringent limitation orders. Inco has already complied, and Falconbridge and Ontario Hydro plants are being assessed with a view to improving our own acid rain problem.

VETERANS AFFAIRS

THE BUDGET—PENSIONS AND ALLOWANCES

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question raised by Senator Marshall on October 30, 1980, relating to the qualification period for widows' pensions and to the revision of the basic rate of pension. It is a fairly detailed answer,

and it may be of wider interest than just to Senator Marshall. I would be quite happy to read the answer in case he wishes to ask a supplementary, or I would be glad to put the answer on the record.

Senator Marshall: It should be put on the record.

Hon. Senators: Agreed.

(*The answer follows:*)

When Bill C-40 was introduced it was with the purpose of providing additional assistance to veterans and widows to the fullest extent possible. This additional assistance took the form of providing further benefits under the War Veterans Allowance Act. The major benefit under the Pension Act was the introduction of proportionate pensions for widows. This new benefit will eventually provide pensions for the qualified widows of all disability pensioners who received a monthly pension in their lifetimes regardless of whether their death resulted from military service, or the degree of the disability. This is a major improvement in pension benefits available to surviving widows. Unfortunately the institution of such a benefit is costly. The late Minister of Veterans Affairs was only able to recommend provision of this benefit on the basis that it would be introduced gradually over a period of six and a half years. In that period of time it is anticipated that about 26,000 widows who are not now receiving any benefit under the pension act will become eligible and will receive a widow's pension.

The widows of pensioners who were more seriously disabled, and whose disabilities were assessed at from 38 per cent to 47 per cent are now eligible for the new benefits. The survivors of the next most seriously disabled group, those at the 33-per-cent to 37-per-cent level, will be eligible for widow's benefits on April 1, 1981. The government is most sympathetic to the widows of all pensioners, and if the fiscal situation improves, it will be prepared to re-examine the timetable for the introduction of the benefits.

In the meantime, if the widow of any disability pensioner is experiencing difficulty in managing on her income, the Department of Veterans Affairs has other programs which could be of help to her.

With reference to a revision in the basic rate of pension for veterans, pension rates are adjusted from time to time and the most recent adjustment in 1978 brought the rates into line with the formula which was established in 1973. In addition, the rates are adjusted in January of each year in keeping with the consumer price index. The most recent adjustment of 8.9 per cent took place on January 1, 1980.

Because of this method of increasing pensions the basic rate is now $739.71 a month. This is the amount paid to an unmarried pensioner whose disability pension is assessed at 100 per cent. The comparable amount received by the composite public servant—the average of the five selected categories of unskilled public servant—is $753.30 a month after income tax is deducted at the rate in effect for the province with the lowest income tax rate.

Pensions will be increased in accordance with consumer price index changes on January 1, 1981. The increase will be 9.7 per cent which means that the basic rate of pension will be $811.46 a month. The comparable amount received by the composite public servant, after deduction of income tax at the rate in effect for the province with the lowest tax rate is $818.91 a month.

There are no plans to change the present system in the near future.

FOREIGN AFFAIRS

HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS—STATEMENT BY SECRETARY OF STATE—GOVERNMENT POLICY

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Macquarrie on November 18 concerning the Canadian position on human rights violations.

I can confirm for the Honourable Senator Macquarrie that it is indeed the policy of the Government of Canada to speak out against the repression and suppression of human rights in all countries. For example, officials of the Department of External Affairs have expressed Canada's concerns to Salvadorian officials both here in Ottawa and in El Salvador on numerous occasions about the deteriorating situation involving human rights in that country. Canadian concerns have also been expressed directly to Guatemalan authorities both here and in Guatemala on the growing level of violence in that country. Canadian concerns for the respect of human rights in Argentina have been made clear to the Argentine authorities on a number of occasions in both Ottawa and Buenos Aires.

Canada has placed considerable emphasis on efforts to create effective United Nations mechanisms for protecting human rights on a worldwide basis.

Also, Canada has repeatedly condemned apartheid in South Africa, most recently in the address by the Secretary of State for External Affairs to the UNGA on September 22, as an affront to human dignity. Canada has manifested its opposition to apartheid in a concrete manner by taking steps to phase out governmental support for trade and commercial relations with South Africa. Canada urges the South African government to implement meaningful reforms to promote equal rights for all South Africans. A continuation of apartheid jeopardizes the peace and security of South Africans of all races.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Roblin on November 19, 1980, concerning the Garrison Dam project.

Honourable senators will remember that Senator Roblin discovered a discrepancy between a press report on this question and the answer that I had given earlier. As it turns out, the press report appears to have ignored the second part of the information because the answer is that the United States Congress has already appropriated the funds for the Garrison project. It is now up to the Executive of that country to release those funds for spending. The decision not to release funds associated with those aspects which would affect Canada was made by the United States Department of the Interior. The U.S. Secretary of the Interior has given us his personal undertaking in that regard.

● (1510)

FOREIGN AFFAIRS

MIDDLE EAST—VISIT OF PRIME MINISTER

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Bosa on November 18 regarding a possible meeting between the Right Honourable the Prime Minister and the leaders of the two warring states in that area.

The answer is that the Prime Minister will not be meeting the leaders of Iran or of Iraq during this trip. He arrives in Luxor, Egypt today, and he will be meeting with President Sadat tomorrow morning.

THE CONSTITUTION

REFERENCES TO APPEAL COURTS BY PROVINCIAL GOVERNMENTS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the last delayed answer I have is to a question asked by Senator Roblin on November 18 concerning references to appeal courts by provincial governments in respect to the constitutionality of the government's constitutional proposals.

The question was in two parts. The first was as to whether the federal government would be represented at those hearings, and the second was as to what the position of the federal government would be in the event of certain conclusions being arrived at by the said courts.

The answer to the first part is that the federal government will indeed be represented at any such hearings, and will make a presentation of its views on the matter before the court.

As to the second part, the question is hypothetical, since it asks for the government's position on a situation that may or may not arise, or which may arise in various forms, and the government will respond to the results of any court decisions on the basis of the actual decision and other circumstances then existing.

CHILDHOOD EXPERIENCES AS CAUSES OF CRIMINAL BEHAVIOUR

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—DEBATE CONTINUED

The Senate resumed from Thursday, October 23, the debate on the consideration of the report of the Standing Senate Committee on Health, Welfare and Science entitled "Child at Risk", tabled in the Senate on October 16, 1980.

Hon. John M. Macdonald: Honourable senators, this item has stood in my name on the order paper for some time so I shall take just a few minutes of your time this afternoon to say a few words about this report.

The report of the Standing Senate Committee on Health, Welfare and Science entitled "Child at Risk" is a very impressive document. It is an impressive document in that it is a very readable result of an in-depth study of a subject which has not been given very much consideration in the past. Yet the subject is a matter of importance not only to individuals but to society as a whole.

I admit that when the proposal was first advanced for the committee to make the study, it did not appear to me to be necessary although it might possibly be desirable in a vague sort of a way. I knew, of course, it was a matter dear to the heart of Dr. McGrand, and I expect the fact that such a distinguished and respected senator wanted the study made influenced many of us in its favour.

However, honourable senators, on reading the report I realized a real need existed for this inquiry, and from the foreword it is evident it exists from two points of view. One is the effect on the individuals directly concerned who have been influenced in prenatal life or in early childhood by something which led them to a life of violence or crime in later life. Or if the effect was not that serious there were lesser undesirable characteristics which prevented such persons from becoming happy and productive members of society.

The need from the second point of view is the cost in dollars to society of criminal acts as well as the suffering of many individuals and families as a result of crime and violence. The dollar costs set out in the foreword are frightening. For example, between 1974 and 1978 there was an increase of over 17 per cent in the rate of Criminal Code offences, and of more than 10 per cent in the rate of crimes of violence. Some 138,972 violent crimes took place in Canada in 1978. I think it is a matter of grave concern when, as it is stated in the foreword, recent enlightened efforts to reform offenders and re-integrate them into society, rather than punish them, have not produced encouraging results as 80 per cent of persons admitted to federal institutions have been previously convicted.

And then, the cost in dollars is very high. Apparently, the expense of operating a federal institution averages $25,000 a year per inmate. In the year 1977-78 the total cost of operating federal penitentiaries amounted to $295,526,000, and in the same year it cost the provinces about $600,000 a day to operate their correctional institutions. In that year alone the total cost was over half a billion dollars, and it would now be

higher. So, honourable senators, these figures prove, if proof is needed, that crime prevention is good business from a dollar and cents point of view, apart from its beneficial effects on the individuals who otherwise might commit crime.

With these facts in mind, it is apparent the committee was inquiring into a matter of grave concern to society and any recommendations it could make would be of practical benefit.

Now, in order to understand just what the committee wanted to do we need to look at its terms of reference. These are not long and I will read them:

> That the Standing Senate Committee on Health, Welfare and Science be authorized to inquire into and report upon such experiences in prenatal life and early childhood as may cause personality disorders or criminal behaviour in later life and to consider and recommend such remedial and preventative measures relating thereto as may be reasonably expected to lead to a reduction in the incidence of crime and violence in society.

So it is apparent the inquiry was to be a very ambitious project which could have far reaching results.

It was decided the inquiry would be conducted by a small subcommittee known as the Subcommittee on Childhood Experiences as Causes of Criminal Behaviour. From the foreword it is apparent the committee wanted a study in depth. Let me read a paragraph:

> What are the influences in the life of a young child which will so affect the course of his development that he will grow up to be aggressive, antisocial or a violent criminal? How is he influenced by the environment in which he lives? Is there some inherited vulnerability to criminal behaviour? Are the reasons basically social, or are they psychological, emotional or physical? Whatever the reasons may be, what can be done to alter the anticipated development of such a child? These were some of the questions which the Committee asked during the enquiry.

Honourable senators, specifically the subcommittee explored these early childhood experiences which might be the causes of criminal behaviour in the future, and it concluded what steps might be taken to change such harmful circumstances in early life. The committee has given us a vast amount of interesting information and its report will, I expect, become a standard reference work on this subject.

The report shows the inquiry was divided into two parts, though, of course, the two parts are interrelated. One part was the inquiry into experiences in prenatal and early childhood which might later cause personality disorders or criminal behaviour; the second part was to make recommendations as to what might be done to, at least, reduce the incidence of crime and violence in our society. The study has shown the great importance of the prenatal period and the influence on the development of the child by outside factors such as malnutrition or poor nutrition and the use of drugs, alcohol or tobacco on the part of the mother prior to the birth of the child. Apparently, even emotional stress or anxiety can affect the unborn child.

It is rather surprising to learn from the report that the unborn child is influenced so early and to such an extent by matters which affect the mother. It shows, I think, that the unborn child is a living human being which can be influenced just as a child already born can be influenced by the factors studied by the committee. I expect, honourable senators, that the report, as it deals with prenatal influences, will strengthen the belief of those who oppose abortion, because I think it is obvious what is being killed by abortion is not just a piece of tissue but a living human being who is developing and preparing to be born.

• (1520)

After reviewing all the evidence, the committee became absolutely convinced there is no such thing as a natural born criminal. It is environmental factors of one kind or another which cause people to turn to crime or make crime appear attractive. Some are influenced by poverty, and some by poor health, lack of education, a lack of decent housing and the like. And it is surprising to learn the extent which these influences have on early life—the first three years of life, in fact. It is surprising how these factors or influences, which occur in the first three years of life, can shape the physical, moral and mental development of the future adult. The report deals with these factors in some detail and I will not speak of them now.

If I might make a slight criticism of that section dealing with the influence of poverty, I wonder if there is not an undesirable influence extended by what might be called "near poverty." The young child might well be influenced by the strains and stresses in a home where there is a constant nervous pressure to make ends meet from a financial point of view.

I think also more information and more explanation should be given on paragraph 143 on page 51. This states in part that low-rental complexes or subsidized housing lead to a concentration of multi-problem families. While I expect that is so in some cases—and indeed I have heard of such cases—I do not expect it is widespread and I do not believe it to be a problem difficult of solution. Certainly, I would not want the impression to be given that low-rental subsidized housing is not a good thing. I believe it is an excellent plan and a practical answer to a very pressing need. It provides good, decent housing to people with low incomes. And even if it has, or can have, some undesirable side effects, the good it does and the fine results it obtains far outweigh any undesirable side effects.

Honourable senators, from reading the report it is apparent that the committee, through and by the subcommittee, did make an in-depth study of how personality disorders or criminal behaviour may well be influenced by prenatal and early childhood experiences. Indeed, it proved that point beyond any doubt. It proved that some of these influences were emotional privation, child abuse, violence in the home and on the streets, violence seen on television and the like. If from its early years a child lives in a home where there is a very casual attitude

towards crime, then such an attitude will develop in the child and will be retained throughout the adult years.

While the report does not mention it directly, I have read that many crimes of violence are the result of persons needing money to buy hard drugs. If a person is addicted to the use of such drugs, apparently he will commit crimes of violence in order to obtain them. If a young child is in a home where the use of drugs is tolerated, or indeed accepted, then the need for such drugs might well lead to crime, and I expect there will be a very undesirable influence on the child which will be reflected in his actions in later life.

In its report the committee finds that there is not a single, simple solution to the problem it has studied—nor, I suppose, did it expect to find one. It is not a simple problem; consequently, there is not a simple solution. I rather suspect that the committee hopes that its recommendations, of which there are 27, will serve as guidelines for future action rather than as an aid in the implementation of immediate policy.

I may say, however, that I was surprised by the third recommendation, found at page 17 of the report. To me, the wording of that recommendation appears in part to be completely out of line with the general policy outlined in the report. I refer to the recommendation which advocates the payment of an allowance to a pregnant woman. I think that is a good idea, and had the recommendation stopped there it would have been well received by me, at least. However, the recommendation goes farther than that. Paragraph (a) states that the allowance should be paid "as soon as possible after the confirmation of a pregnancy and the decision not to terminate it." I object to the words "and the decision not to terminate it." To me those words suggest that the committee is accepting the advocacy of the theory of abortion on request, abortion as a matter of routine. If the committee has accepted that theory, even by implication, then, by that very acceptance, it is promoting the theory, and promoting or advocating an action which is repulsive to many people.

Honourable senators, if such an allowance is to be paid, undoubtedly an application form will have to be filled out on which the question will be asked whether a decision has been made not to terminate the pregnancy. I am sure a great many women would regard such a question as a gross insult.

Turning to another aspect, I feel that the fourth recommendation, which is found on page 18, needs further explanation. It reads:

> We recommend that the medical profession place more emphasis on early diagnosis of potential "high risk" parents and that these parents be encouraged to seek special counselling where indicated.

I should like to know just what is meant by this special counselling that such parents should seek.

In my view, the most important general recommendation is contained in paragraph 169 on page 62. In part, it reads:

> We are fully convinced that early childhood experiences can condition a child towards violent behaviour. We believe multi-disciplinary research is needed. Since such research is of the greatest urgency we recommend that, in order to conserve public funds and to improve the quality of life in Canada by preventing violence, an organization to be known as *The Canadian Institute for the Study of Violence in Society* be established.

The paragraph then goes on to show the value of such an organization and what its duties and responsibilities would be.

Honourable senators, I can say without any doubt that the report entitled "Child at Risk" is a valuable contribution to the solution of a problem which is growing more acute as time goes on. It is obvious that the members of the committee did a great deal of work in hearing witnesses and studying briefs and other matters before this report could be prepared. The members of the committee have earned the thanks of the Senate for their work, although, as I mentioned, there are two recommendations to which I take vigorous objection.

On motion of Senator Frith, for Senator Thompson, debate adjourned.

• (1530)

ENERGY

GOVERNMENT POLICY—DEBATE ADJOURNED

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board) rose pursuant to notice of Tuesday, November 18, 1980:

> That he will call the attention of the Senate to Prime Minister Trudeau's constructive energy policy, in particular
>
> 1. the advantage to Canadians of having prices for oil and gas in Canada lower than O.P.E.C. prices;
>
> 2. the advantage of Canadianizing the industry;
>
> 3. the advantage of the provisions to encourage large numbers of Canadians to invest in the industry;
>
> 4. the advantage to Canada of the provisions concerning conservation; and
>
> 5. the advantage of other aspects of the policy.

He said: Honourable senators, I placed this inquiry on the order paper because I feel that the government's energy policy should be debated in this chamber, and because I feel that it is a good policy which can contribute a great deal to all parts of Canada. It is true that after the policy was announced there was a feeling of surprise in western Canada. One element of surprise came about because the government did not impose an export tax on natural gas. I take it that was a welcome surprise for many people.

There has been a lot of opposition to this policy—and very strong opposition. The opposition has come, in some measure, from large oil companies. It has certainly come from Premier Lougheed of Alberta, and Premier Blakeney of Saskatchewan. While Premier Blakeney does not seem to make his position absolutely clear, he does seem to lean toward the Lougheed position. As far as Saskatchewan is conerned, with respect to the debate on the energy policy and the debate on the Constitution their position is most unclear. It is a wait-and-see policy.

The premier says that, as far as the Constitution is concerned, he will wait and see whether or not there are amendments acceptable to him on the basis of the final resolution that is passed by the House of Commons and the Senate. That is a different stand from that taken by his counterpart in the House of Commons.

I believe Premier Lougheed has embarked on a rather dangerous course. Many people in western Canada talk of alienation and of separation. Indeed, there are a number of organizations already out there which claim to be dedicated to separation. I think the word "separation" comes from the mouths of Conservatives in western Canada, and certainly not from people of other political persuasions. In Saskatchewan, two Conservatives tried to establish a party with the policy of separating Saskatchewan from Canada, and joining the United States. Well, they gathered practically no support. They were not taken too seriously. Others may talk about separation and they may hold big meetings, but I think it is all of a temporary nature.

Premier Blakeney is not clear how he stands on the Constitution. He seems to lean to the side of world oil prices. He has said in advertisements put out by his party that the federal government is robbing the resources of Saskatchewan, that Trudeau is raiding those resources, but the budget was not all that bad for Saskatchewan, even from his point of view. The tax on the export of Saskatchewan oil was cut in half, and the Saskatchewan government, by that action, will have additional revenues in the area of $200 million. The federal government said that it was prepared to be a partner with Saskatchewan in establishing a refinery to upgrade heavy oil at a total cost of $1 billion. To me, that shows that the Prime Minister and the present government have in mind the welfare of the people of Saskatchewan in the total energy policy.

In my own mind, I am not particularly concerned with this so-called separatist movement out west, or any other so-called separatist movements. I do not think that they are a real threat to the country. I think they are passing things. I was disturbed, as a good Canadian, when separatism was being advocated in the province of Quebec, but I was really pleased when Canadians in that province came forward with a No vote. I am also absolutely certain that the turning point in that campaign came when the Prime Minister of this country, the Right Honourable Pierre Elliott Trudeau, was able to take part, with his associates in the House of Commons and the full support of the Liberal Party and certain other parties in that province. By that means, he was able to bring about a No vote.

Senator Frith: And senators from both sides, too.

Senator Argue: And senators from both sides, too. I do not want to overlook anybody, because many Canadians went in and did a tremendous job at great personal sacrifice.

As a westerner, as a member of the Liberal Party and as a member of the caucus, having seen the Prime Minister of this country in action in all respects, including in the cabinet, I believe he is just as much interested in having western Canada a functioning part of a united Canada as he was interested, and is interested, in having Quebec a functioning part of a united Canada. I believe that the energy policy is in the interest of all Canadians.

Surely, one cannot bring forward an energy policy that is going to give a portion of the revenue to the federal government—and I do not hear anybody saying there should not be some revenue going to the federal government—that does not have a measure of argument attached to it. There will be differences of opinion, but, as I see it, what has been undertaken in this energy policy is a reasonable apportionment of the revenue which will flow from this industry.

These are not new figures I am using, but they are accurate. Up until the present, the oil industry has taken approximately 45 per cent of the revenue, provincial governments 45 per cent, and the federal government 10 per cent. Under the projected energy policy, the provincial share will be reduced from 45 per cent to 43 per cent, the federal government's share will be increased from 10 per cent to 24 per cent, and the industry's share will be reduced from 45 per cent to 33 per cent. I do not think we should immediately say that the oil industry is going to be damaged and crippled, and will not be able to function because of this. I am convinced, from all the projections that have been made, there will be ample room for a healthy oil industry in Canada, and that in the foreseeable future, in the next few years, it will still be controlled, in the main, to the extent of more than 50 per cent, by foreign investors.

As a Canadian, I think that this essential industry should be Canadianized, that there should be a larger part in control and ownership played by Canadians. I do not support the present mix which shows that last year revenue from the foreign-controlled industry amounted to $6.151 billion, and revenue from the Canadian-controlled oil and gas industry amounted to $1.608 billion, for a foreign-controlled share of the oil and gas industry of 72 per cent. The government, under this policy, is determined to correct this imbalance.

The hue and cry going up in the oil industry is that it has to be able to generate huge amounts of capital and that it needs to look to foreign capital coming in to develop, yet the oil and gas industry, far from drawing in foreign capital, since 1974 has been a capital exporter. The industry has supported net capital outflows from 1975 to 1979 of $2.1 billion. Some of this outflow has represented a return of capital to foreign owners, while some has represented new foreign investment by Canadian companies. If dividends and interest payments are added to this total, the total outflow over the period from 1975 to 1979 becomes approximately $3.7 billion. Dividends rose from $200 million in 1973 to $600 million in 1979. In addition, the foreign parents have received fees for technological, operating and managerial services.

• (1540)

So, the industry has done well. It has exported capital from Canada. I am one who believes that Canadians are capable of producing more and more of the investment capital necessary in the oil industry to bring the target 50 per cent under Canadian ownership. I think it is reasonable, and I think it can be done.

When this policy was announced, certain provincial premiers complained. The Province of Alberta claims that it is a raid on Alberta's resources by central Canada; that it is a raid on those resources mainly by the population of the provinces of Quebec and Ontario.

I sat in the House of Commons at a time when there was great discussion of the oil industry, when a certain famous Canadian, Carl Nickle, was a member of the house. His speeches then were in favour of the oil industry, oil development, as his speeches are now. I have read his comments from time to time over the years.

I heard neither Carl Nickle nor Premier Lougheed complaining in the period when consumers of oil and gas from the Ottawa Valley line west were paying extra money for Alberta oil. There were no complaints then. The Alberta oil industry and the Province of Alberta, and the people in that region of Canada, gained $2 billion during that period as a result of additional charges on the consumers in that part of Canada from the Ottawa Valley west. I do not think it is unjust to reverse the whole process. The revenues from resources in Alberta and Saskatchewan should not be totally, or even 90 per cent, blocked from the federal government. I think the people of Canada have a right to a larger share in the revenues from those sources.

I am certainly in favour of the Canadianization of the resource sector. I am not an oil expert, but as I read the policy, I think Canadianization has a great opportunity. Petro-Canada will be taking a 25 per cent interest in the Canada Lands. I am amazed to see from a map of the Canada Lands that the acreage in the ownership of the people of Canada through their federal government is almost twice as great as the acreage of the 10 provinces combined. That is a tremendous area of the country, and Petro-Canada will take a 25 per cent interest in developments in that large part of the country.

There are provisions to encourage Canadians to invest in their own industry. There are incentive grants placed in the budget and the National Energy Program to encourage Canadians to invest in their own industry.

The multinationals claim that they put in the risk capital and that this was necessary for the country. Yet, I am informed by the Department of Energy, Mines and Resources that the depletion allowances, the tax concessions, often were 100 per cent or greater than the total cost of exploration. In other words, the public of this country has been paying the exploration costs, with the discovered oil resources becoming the property, in the main, of the multinational corporations. Well, surely that is not the wisest policy for any country to follow.

The incentive contained in the National Energy Program provides for the return of 80 per cent of the investment by Canadians by way of incentive grants. To be able to have a $1 investment for 20 cents is not too bad. It is better than the proportion under the Western Grains Stabilization Act; it is better than crop insurance. It is two-to-one under the Crop Insurance Program, and three-to-one under the Western Grains Stabilization Program. This particular arrangement provides for a four-to-one ratio.

Then there is an additional sweetener in the form of a further deduction that can be taken on the corporation's income tax return, namely, a further concession of 13 cents on the dollar. So, for every dollar that a Canadian invests in the Canada Lands through a Canadian company, the cost will be 7 cents. I can see a lot of Canadians wanting to invest in the Canada Lands on that basis. As well, the provinces are going to make it easy for Canadians to invest in provincial lands through Canadian companies.

I think this policy has a great deal of support. The Prime Minister made a speech in the City of Regina before 2,000 people, and supporting that meeting and in attendance in substantial numbers—and, incidentally, they paid $25 a plate, so it was not something that was free—were such organizations as the Multicultural Council of Saskatchewan, the Saskatchewan Urban Municipalities Association; the Saskatchewan Association of Rural Municipalities, the Saskatchewan School Trustees Assoociation, the Saskatchewan Federation of Agriculture, the Palliser Wheat Growers Association, the Western Canada Cow-Calf Association, and the Regina Chamber of Commerce.

That is not to say that they agree with the policy, but it does mean that they were prepared to attend that meeting and hear the Prime Minister of Canada, and I think that that was a wise thing for them to do. I would be just as happy if the Premier of Alberta were to experience the same kind of thing on a visit to Saskatchewan. I do not think there is anything wrong with that. I think it should be done, and I am pleased that these organizations were prepared to attend that meeting and listen to the Prime Minister, give him a hearing, and weigh what he had to say.

Sure the media twisted what was said. Individuals who were there that night—and they were very influential people—say, "The Prime Minister did not say that; that that wasn't the way he said it." You can clear a lot of air when you have the leader of the country go out and talk to representatives and leaders of responsible groups, such as were present that night. But, you know, the media watches the Prime Minister; they really do.

Senator Choquette: They made him.

Senator Argue: They do not say very much good about him. I do not think they really give him a fair shake. But people in public life get used to that. He went out there. He wanted to have his speech televised. Well, he didn't simply decide to take the money out of the public treasury to buy television time in Saskatchewan. To put this speech over the private television network in Saskatchewan, it was necessary—and I do not complain—that the Liberal Party produce the funds necessary to buy that television time, and that was done. But it is strange to me that when Premier Lougheed of Alberta was making a speech on the same subject, he went on provincial television in the Province of Alberta, paid for by the taxpayers of Alberta.

An Hon. Senator: Shame!

Senator Argue: He did not collect from the Conservative Party, and he did not ask the oil barons to put up the money; he collected it from the taxpayers of Alberta.

Well, I am not even too critical of that. But when the opposition parties in Alberta asked for television time, there was nothing doing. So, there is public money in Alberta to give one side of the case and no public money to give the other side of the case, and I do not think that is defensible.

Then when one member in his own party, Mr. Sindlinger, said he did not agree with Mr. Lougheed, they kicked him out of the party. They expelled him. I was a member of a party years ago when once in a while I got the same urge, but I was not expelled. Of course, had I stayed around a little longer, I don't know what might have happened. In my opinion, every time a person is expelled from a party, the party loses. It is a mistake to expel someone merely because at some point in time he disagrees with either the party or the leader. Is this a free country, or isn't it?

• (1550)

I have watched this Liberal Party in operation, and I find the Liberals very tolerant—so tolerant that sometimes it is hard to get up enough energy and really attack something, because they want to take into account all points of view, and sometimes, as a politician, that is not conducive to getting where you want to go.

I have noticed that if the Prime Minister has, within the Liberal Party, a dissenter, that dissenter has his say. He makes his contribution. He is not ridiculed; he is not threatened with expulsion. That word is not used, there is not even a rumour, and often I have found that a year or two later the person who was in opposition becomes one of the Prime Minister's strongest supporters. So in the long run we gain by a little tolerance. But Mr. Lougheed removed that man from his party.

I believe there are two sides to this case. There is one side, which is certainly the side of the multinational oil companies. There is another, which is Mr. Lougheed's side. That is certainly true. Mr. Blakeney stays as close to Mr. Lougheed as he really dares, under the circumstances. He keeps complaining, and there are paid ads, and so on, that Saskatchewan is not getting the world price for oil.

I have done some work on a table of oil costs. I have already used the information publicly on one occasion and I should like to refer to it today. The contents of the table might be easier to comprehend if it were printed as part of my remarks.

Hon. Senators: Agreed.

HERE'S WHAT BLAKENEY-LOUGHEED WORLD ENERGY PRICES (as set by OPEC) WOULD COST YOU:

If you are a:	Your average annual energy consumption would be:	Your annual cost at 1984 Lougheed-Blakeney world prices (as set by OPEC) would be:	Your annual cost in 1984 under the Government of Canada Energy Policy would be:	Your annual savings under the Government of Canada Energy Policy would be:
Homeowner	Natural Gas 160 M.C.F. per year	$1,255.00 ($7.84 per M.C.F.)	$ 615.00 ($3.84 per M.C.F.)	$ 640.00 ($4.00 per M.C.F.)
Pensioner	Home Heating Oil 960 gals. per year	$2,073.00 ($2.16 per gal.)	$1,382.00 ($1.44 per gal.)	$ 691.00 (72¢ per gal.)
Motorist	Gasoline 1000 gals. per year	$2,960.00 ($2.96 per gal.)	$2,070.00 ($2.07 per gal.)	$ 890.00 (89¢ per gal.)
Farmer	Diesel Fuel 3000 gals. per year	$7,680.00 ($2.56 per gal.)	$4,866.00 ($1.62 per gal.)	$2,820.00 (94¢ per gal.)
Farmer	Purple Gas 3000 gals. per year	$8,250.00 ($2.75 per gal.)	$5,580.00 ($1.86 per gal.)	$2,670.00 (89¢ per gal.)
Businessman	Natural Gas 320 M.C.F. per year	$2,510.00 ($7.84 per M.C.F.)	$1,230.00 ($3.84 per M.C.F.)	$1,280.00 ($4.00 per M.C.F.)
Trucker	Truck Diesel 24,000 gals. per year per unit	$67,680.00 ($2.82 per gal.)	$45,120.00 ($1.88 per gal.)	$22,560.00 (94¢ per gal.)

HERE'S WHAT YOU SAVE UNDER THE FEDERAL LIBERAL "MADE IN CANADA" ENERGY POLICY:

Source — Estimates from Department of Energy, Mines and Resources

Senator Argue: I should now like to refer to certain parts of the table. I would mention first the Province of Saskatchewan and the cost involved for a homeowner, using an average amount of natural gas under the prices projected by the national energy policy and under the projected world prices for natural gas in 1984. The table shows that under world prices, supported by Premier Lougheed and Premier Blakeney, the cost of natural gas for the homeowner would be $1,255. Under the national energy policy, the cost would be $615, or a saving to a homeowner in the Province of Saskatchewan in 1984, using natural gas, of $640.

I am told that while the figures would be somewhat different in another province, there is not that much difference, that in the Province of Alberta you would probably be within 1 or 2 per cent of precisely the same figures.

So when Mr. Lougheed talks about world energy prices, let us bear in mind that those prices will mean a penalty for every homeowner using natural gas in Alberta and Saskatchewan—and, indeed, throughout Canada—of between $600 and $700 per year.

For a person using home heating oil—960 gallons is said to be the average consumption—the cost would be $2,073 at OPEC prices, and $1,382 national energy policy prices, a saving of $691.

For a motorist using 1,000 gallons of gas a year—that is perhaps 20,000 miles, depending on the type of car—the cost is $2,960 at world prices, and $2,070 at national energy policy prices, a saving of $890 in driving his car in 1984.

A farmer using 3,000 gallons of diesel fuel would pay, under OPEC, $7,680, and under the national energy policy—under the Trudeau energy policy, under the Liberal energy policy—$4,866, a saving of $2,820.

A farmer who uses 3,000 gallons of purple gas—that is the gas that he can burn in his trucks and on which there is no road tax applied—would pay $8,250 under the OPEC prices, and $5,580 under national energy policy prices, a saving of $2,670.

If honourable senators add up all of those savings they will see that as a homeowner, as an automobile driver, and as a user of diesel fuel and purple farm gas, the Saskatchewan farmer, under the Trudeau policy and not the Blakeney policy, will save over $7,000 in 1984. I say from the floor of the Senate that it is in the interest of the Saskatchewan farmers, homeowners and business people to support a national energy policy that says there should be reasonable prices to the consumer, and that those prices should not be at the OPEC international level. We do not have to have the cartel level. We do not have to have the cartel getting $40 a barrel for light crude that was brought into production at a profit of $2 per barrel. We do not need that. We do not need to rip off Canadians, to give it away to the multinational oil companies, or to give the incomes of Canadians into the hands of a few multinational oil companies or one province.

I have seen the projection that if nothing is changed, and the present trend continues, within five years the big multinational oil companies and one province will have under their control 60 per cent of all the investment capital in this country. It is projected that the Lougheed government will be getting, under the federal policy, up to 1990 and beyond, as much as $100 billion. Up until 1984, western provinces will get $40 billion.

I do not think they need to get additional tens of billions of dollars at the expense of consumers and average Canadians. And if that great wealth is in the hands of Alberta and Saskatchewan, are we going to go to those wealthy provinces when we need an increase in the old age pension and say, "Please will you give us an increase in the old age pension?" If we need something for medicare, are we going to go to the provinces that have all the wealth and ask them for it? No. I believe it is fair that we should have a Canadian policy where there is a reasonable distribution of this wealth.

Let us consider the owner of a business—and I will admit that it is a pretty arbitrary business. It might be reasonable if I said that a businessman in heating his premises uses twice the quantity of natural gas that he uses to heat his home, and that instead of one car he drives two cars. So it is a pretty small business. He would save $1,280 per year.

A man who owns a diesel truck, and keeps it on the road steadily and uses 24,000 gallons of diesel fuel in a year, would save $22,560 under the national energy policy—I repeat, $22,560. The reason why a diesel truck owner would need so much more than a farmer is because his truck operates virtually every day of the year; it has a big motor and it consumes perhaps 10 gallons per hour. When it is on the road with a large load it just burns up diesel fuel and, from our inquiries, 24,000 gallons is approximately the quantity of fuel that a big transport truck normally uses in the course of a year.

Senator Frith: What is his percentage of saving?

• (1600)

Senator Argue: The cost is $2.82 a gallon under OPEC prices, and $1.88 per gallon under national energy policy prices. So that is a saving of close to a dollar—a 35 per cent saving. That is a very major saving.

I am perfectly happy, therefore, based on this evidence, to take my position on the side of the Trudeau policy, the Lalonde policy, the Liberal government policy, the Government of Canada policy. It is a policy preferable to those followed by certain premiers advocating that the world price should be paid by all Canadians.

We are in a constitutional fight, and we are in a fight over energy policy. We surely know that. We really know that, too, in western Canada. We know who is on the side of the

multinationals—the Premier of Alberta, the Conservative Party of Canada, the Conservative Party of Saskatchewan. They want the full OPEC prices. They talk about the dangers of separation, and as they talk about the dangers of separation they implant the idea of separation.

You can be with them, or you can take your position on the other side. I think the position we take is in the interest of the homeowner, the pensioner, the motorist, the farmer, the businessman and the trucker—and there are other Canadians interested in the policy that this government has put forward, and interested in supporting it.

There has been an idea around since an early meeting of the cabinet, when it was suggested that there should be a chance for Canadians, in a broad way, to invest in the oil industry in this country. It was my idea, my suggestion, that we should endeavour, if at all possible, to bring about an investment in the Canadian oil industry by the great co-operative movements of this country. After having made that proposition, I was honoured and pleased to be able to travel with a famous Canadian—a well known Canadian—Mr. Jim Coutts, to the Province of Saskatchewan, my province. At the headquarters of Federated Co-ops we talked to them about the need and desire of co-ops to get into the energy business. This was well received. We went from there to discuss the same questions with the board of directors of the Saskatchewan Wheat Pool and their leading management. It was well received there, and well supported also. Our third call was on the Credit Union Central in Saskatchewan, and I would like to point out to honourable senators that the credit unions in Saskatchewan cash 40 per cent of all the cheques that go through the banking system in that province. If all the credit unions were called a bank, it would be the biggest single bank in the province.

When we talked about such investment to each of those three large, representative, powerful financial institutions, they indicated they were anxious to do something like that. They talked of Canadianization. They talked of working with the federal government, and of their role in bringing about a united Canada. They talked, too, about working with the caisses populaires Desjardins of Quebec, and the credit union movement across this country. There have been other meetings since, and I am very pleased that George May, the national chairman of the credit unions of Canada, from his office situated in the City of Toronto, is giving this proposition of co-operative investment in the oil industry his full and enthusiastic support.

Let no senator think that this movement is not strong or widely represented. I point out that Federated Co-ops is a western Canadian organization. From the lakehead west it has 850,000 members. Last year it did business of over $1 billion. The Saskatchewan Wheat Pool represents virtually all of the farmers in Saskatchewan, and I think it ranks, in volume of business, tenth in Canada. In terms of the size of corporations, therefore, it is a very large and successful farmers' and producers' co-operative, and they are interested.

When the Prime Minister came to Saskatchewan, we asked the co-operatives if they would like to be part of the evening, to share the banquet and hear Mr. Trudeau speak. They came in large numbers. The Federated Co-ops alone invited all of the members of their board of directors from Thunder Bay to Vancouver Island, and they were there. The Wheat Pool representatives also were there, as were the credit unions, along with Mr. George May and others. They heard the Prime Minister, and they met him and others the next morning at a meeting that lasted for one hour. It was a friendly meeting. The Prime Minister understands the co-operative movement. He said that after he graduated from college he bought his first motorcycle, and went down to Nova Scotia and Cape Breton to talk to Father Coady, one of the great founders of the co-operative movement, and one of the great persons of his day. Prime Minister Trudeau understands the principles of the co-operative movement.

At this meeting there was discussion not only about the desirability of putting together a large co-operative investment in the petroleum industry of this country, but there was also talk of national unity and working together. It was the opinion of these members of the co-operative movement in western Canada, some of whom are French-speaking, some of whom are bilingual, that there is a growing opportunity to work together with their counterparts in the Province of Quebec in a venture that will be a Canadian venture, and a unifying venture.

Remember that the co-operative movement has a very large membership. Carl Nickle comes from Calgary, and he makes the national news; but what is far more important to me than Carl Nickle, and coming out of the City of Calgary, is that Calgary has the fastest growing section of the co-operative movement in Canada today. Federated Co-ops has 100,000 members in that city, and their representatives were in Regina to hear the Prime Minister. They are enthusiastic, and they want to do something for Canadianization and for Canada.

The co-operative and credit union memberships across Canada total between 9 million and 10 million—they are rapidly approaching 10 million—and they control assets of $40 billion. They want to work with the federal government and with Petro-Canada.

I think the national energy policy as put forward by the federal government is wise, realistic, imaginative, and challenging to Canadians. The co-operatives, I believe, are accepting the challenge, and they will be prepared, working with the federal government and with Petro-Canada, to take their place and do their part in the Canadianization of the oil industry. As far as the co-operatives are concerned, they are saying, "We hope this will be just the first endeavour; that there will be others to follow."

I think one of the greatest things that has happened in this country in recent years is that there are now hundreds of thousands, perhaps millions of Canadians, who have substantial sums of money that, put together, would make an enormous investment. I think the government is on the right road. Exciting times are ahead and the national energy policy, as it is worked out, will be an important unifying influence in Canada.

• (1610)

Senator Bosa: Will the honourable senator permit a question? He alluded to the fact that the Province of Alberta was going to receive something like $100 billion by 1990 from taxation on oil. How much would the Province of Alberta have received under the Clark agreement that was supposed to have been signed the day after the Conservative government fell last year?

Senator Argue: I do not have those figures with me, and rather than guess, I would like to do some further research. I tried to do sufficient research to make sure that what I have said is accurate, and I would rather not guess at that amount. Obviously, it would have been a very large sum of money.

Senator Thompson: I have a question for the minister. He talked about the co-operatives and credit unions, and the huge amount of capital that they might invest, but I should like to ask him about the flow of funds for exploration. Is he assured, in his own mind, that there will be exploration funds available to free enterprise companies, and that they will take advantage of them.

Senator Argue: Absolutely. According to my reading of the budget statement and the budget papers, that is what the whole policy is all about. It is to provide these incentive grants to a greater proportion of Canadian companies—Canadian companies being defined as those that are at least 75 per cent Canadian owned. In respect of development in the Canada Lands, of each dollar spent on exploration 80 cents will come from federal incentive grants.

Senator Marshall: Leave your money in Canada Savings Bonds.

On motion of Senator Balfour, debate adjourned.

The Senate adjourned until Monday, November 24, at 8 p.m.

APPENDIX

(*See p. 1250*)

REPORT OF STANDING SENATE COMMITTEE ON NATIONAL FINANCE ON SUPPLEMENTARY ESTIMATES (B)

November 20, 1980

The Standing Senate Committee on National Finance to which the Supplementary Estimates (B) laid before Parliament for the fiscal year ending March 31, 1981, were referred, has in obedience to the order of reference of Thursday, November 6, 1980, examined the said Supplementary Estimates (B) and reports as follows:

(1) The Committee was authorized by the Senate as recorded in the *Minutes of the Proceedings of the Senate* of November 6, 1980 to examine and report upon the expenditures proposed by the Supplementary Estimates (B) laid before Parliament for the fiscal year ending March 31, 1981.

(2) In obedience to the foregoing, your Committee examined the Supplementary Estimates (B) and heard evidence from the following officials of the Treasury Board: Mr. J. L. Manion, Secretary; Mr. D. J. McEachran, Assistant Secretary, Program Branch; and Mr. E. A. Radburn, Director, Estimates Division, Program Branch.

(3) These Supplementary Estimates (B) total $1,196 million. The budgetary expenditures total $1,302 million of which $300 million are statutory items and $1,001 million represent funds for which Parliament is being asked to provide new authority. The non-budgetary expenses, that is to say, loans, investments, and advances include $25 million to be voted. The total Estimates for the fiscal year ending March 31, 1981 are now increased to $60,440 million.

(4) The Committee was particularly concerned by the allocation of $39.7 million to the Canada Mortgage and Housing Corporation for losses relating to the disposal of real estate. The Corporation is known to be facing considerable future losses on similar operations; therefore it is the recommendation of this Committee that the Treasury Board examine the possibility of establishing a reserve account to reflect these expected future losses, and thus more accurately reflect the true financial status of the Corporation.

(5) On a matter relating to the process of posting the estimates, we are concerned by the Treasury Board's practice of listing dollar votes authorizing the deletion of debts within various supplementary estimates. The Committee recognizes that the Treasury Board has established regular, complex and lengthy procedures to control such deletions, and that no particular urgency exists to record these actions in the estimates. Therefore, we recommend that such dollar votes for the deletion of debts should be reported only once per year in the main estimates, and not be scattered about the supplementary estimates.

(6) The witnesses were questioned regarding the government's continued funding of VIA Rail operations in light of the $30.6 million grant to VIA Rail for operating costs reported in these supplementary estimates. The witnesses will provide to the Committee information on total government funding provided to date to VIA Rail, and on the distribution of this funding between capital grants and operating subsidies.

(7) Finally, the expenditure of $9.95 million dollars for the information needs of the Energy Program of the Department of Energy, Mines and Resources was questioned. We are concerned that this expenditure may reflect only part of the actual costs for information for this program, as it is not uncommon for sizeable portions of departmental spending for information dissemination to be reflected as expenditures for salaries and wages, and professional services. The witnesses will provide to this Committee information regarding the total distribution of information costs of the Department.

(8) Treasury Board supplied the Committee with a list giving additional explanations for the $1 Votes included in Supplementary Estimates (B) which is attached as an Appendix to this Report.

Respectfully submitted,

D. D. Everett,
Chairman.

(*Appendix to Report*)

LIST OF ONE DOLLAR VOTES INCLUDED IN SUPPLEMENTARY ESTIMATES (B), 1980-81

The 27 One Dollar Votes included in these Estimates are listed in Appendix I by ministry and agency along with the page number where each vote may be located in the Estimates.

These One Dollar Votes are grouped below into categories according to their prime purpose. The votes are also identified in Appendix I according to these categories. The category for each vote has been designated by an "X". In those instances where a vote falls into more than one category, the prime category is designated by an "X" and other categories by an "*".

A. Two votes which authorize the transfer of funds from one vote to another. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates.)

B. Ten votes which authorize the payment of grants. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates.)

C. Eight votes which authorize the deletion of debts (An explanation is provided in Supplementary Estimates.)

D. Three votes which amend provisions of previous Appropriation Acts. (Additional explanations are provided in Appendix II.)

E. Four other votes which:

—deem an individual eligible for a pension 1

—authorize payments and guarantees 3

(Additional explanations are provided in Appendix II.)

Estimates Division
Treasury Board
November 5, 1980

(*Appendix I*)

LIST OF $1 VOTES IN SUPPLEMENTARY ESTIMATES (B), 1980-81

PAGE	DEPARTMENT OR AGENCY	VOTE	CATEGORIES				
			A	B	C	D	E
22	Communications—Canadian Radio-television and Telecommunications Commission	15b			X		
36	Energy, Mines and Resources	16b				X	
48	External Affairs	10b		X			
50	—Can. International Dev. Agency	25b		X			
54	Finance	L18b					X
70	Industry, Trade and Commerce	L46b					X
70		L47b					X
76	Justice	5b		X			
82	National Defence	10b		X			
86	National Health and Welfare	10b		*	X		
90	National Revenue—Customs and Excise	1b			X		
90	—Taxation	5b			X		
102	Public Works	20b	X				
104		40b	X				
106	Regional Economic Expansion	L16b				X	
114	Science and Technology	1b		X			
116	—National Research Council	15b	*			X	
120	Secretary of State	1b					X
126		30b	*	X			
136	Solicitor General	5b		X			
140	—Royal Can. Mounted Police	20b			X		
144	Transport	55b			X		
144		65b		X			
146		75b		X			
156	Veterans Affairs	1b			X		
156		5b	*	X			
158		20b			X		

(*Appendix II*)

ADDITIONAL EXPLANATION
CATEGORY D

Energy, Mines and Resources

Vote 16b—To authorize an increase from $200 million to $225 million in the non-lapsing authority of the Petroleum Compensation Revolving Fund.

Explanation—The Petroleum Compensation Revolving Fund was established through Supplementary Estimates (A), 1978-79. The original limit of the Fund of $20 million was increased to $200 million through Supplementary Estimates (A), 1980-81. The Fund was converted from a non-budgetary to a budgetary authority through the *Adjustment of Accounts Act* passed in July of 1980. This Act also included the provision that further amendments to any of the Revolving Funds may be made through an Appropriation Act.

The purpose of the Fund is to pay the producers of Tar Sands oil in Canada (Syncrude and Suncor) the difference between the Canadian and the world price of oil. Revenues for the Fund are derived from a levy on each barrel of oil that is consumed in Canada. This levy has been recently raised from $1.00 to $1.75 per barrel (July 12, 1980). However, because of recent increases in the world price of oil and near-capacity production of both the Syncrude and Suncor plants, an increase of $25 million in the authorized limit is necessary to temporarily finance the additional compensation payments.

Regional Economic Expansion

Vote L16b—To amend the existing authority of the Prairie Farm Rehabilitation Administration Working Capital Advance Account to finance expenses in respect of the South Saskatchewan River Project.

Explanation—The Working Capital Advance Account was established in 1974-75 through Estimates to:

a) authorize advances made for the purposes of financing the recoverable portions of the costs of projects constructed by the Department on behalf of a province or a municipality; and;

b) credit amounts repaid by a province or a municipality in respect of advances made for recoverable projects under paragraph (a).

This authority does not permit the financing and recovery of operating and maintenance expenses. Authority is therefore requested to permit the charging of operating and maintenance expenses incurred in respect of the South Saskatchewan River Project and the crediting to the Account of any monies recovered from the Province of Saskatchewan on behalf of the Project. The amount outstanding at any time remains unchanged at $1.5 million.

With the passage of Bill C-22, this Account will be terminated at the end of 1980-81.

Science and Technology—National Research Council

Vote 15b—To increase the commitment limit by $700,000 for assistance toward research in Industry.

Explanation—Due to delays in placing research contracts, the Council over-commits in order to utilize funds provided for research purposes under the Industrial Research Assistance Program (IRAP).

This proposal would increase the commitment limit from $24.6 million to $25.3 million to correspond to the increase in funding from $20.9 million to $21.5 million, which is being financed by a transfer from National Research Council Vote 5.

ADDITIONAL EXPLANATIONS
CATEGORY E

Deem an individual eligible for a pension

Secretary of State

Vote 1b—To deem Mrs. Fauteux to be eligible for a monthly pension under the *Members of Parliament Retiring Allowances Act*, the *Lieutenant Governors Superannuation Act* and the *Supplementary Retirement Benefits Act* (for indexing purposes).

Explanation—It is proposed to provide a monthly pension to Mrs. Fauteux commencing September, 1981 in the same amount as if her husband had participated in the above superannuation plans, which are now available. Mr. Fauteux was unable to participate in any of the superannuation plans since they were not established at the time he served as a Member of Parliament and Lieutenant Governor of Quebec.

Authorizes payments and guarantees

Finance

Vote L18b—To authorize the issue of non-interest bearing non-negotiable demand notes amounting to $165,609,000, being the first installment to the International Development Association's Sixth Replenishment.

Explanation—Advances made to the International Development Association are used by the World Bank to provide loans to the least developed countries for development purposes at a nominal rate of interest. The Association has committed all of its monies for assistance (by June 30, 1980). Negotiations for the replenishment have been completed and authority is now required for the issue of demand notes totalling $165,609,000 in the 1980-81 fiscal year. This is the first installment of a commitment totalling $601,810,000, which will be paid over the next few years.

It should be noted that previous advances to the International Development Association replenishments have been authorized through Estimates.

Industry, Trade and Commerce

Vote L46b—To authorize the Minister to make payments and issue guarantees in connection with the natural rubber buffer stock to be established under the terms of the International Natural Rubber Agreement.

Explanation—Authority is required to participate in the International Natural Rubber Agreement through the setting up of a natural rubber buffer stock. This stock will be financed equally by natural rubber consuming and producing countries. Canada's share of this buffer stock over the next five years, for both payments and guarantees is not to exceed in the aggregate $12,500,000.

Vote L47b—To authorize the making of payments and the issuance of guarantees and promissory notes for the purchase of shares of the Common Fund for Commodities.

Explanation—The Common Fund for Commodities will be an international institution for the financing of stocking provisions within individual International Commodity Agreements and commodity related development measures. It is proposed that Canada should participate in the First Account (financing of stocking provisions) through the purchase of a specified number of shares. The total Canadian contribution in the current and subsequent fiscal years not to exceed in the aggregate $10,380,000.